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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 AND
PROPOSED NEW 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

Notice of the 22nd Annual General Meeting which will be held at Nexus Ballroom 2 & 3, Connexion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Tuesday, 14 May 2019 at 10.00 a.m., together with the Form of Proxy are enclosed together in the 2018 Annual Report. The Form of Proxy must be lodged at the Share Registrar’s Office of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Tricor’s Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least forty eight (48) hours before the time appointed for holding 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 Sunday, 12 May 2019 at 10.00 a.m.

This Circular is dated 12 April 2019

DEFINITIONS

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

- Act** – The Companies Act 2016 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 (425190-X)
- 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 six (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 (“CEO”) of Digi, its subsidiaries or holding company
- DTSB** – Digi Telecommunications Sdn Bhd (201283-M)
- 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 transaction were agreed upon, 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 number or aggregate number of those shares, is:-
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.
- For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act.

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DEFINITIONS (cont'd)

- Person(s) Connected** – Such person, in relation to a Director or Major Shareholder, who falls under any one of the following categories:-
- a) A family member of the Director or Major Shareholder;
 - b) A trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;
 - c) A partner of the Director or Major Shareholder;
 - d) A person, or where the person is a body corporate, the body corporate or its director, 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, or where the person is a body corporate, the body corporate or its director, 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 in which the Director, Major Shareholder and/or Persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - g) A body corporate which is a related corporation of the Director or Major Shareholder.
- Proposed Shareholders' Mandate** – Proposed renewal of existing shareholders' mandate and new shareholders' mandate for Digi Group to enter into Recurrent Related Party Transactions
- Recurrent Related Party Transactions or RRPT** – Transactions with Related Parties involving recurrent transactions of a revenue or trading nature which are necessary for Digi Group's day-to-day operations and are in the ordinary course of business of Digi Group
- Related Parties** - 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 this Circular
- RM and sen** – Ringgit Malaysia and sen respectively
- Telenor** – Telenor ASA (982463718), a company incorporated in Norway
- Telenor Group** – Telenor and its subsidiaries 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

12 April 2019

Directors

Mr Haakon Bruaset Kjoel (*Chair of the Board/Non-Independent Non-Executive Director*)
YBhg Tan Sri Saw Choo Boon (*Senior Independent Non-Executive Director*)
Puan Yasmin Binti Aladad Khan (*Independent Non-Executive Director*)
Ms Vimala V.R. Menon (*Independent Non-Executive Director*)
Ms Anne Karin Kvam (*Non-Independent Non-Executive Director*)
Mr Torstein Pedersen (*Non-Independent Non-Executive Director*)
Ms Tone Ripel (*Non-Independent Non-Executive Director*)

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

Dear Sir/Madam,

DIGI.COM BERHAD

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE TO BE ENTERED WITH TELENOR AND PERSONS CONNECTED WITH TELENOR

1.0 INTRODUCTION

- 1.1 The Company had on 14 May 2018 obtained a shareholders' mandate under Paragraph 10.09 of the Listing Requirements from its shareholders for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions 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 2019 unless approval for its renewal is obtained from the shareholders of the Company at the AGM.
- 1.2 The Board of Directors of Digi had on 13 March 2019 announced its intention to seek its shareholders' approval for a renewal of the existing shareholders' mandate and new 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 resolution to be tabled at the forthcoming AGM, the Notice of AGM is set out in the 2018 Annual Report.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING AGM OF THE COMPANY.

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 share capital of RM60 million and above;
 - (a) the consideration, value of the assets, capital outlay or costs of the recurrent related party transactions is RM1 million or more; or
 - (b) any one of the percentage ratios of such recurrent related party transactions is 1% or more, whichever is the higher;
- (iii) the issuance of circular to shareholders for the shareholders' mandate shall include information set out in Annexure 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 to immediately announce 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 activity of Digi is investment holding whilst its subsidiary companies are principally involved in the establishment, maintenance and provision of telecommunications, related services and digital 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, related services and digital services

The Digi Group has in the past entered into Recurrent Related Party Transactions on terms not more favourable to the Related Parties 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's 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 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
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier.

Thereafter, approval from the shareholders will be sought for the renewal of the Proposed Shareholders' Mandate for Recurrent Related Party Transactions at each subsequent AGM of the Company if the Board decides that the renewal of the Proposed Shareholders' Mandate is required.

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.

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2.3 Class and Nature of the Recurrent Related Party Transactions

The classes of Related Parties and nature of the Recurrent Related Party Transactions which have been entered into and are to be entered into by Digi Group are tabulated as follows:

(i) Proposed Renewal of Shareholders' Mandate

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 2019 (date of this AGM) to the date of next AGM (RM'000)	Estimated value disclosed in preceding year's Circular to Shareholders dated 13 April 2018 (RM'000)	Actual value transacted from date of last AGM on 14 May 2018 to latest practicable date on 14 March 2019 (RM'000)
Telenor Group of Companies						
Telenor Group	DTSB	Business service costs which include consultancy, training, programmes and advisory fees ("Business Service")	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	69,000	67,000	63,879
Telenor Group	DTSB	Personnel services fees receivables Personnel services fees payable ("Professional Service")	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	2,500 7,000	- 8,000	1,502 5,640
Telenor Group	DTSB	International Accounting Settlement (interconnect services) revenue International Accounting Settlement (interconnect services) expense	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	11,000 24,000	3,000 43,000	2,148 16,058

(i) Proposed Renewal of Shareholders' Mandate (Cont'd)

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 2019 (date of this AGM) to the date of next AGM (RM'000)	Estimated value disclosed in preceding year's Circular to Shareholders dated 13 April 2018 (RM'000)	Actual value transacted from date of last AGM on 14 May 2018 to latest practicable date on 14 March 2019 (RM'000)
Telenor Group	DTSB	International Roaming Revenue International Roaming expense	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	1,000 5,400	2,000 5,000	2,464 4,323
Telenor Group	DTSB	IP Transit (Internet Upstream) expense	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	5,000	8,000	1,298
Telenor Group	DTSB	Global Connectivity with Telenor Business Units in Asia and to data centres for common services cost	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	4,000	3,000	4,030
Telenor Group	DTSB	Services rendered on Enterprise Resource Planning ("ERP") and enterprise applications	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	15,000	11,000	9,909
Telenor Group	DTSB	Business Security costs	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	5,500	7,500	5,439

(i) Proposed Renewal of Shareholders' Mandate (Cont'd)

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 2019 (date of this AGM) to the date of next AGM (RM'000)	Estimated value disclosed in preceding year's Circular to Shareholders dated 13 April 2018 (RM'000)	Actual value transacted from date of last AGM on 14 May 2018 to latest practicable date on 14 March 2019 (RM'000)
Telenor Group	DTSB	Bandwidth leasing revenue Bandwidth leasing expense	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	6,000 7,000	4,000 4,000	2,707 1,597
Telenor Group	DTSB	Licenses and trademarks	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	9,500	10,000	9,507
Telenor Group	DTSB	Managed services	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	29,750	22,000	10,894
Telenor Group	DTSB	Cloud based software infrastructure services	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	9,000	7,000	5,480

(i) Proposed Renewal of Shareholders' Mandate (Cont'd)

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 2019 (date of this AGM) to the date of next AGM (RM'000)	Estimated value disclosed in preceding year's Circular to Shareholders dated 13 April 2018 (RM'000)	Actual value transacted from date of last AGM on 14 May 2018 to latest practicable date on 14 March 2019 (RM'000)
Telenor Group	DTSB	Digital marketing and distribution platform	Telenor, Anne Karin Kvam, Tone Ripel, Haakon Bruaset Kjoel, and Torstein Pedersen	3,400	4,000	3,157
Total:				214,050 (Projected value)	208,500 (Estimated value)	150,032 (Aggregated actual value)

Notes:-

- (1) *The projected value from 14 May 2019 (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 Transactions. 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.*
- (3) *There was no deviation of 10% or more between the aggregated actual value and the aggregated estimated value pursuant to Paragraph 10.12 of the Listing Requirements.*

(ii) Proposed New Shareholders' Mandate

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	Estimated value from 14 May 2019 (date of this AGM) to the date of next AGM (RM'000)
Telenor Group	DTSB	Sales of telecommunication and related services	1,000
Total			1,000

Notes:-

- (1) *Terms and negotiations to the new mandate are being reviewed and are subject to Board of Directors' approval*
- (2) *The estimated value from 14 May 2019 (date of this AGM) to the date of the next AGM are based on historical records and projected business transactions volume of the Recurrent Related Party Transaction. The value of these transactions may be subject to change*
- (3) *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 By Related Parties Pursuant to Recurrent Related Party Transactions

As at 31 December 2018, there was no outstanding amount due from or owing to the Related Parties under the Recurrent Related Party Transactions which has exceeded the credit term.

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 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 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) 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 of 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 Telenor Group that is not possible to obtain externally. A cost plus model is regularly 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 are not detrimental to Digi Group;

- (iii) In relation to the Professional Service for the provision of management services/secondment of staff from 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 are not detrimental to Digi Group;
- (iv) In relation to the International Accounting Settlement and International Roaming transactions with Related Parties, market tendency is moving towards new pricing models. Wherever practical/possible, (a) contemporaneous transactions with unrelated third parties for similar services, and (b) net payments year on year 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;
- (v) In relation to the Cloud based software infrastructure services, digital marketing and distribution platform, ERP and enterprise applications, IP Transit, Global Connectivity, Business Security and Managed Services; and 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;
- (vi) At least two (2) 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 (a) those offered by/to other unrelated parties for the same or substantially similar type of transaction, or (b) transfer pricing studies to ensure that the Recurrent Related Party Transactions are not detrimental to Digi Group;
- (vii) In relation to Bandwidth leasing 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;
- (viii) In relation to fee payable for the use of licenses and trademark, prices are determined based on arms-length principle to reflect the market value of the granted license, and comparable license period considered transfer pricing studies;
- (ix) In relation to sales of telecommunication and related services to the Related Parties, 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.
- (x) All Recurrent Related Party Transactions are reviewed by the 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;
- (xi) The Related Parties and interested Directors will be notified of the method and/or procedures of Digi Group;
- (xii) Records of Recurrent Related Party Transactions will be retained and compiled by the Head of Accounting and Financial Reporting for submission to the auditors and the Audit and Risk Committee for review;

- (xiii) The Audit and 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 Digi Group;
- (xiv) 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;
- (xv) Disclosures will be made in the annual report of the breakdown of the aggregate value of Recurrent Related Party Transactions pursuant to the shareholders' mandate 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 Company; and
- (xvi) There is no deviation of 10% or more between the aggregated actual value transacted of the Recurrent Related Party Transactions and the aggregated estimated value pursuant to Paragraph 10.12 of the Listing Requirements.

2.6 Statement by the Audit and Risk Committee

The Audit and Risk Committee of Digi has seen and reviewed the procedures mentioned in Section 2.5 above and is of the opinion that the abovementioned procedures, as well as the periodic reviews to be made by the Audit and 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 and 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 and Risk Committee and/or the management staff as and when necessary.

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

- 3.1 The Recurrent Related Party Transactions which have been entered into and are 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 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 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 Digi Group or affecting the business opportunities available to Digi Group.
- 3.3 The Recurrent Related Party Transactions will provide support to Digi Group for its operational and business needs and further enhance its ability to explore beneficial business opportunities.

4.0 CONDITIONS OF 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 Digi Group.

6.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

6.1 The direct and indirect interest of the interested Major Shareholder and the interested Directors of Digi and Persons Connected with them as at 14 March 2019 are summarised below:

Name	Shareholding			
	← Direct →		← Indirect →	
	Shares	%	Shares	%
Interested Major Shareholder Telenor	-	-	3,809,750,300 (Note a)	49.00
Interested Directors:-				
Haakon Bruaset Kjoel	-	-	-	-
Anne Karin Kvam	-	-	-	-
Torstein Pedersen	-	-	-	-
Tone Ripel	-	-	-	-

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

6.2 Telenor being a Major 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 that they will 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 Haakon Bruaset Kjoel, Anne Karin Kvam, Torstein Pedersen and Tone Ripel 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 the Recurrent Related Party Transactions to be entered with Telenor and Persons Connected with Telenor at all Board meetings.

6.5 These Directors have also undertaken that they will 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 Haakon Bruaset Kjoel, Anne Karin Kvam, Torstein Pedersen and Tone Ripel) 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 Haakon Bruaset Kjoel, Anne Karin Kvam, Torstein Pedersen and Tone Ripel 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 2018 Annual Report of Digi and an extract of which is enclosed in this Circular, will be held at Nexus Ballroom 2 & 3, Connexion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Tuesday, 14 May 2019 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 2018 Annual Report of Digi and forward it to the Company's Share Registrar Office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, Tricor's Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia so as to arrive at least Forty Eight (48) hours before the time appointed for holding 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 Appendices for further information.

Yours faithfully,
For and on behalf of the Board of
DIGI.COM BERHAD

Tan Sri Saw Choo Boon
Senior 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 the 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 Digi nor any of its subsidiaries 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, Malaysia 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 financial statements of Digi for the past two (2) financial years ended 31 December 2017 and 31 December 2018; and
- (c) Unaudited consolidated results for the three (3) months period ended 31 March 2019.

EXTRACT OF THE NOTICE OF THE 22ND ANNUAL GENERAL MEETING

ORDINARY RESOLUTION 7

Proposed Renewal of Existing Shareholders' Mandate, and Proposed New 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")

"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 12 April 2019, 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."

