

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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DiGi.COM BERHAD
(Company No. 425190-X)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE
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

AND

EXTRACT OF THE NOTICE OF THE 17TH ANNUAL GENERAL MEETING

Notice of the 17th Annual General Meeting which will be held at Sabah Room, Basement II, Shangri-La Hotel, 11, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 14 May 2014 at 10.00 a.m., together with the Form of Proxy are enclosed together in the 2013 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 Monday, 12 May 2014 at 10.00 a.m.

This Circular is dated 22 April 2014

DEFINITIONS

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

- Act** – The Companies Act, 1965 as amended from time to time and any re-enactment thereof
- AGM** – Annual General Meeting
- Board or Board of Directors** – The Board of Directors of DiGi
- Bursa Securities** – Bursa Malaysia Securities Berhad (635998-W)
- DiGi or Company** – DiGi.Com Berhad
- DiGi Group** – DiGi and its subsidiary companies
- Directors** – Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 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** – Main Market Listing Requirements of the Bursa Securities including any amendments to the Listing Requirements that may be made from time to time.
- Major shareholder** – A person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, has an interest or interests in one or more voting shares in the Corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-
- (a) 10% or more of the aggregate of the nominal amounts of all voting shares in the Corporation; or
 - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Corporation where such person is the largest shareholder of the Corporation.

For the purpose of this definition, “interest in shares” has 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:-
- 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; or
 - i) 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** - Our Directors, Major Shareholders and/or Persons Connected with such Director or Major Shareholder who are interested in the RRPT as set out in Section 6.0 of the Circular
- 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 under the Companies Act, 1965)

Registered Office:-
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

14 April 2014

Directors

Mr Sigve Brekke (*Chairman/Non-Independent Non-Executive*)
YBhg Dato' Saw Choo Boon (*Independent Non-Executive Director*)
YBhg Dato' Ab. Halim Bin Mohyiddin (*Independent Non-Executive Director*)
Puan Yasmin Binti Aladad Khan (*Independent Non-Executive Director*)
Mr Hakon Bruaset Kjol (*Non-Independent Non-Executive Director*)
Mr Tore Johnsen (*Non-Independent Non-Executive Director and also Alternate Director to Sigve Brekke*)
Mr Morten Karlsen Sørby (*Non-Independent Non-Executive Director*)

To: **The Shareholders of DiGi.Com Berhad**

Dear Sir/Madam,

DiGi.COM BERHAD ("DiGi" OR "THE COMPANY")

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

1. INTRODUCTION

- 1.1 Our Company had on 9 May 2013 obtained a shareholders' mandate under Paragraph 10.09 of the Bursa Securities' Listing Requirements from its shareholders for the Company and/or its subsidiaries 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 14 May 2014 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 on 13 March 2014 announced that the Company proposed to seek its shareholders' approval for a renewal of the shareholders' mandate for Recurrent Related Party Transactions in accordance with Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements.
- 1.3 The purpose of this 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 2013.

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 where in relation to a listed issuer with an issued and paid-up share capital of RM60 million and above;
 - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is RM1 million or more; or
 - (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,
whichever is the higher;
- (iii) the issuance of circular to shareholders for the shareholders' mandate shall include information set out in Appendix PN12-A of the Listing Requirements;
- (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; and
- (v) the listed issuer immediately announces to Bursa Securities when the actual value of recurrent related party transactions entered by the listed issuer, exceeds the estimated value of the recurrent related party transactions disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.2 Background information

The principal activities 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:-

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which the ordinary resolution for the Proposed Shareholders' Mandate will be passed, at which time it will lapse, unless by resolution passed at a general meeting, the authority is renewed; or
- (b) 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
- (c) revoked or varied by resolution passed by the Shareholders in general meeting;

whichever is the earlier.

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

Details of Recurrent Related Party Transactions of the Company which are in accordance with Paragraph 10.09 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 14 May 2014 (date of this AGM) to the date of next AGM (RM'000)	Estimated Value disclosed preceding Circular Shareholders dated 16 April 2013 (RM'000)	Actual Value in transaction from date of last AGM on 9 May 2013 to latest practicable date on 18 March 2014 (RM'000)
Telenor Group of Companies						
Telenor Group	DTSB	Business Service Costs which include consultancy, training, programmes, professional fees ("Business Service Cost")	Telenor, Sigve Brekke, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby	28,000	22,000	25,895
Telenor Group	DTSB	Personnel services payable, professional fees ("Professional Service")	Telenor, Sigve Brekke, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby	22,000	22,000	13,066
Telenor Group	DTSB	International Accounting Settlement. This refers to an arrangement for interconnection services on international traffic between foreign carriers i.e. Telenor Group and DTSB	Telenor, Sigve Brekke, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby	11,250	38,000	29,609
Telenor Group	DTSB	International Roaming	Telenor, Sigve Brekke, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby	6,790	6,000	6,634

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 14 May 2014 (date of this AGM) to the date of next AGM (RM'000)	Estimated Value disclosed preceding Circular Shareholders dated 16 April 2013 (RM'000)	Actual Value transaction from date of last AGM on 9 May 2013 to latest practicable date on 18 March 2014 (RM'000)
Telenor Group	DTSB	Customer centre offshoring services	Telenor, Sigve Brekke, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby	2,300	2,300	1,476
Telenor Group	DTSB	Services rendered on application operations and basic operation for Asian Data Center/Way of Works	Telenor, Sigve Brekke, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby	3,000	3,000	3,614
Telenor Group	DTSB	IP Transit (Internet upstream)	Telenor, Sigve Brekke, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby	100	1,500	503
Telenor Group	DTSB	Global Connectivity with Telenor Business Units (BUs) in Asia and to data centers for common services	Telenor, Sigve Brekke, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby	1,100	1,000	980
Telenor Group	DTSB	Infrastructure Share Services Center in Asia (included Cloudberry) ["ITSSC"]	Telenor, Sigve Brekke, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby	10,000	15,000	886
Total				84,540 (Projected Value)	110,800 (Estimated Value)	82,663 (Aggregated Actual Value)

Notes:-

- (1) The Projected Value from 14 May 2014 (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 Amount Due and Owing Under Recurrent Related Party Transactions

The breakdown of the principal sum (without interest) for the total outstanding amount due and owing to DiGi Group under the Recurrent Related Party Transactions as per Section 2.3 are as below:-

Nature of Transactions	Total sum due from/owing to the Related Parties as at 31 December 2013, pursuant to a Recurrent Related Party Transactions, which exceeded the credit term							
	1 year or less		More than 1 but equal to or less than 3 years		More than 3 but equal to or less than 5 years		More than 5 years	
	Principal Sum (RM'000)	Interest (RM'000)	Principal Sum (RM'000)	Interest	Principal Sum (RM'000)	Interest (RM'000)	Principal Sum (RM'000)	Interest (RM'000)
Business Service Costs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Professional Service	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
International Accounting Settlement	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
International Roaming	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Customer Centre offshoring services	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Services rendered on application operations and basic operation for Asian Data Center/Way of Works	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
IP Transit (Internet Upstream)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Global Connectivity with Telenor BUs in Asia and to data centers for common services	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ITSSC	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:-

There were no late payments from the Related Parties to DiGi Group during the applicable period.

The Management will meet and discuss (if and when applicable) with the debtors for early-settlement of the outstanding amounts, should any indications of slower-payment become evident. The Board is of the opinion that there are no collectivity issues as the debtors represent Related Parties within the Telenor Group who has continuously proven to be credit-worthy debtors with no history of default.

2.5 Method or Procedures on Which Transaction Prices are Determined/Review Procedures for Recurrent 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) In relation to the Business Service provided by the Related Parties, under normal circumstances there isn't any same or substantially similar type of services available from any unrelated third parties. In determining the arm's length basis of this transaction, DiGi Group has taken into consideration several factors; amongst others, the necessary expertise especially in the telecommunications arena and resources which are needed for the successful operations of DiGi Group and benefits derived from the sharing of specific knowledge and skills within the Telenor Group that is not possible to obtain externally or outside the Telenor Group. A cost plus model is used to determine the transaction price/Business Service costs. The appropriate mark up is determined based on an arm's length relationship and price to ensure that the Recurrent Related Party Transactions is not detrimental to DiGi Group;

In relation to the Professional Service for the provision of management services/secondment of staff from the Telenor Group for key positions, the factors taken into consideration amongst others are the necessary skills and knowledge, and the level of expertise and key position which are needed by DiGi Group, and the demand and supply of the professionals from both internal (Telenor Group) and external resources, inclusive of a comparative pricing. The Professional Service fee is based on the prevailing market rates and on an arm's length relationship to ensure that the Recurrent Related Party Transactions is not detrimental to DiGi Group;

In relation to the International Accounting Settlement and International Roaming, transactions with Related Parties, wherever practical/possible, at least two (2) other contemporaneous transactions with unrelated third parties for similar services will be used as comparison, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of services;

In relation to the customer centre offshoring services, Asian Data Center, IP Transit, Global Connectivity and ITSSC the methods and procedures to determine the arm's length basis of this transaction, DiGi Group has taken into consideration the pricing, terms and conditions, level of service or expertise required, quality and reliability as compared with the prevailing market rates and prices by the services providers of similar capability generally available in the open market of unrelated third parties.

At least two other contemporaneous transactions with unrelated third parties for similar services will be used as comparison, wherever practical/possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of services. Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price and terms will be determined based on those offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure that the Recurrent Related Party Transactions is not detrimental to DiGi Group.

- (iii) All Recurrent Related Party Transactions are reviewed by senior management and/or the CEO and are subject to approval from appropriate level of authority as defined in DiGi's Delegation Authority Matrix approved by the Board;
- (iv) The Related Parties and interested Directors will be notified of the method and/or procedures of the DiGi Group;
- (v) Records of Recurrent Related Party Transactions will be retained and compiled by the Head of Finance for submission to the auditors and Audit & Risk Committee for review;
- (vi) Auditors shall review Recurrent Related Party Transactions as part of their audit programme and report findings to the Audit & Risk Committee;
- (vii) The Audit & Risk 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;
- (viii) Directors who have any interest 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
- (ix) 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.
- (x) There is no deviation where the actual value transacted of each Recurrent Related Party Transaction exceeds the estimated value by 10% or more.

2.6 Statement by the Audit & Risk Committee

The Audit & Risk Committee of DiGi has seen and reviewed the procedures mentioned in 2.5 above and is of the opinion that the abovementioned procedures, as well as the periodic reviews to be made by the Audit & Risk 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.

The Audit & Risk Committee is also of the view that DiGi Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner and such procedures and processes are reviewed by the Audit & Risk Committee and/or the management staff as and when necessary.

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

- 3.1 The Recurrent Related Party Transactions to be entered into by DiGi Group are all in the ordinary course of business and intended to meet the business needs of DiGi Group at the best possible terms for the benefit of 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 Shareholder' 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, major shareholders' shareholdings, earnings and net assets of the DiGi Group.

6.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

- 6.1 The direct and indirect interest of the interested Major Shareholders and the interested Directors of DiGi and Persons Connected with them as at 17 March 2014 are summarised below:

Name	Shareholding			
	Direct		Indirect	
	Shares	%	Shares	%
Interested Major Shareholder Telenor	-	-	3,809,750,300 (Note a)	49.00
Directors:-				
Sigve Brekke	-	-	-	-
Hakon Bruaset Kjol	-	-	-	-
Tore Johnsen	-	-	-	-
Morten Karlsen Sørby	-	-	-	-

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, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby 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 and voting 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 Person 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, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby) 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, Hakon Bruaset Kjol, Tore Johnsen and Morten Karlsen Sørby 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 resolution 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 2013 Annual Report of DiGi and an extract of which is enclosed in this circular, will be held at Sabah Room, Basement II, Shangri-La Hotel, 11, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 14 May 2014 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 at the AGM, please complete the Form of Proxy enclosed in the 2013 Annual Report of DiGi and forward it to the Company's Share Registrars 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
DiGi.COM BERHAD

Dato' Saw Choo Boon
Independent Non-Executive Director

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION

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

Neither the Company nor any of its subsidiary companies has entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years immediately preceding the date of this Circular.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are 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; and
- (b) Audited consolidated financial statements of DiGi for the past two (2) financial years ended 31 December 2012 and 31 December 2013;

EXTRACT OF THE NOTICE OF THE 17TH 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 Main Market 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 22 April 2014 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."