

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)] (“Bursa Malaysia”) has not perused the content of this Circular prior to issuance as the Company has been selected by Bursa Malaysia as a company qualified under the Green Lane Policy, which entitles certain privileges including exemption of the need for pre-vetting of this Circular.

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**DIGI.COM BERHAD**

Registration No. 199701009694 (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 TO BE ENTERED WITH  
TELENOR ASA (“TELENOR”) AND PERSONS CONNECTED WITH TELENOR**

Notice of the 25th Annual General Meeting which will be held on Friday, 13 May 2022 at 10.00 a.m. entirely on a virtual meeting via the Remote Participation and Electronic Voting (“RPEV”) Facilities through live streaming broadcast at <https://meeting.boardroomlimited.my> from Studio, Digi Telecommunications Sdn Bhd, Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor, Malaysia, together with the Form of Proxy are enclosed together in the Integrated Annual Report 2021. The hardcopy of Form of Proxy must be deposited at the Poll Administrator’s office, Boardroom Share Registrars Sdn. Bhd., Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan at least forty eight (48) hours before the time appointed for holding the meeting. Alternatively, the Form of Proxy can be submitted electronically via <https://investor.boardroomlimited.com> before the Proxy Form submission cut-off time as mentioned in the above. 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 Wednesday, 11 May 2022 at 10.00 a.m.

This Circular is dated 13 April 2022

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## DEFINITIONS

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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 Malaysia** – Bursa Malaysia Securities Berhad  
[Registration No. 200301033577 (635998-W)]
- Digi or Company** – Digi.Com Berhad  
[Registration No. 199701009694 (425190-X)]
- Digi Group** – Digi and its subsidiary companies
- Director(s)** – 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 its subsidiary or holding company) or a Chief Executive of Digi, its subsidiaries or holding company
- DTSB** – Digi Telecommunications Sdn Bhd  
[Registration No. 199001009711 (201283-M)]
- Listing Requirements** – Main Market Listing Requirements of the Bursa Malaysia 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 corporation 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)**

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- 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 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** - Director(s), Major Shareholder(s) and/or Person(s) Connected with such Director(s) or Major Shareholder(s) 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 subsidiary and related companies (including the associated companies)

All references to “we”, “us”, “our” and “ourselves” are to our Company. All references to “you” in this Circular are to the shareholders of our Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified

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**DIGI.COM BERHAD**  
Registration No. 199701009694 (425190-X)  
(Incorporated in Malaysia)

**Registered Office:-**  
12th Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

13 April 2022

***Directors***

Mr Haakon Bruaset Kjoel (*Chair of the Board/Non-Independent Non-Executive Director*)  
Ms Vimala V.R. Menon (*Senior Independent Non-Executive Director*)  
Puan Yasmin Binti Aladad Khan (*Independent Non-Executive Director*)  
Datuk Iain John Lo (*Independent Non-Executive Director*)  
Ms Wenche Marie Agerup (*Non-Independent Non-Executive Director*)  
Mr Lars Erik Tellmann (*Non-Independent Non-Executive Director*)

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

Dear Sir/Madam,

**DIGI.COM BERHAD**

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

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**1.0 INTRODUCTION**

- 1.1 The Company had on 18 May 2021 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 13 May 2022 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 11 March 2022 announced its intention to seek its shareholders' approval for a renewal of the existing 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 Integrated Annual Report 2021.

**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 Integrated 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 Malaysia 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 Malaysia 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 Classes of Related Parties 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 13 May 2022 (date of this AGM) to the date of next AGM (RM'000)	Estimated Value disclosed in preceding year's Circular to Shareholders dated 15 April 2021 (RM'000)	Actual Value transacted from date of last AGM on 18 May 2021 to latest practicable date on 16 March 2022 (RM'000)
<b>Telenor Group of Companies</b>						
Telenor Group	DTSB	Business service costs which include consultancy, training, programmes and advisory fees ("Business Service")	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	41,700	41,100	33,448
Telenor Group	DTSB	Personnel services fees receivables Personnel services fees payable ("Professional Service")	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	2,000 4,600	2,400 4,500	1,046 2,598
Telenor Group	DTSB	International Accounting Settlement (interconnect services) revenue International Accounting Settlement (interconnect services) expense	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	17,900 18,400	25,800 11,600	12,594 12,227



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

<b>Digi Group with the following Related Parties</b>	<b>Digi and/or its subsidiary companies</b>	<b>Nature of Transaction undertaken by/provided to Digi and/or its subsidiaries</b>	<b>Interested Directors/Major Shareholders and/or Persons Connected to them</b>	<b>Estimated Value from 13 May 2022 (date of this AGM) to the date of next AGM (RM'000)</b>	<b>Estimated Value disclosed in preceding year's Circular to Shareholders dated 15 April 2021 (RM'000)</b>	<b>Actual Value transacted from date of last AGM on 18 May 2021 to latest practicable date on 16 March 2022 (RM'000)</b>
Telenor Group	DTSB	International Roaming revenue International Roaming expense	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	400 550	500 3,900	229 1,068
Telenor Group	DTSB	IP Transit (Internet Upstream) expense	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	400	6,100	255
Telenor Group	DTSB	Global Connectivity with Telenor Business Units (BUs) in Asia and to data centers for common services cost	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	3,500	3,700	2,558
Telenor Group	DTSB	Services rendered on Enterprise Resource Planning ("ERP") and enterprise applications	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	7,300	8,400	4,226
Telenor Group	DTSB	Business Security	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	8,800	8,800	6,889

(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 13 May 2022 (date of this AGM) to the date of next AGM (RM'000)	Estimated Value disclosed in preceding year's Circular to Shareholders dated 15 April 2021 (RM'000)	Actual Value transacted from date of last AGM on 18 May 2021 to latest practicable date on 16 March 2022 (RM'000)
Telenor Group	DTSB	Bandwidth leasing revenue	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	10,500	13,200	10,576
		Bandwidth leasing expense		6,900	5,300	2,629
Telenor Group	DTSB	Licenses and trademarks	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	9,800	10,300	7,913
Telenor Group	DTSB	Managed services	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	36,500	24,900	25,355
Telenor Group	DTSB	Cloud based software infrastructure services	Telenor, Haakon Bruaset Kjoel, Wenche Marie Agerup and Lars Erik Tellmann	12,500	9,000	8,685
<b>Total:</b>				<b>181,750</b> (Projected Value)	<b>179,500</b> (Estimated Value)	<b>132,296</b> (Aggregated Actual Value)

**Notes:-**

(1) *The Projected Value from 13 May 2022 (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.*

*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.*

## **2.4 Amount Due and Owing By Related Parties Pursuant to Recurrent Related Party Transactions**

As at 31 December 2021, 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, wherever practical/possible, 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;
- (v) In relation to the Cloud based software infrastructure services, ERP and enterprise applications, IP Transit, Global Connectivity, Business Security and Managed Services; in assessing 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, including the use of external comparable data for the purpose of transfer pricing studies;
- (ix) All Recurrent Related Party Transactions are reviewed by senior management and/or the Chief Executive Officer and are subject to approval from appropriate level of authority as defined in Digi's Delegation Authority Matrix approved by the Board;
- (x) The Related Parties and interested Directors will be notified of the method and/or procedures of Digi Group;
- (xi) Records of Recurrent Related Party Transactions will be retained and compiled by the Head of Accounting for submission to the auditors and the Audit and Risk Committee for review;
- (xii) 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;
- (xiii) 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;
- (xiv) 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.
- (xv) 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 TO 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 Shareholders' Mandate will eliminate the need to make announcements to the Bursa Malaysia 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 provide Digi Group the support 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 and Persons Connected with them as at 16 March 2022 in the Company are summarised below:

Name	Shareholding			
	← Direct →		← Indirect →	
	Shares	%	Shares	%
<b>Interested Major Shareholder</b> Telenor	-	-	3,809,750,300 <sup>(a)</sup>	49.00
<b>Directors:-</b>				
Haakon Bruaset Kjoel	-	-	-	-
Wenche Marie Agerup	-	-	-	-
Lars Erik Tellmann	-	-	-	-

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, Wenche Marie Agerup and Lars Erik Tellmann 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, Wenche Marie Agerup and Lars Erik Tellmann) 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, Wenche Marie Agerup and Lars Erik Tellmann 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 Integrated Annual Report 2021 of Digi and an extract of which is enclosed in this Circular, will be held on Friday, 13 May 2022 at 10.00 a.m. entirely on a virtual meeting via RPEV Facilities through live streaming broadcast at <https://meeting.boardroomlimited.my> from Studio, Digi Telcommunications Sdn Bhd, Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia, 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 Integrated Annual Report 2021 of Digi and forward it to the Poll Administrator's office, Boardroom Share Registrars Sdn. Bhd at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan so as to arrive at least forty eight (48) hours before the time appointed for holding the AGM or any adjournment thereof. Alternatively, the Form of Proxy can be submitted electronically via <https://investor.boardroomlimited.com> before the proxy form submission cut-off time as mentioned in above. 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 I and II for further information.

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

**VIMALA V.R. MENON**  
Senior Independent Non-Executive Director

**FURTHER INFORMATION OF PROPOSED SHAREHOLDERS' MANDATE****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**

Save as disclosed below, Digi and/or its subsidiaries have not 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.

Share Purchase Agreement ("SPA") dated 21 June 2021 between Digi and Axiata Group Berhad ("Axiata")

Digi has on 21 June 2021 entered into a conditional SPA with Axiata for the proposed merger of the telco operations of Celcom Axiata Berhad ("Celcom") and Digi (the "Proposed Merger"). Pursuant to the SPA, Digi and Axiata have agreed for Axiata to transfer 1,237,534,681 ordinary shares in Celcom ("Celcom Shares"), representing 100% of the equity of Celcom to Digi for an aggregate consideration of RM17,746,156,250 which shall be satisfied by:-

- (i) Digi issuing concurrently:
  - (a) 73,378,844 fully paid-up new ordinary shares ("Digi Shares") or such other number of fully paid-up new Digi Shares representing 0.63% of the enlarged share capital of Digi on completion of the Proposed Merger (the "0.63% Digi Shares") to Telenor Asia Pte Ltd, a wholly-owned indirect subsidiary of Telenor ASA ("Telenor") and the largest shareholder of Digi ("Telenor Asia") as nominee of Axiata subject to, amongst others, the payment by Telenor Asia to Axiata of a cash consideration of RM297,918,107 ("0.63% Digi Shares Cash Consideration") in accordance with the terms set out in the Master Transaction Agreement dated 21 June 2021 between Axiata, Telenor and Telenor Asia; and
  - (b) 3,883,129,144 fully paid-up new Digi Shares or such other number of fully paid-up Digi Shares representing 33.10% of the enlarged share capital of Digi on completion of the Proposed Merger (the "33.10% Digi Shares") to Axiata,
- (ii) Digi making a cash payment of an amount equal to RM1,692,733,818 (which is subject to adjustment under the terms of the SPA) to Axiata.



#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of Digi at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 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 2020 and 31 December 2021; and
- (c) Conditional Share Purchase Agreement between Digi and Axiata Group Berhad dated 21 June 2021.

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**EXTRACT OF THE NOTICE OF THE 25TH ANNUAL GENERAL MEETING**

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**ORDINARY RESOLUTION 7****Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, to be entered with Telenor ASA ("Telenor") and Persons Connected with Telenor ("Proposed Shareholders' Mandate")**

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 13 April 2022, 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.