



DIGILAND INTERNATIONAL LIMITED

Company Registration No: 199400571K
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Digiland International Limited ("the Company") will be held at Seletar Country Club, 101 Seletar Club Road, Kingfisher III Room, Level 1, Singapore 798273 on Tuesday, 27 December 2005 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2005 together with the Auditors' Report thereon.

(Resolution 1)
2. To re-elect the following Director retiring pursuant to Article 91 of the Company's Articles of Association:-

Mr Ngo Swee Kiat

Dr Tan Kim Yong

(Resolution 2)
(Resolution 3)

Mr Ngo Swee Kiat shall, upon re-election as Director of the Company, remain as a member of the Audit Committee and shall be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
Dr Tan Kim Yong shall, upon re-election as Director of the Company, remain as a member of the Audit Committee and shall be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors' fees of S\$110,000 for the year ended 30 June 2005. (2004: Nil)

(Resolution 4)
4. To re-appoint Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 5)
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to allot and issue shares up to 50 per centum (50%) of issued share capital

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (i)]

(Resolution 6)

7. Authority to allot and issue shares under the Digiland Share Option Plan

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Digiland Share Option Plan ("the Plan") upon the exercise of such options and in accordance with the terms and conditions of the Plan, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Plan shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (ii)]

(Resolution 7)

By Order of the Board

Lim Koon Hock
Company Secretary
Singapore, 2 December 2005

Explanatory Notes:

- (i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company. The number of shares that the Directors may allot and issue under this Resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this Resolution. For issue of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company. The percentage of issued capital is based on the Company's issued share capital at the time this Resolution is passed after adjusting for (a) new shares arising from the exercise of employee share options on issue at the time this Resolution is passed and (b) any subsequent consolidation or subdivision of shares.
- (ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the Plan.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If the appointer is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly appointed officer or attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 31 Ubi Road 1 #02-00, Aztech Building (Main Building), Singapore 408694 not less than 48 hours before the time fixed for holding the Meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Digiland International Limited (the "Company") will be held on 27 December 2005 at 10.30 a.m. at Seletar Country Club, 101 Seletar Club Road, Kingfisher III Room, Level 1, Singapore 798273, for the purpose of considering and, if thought fit, passing, with or without amendment, Resolutions 1 to 3 below which will be proposed as Ordinary Resolutions and Resolution 5 below which will be proposed as a Special Resolution; and in the event either Resolution 2 or Resolution 3 is not passed, Resolution 4 which will be proposed as an Ordinary Resolution:

ORDINARY RESOLUTIONS

Scheme

Resolution 1:

"THAT contingent upon the passing of (1) Resolution 5; and (2) Resolution 4 in the event that Resolution 2 or Resolution 3 is not passed:

Disposal and assignment of book receivables

- (a) the sale of the Company's entire shareholding in MSI-Digiland (Phils) Inc being 2,721,715 common shares of 100 Pesos each in MSI-Digiland (Phils) Inc which constitutes approximately 87.88% of the total issued share capital of MSI-Digiland (Phils) Inc subject to and on the terms of the sale and purchase agreement dated 11 June 2005 entered into between the Company and the Purchaser be and is hereby approved;
- (b) the assignment to the Purchaser of the book receivables due and owing by MSI-Digiland (Phils) Inc and Microcircuits Corp. in the records of the Company as at 31 January 2005 subject to and on the terms of the sale and purchase agreement dated 11 June 2005 entered into between the Company and the Purchaser be and is hereby approved;
- (c) approval be given to the directors of the Company to sell or to procure the sale of the Company's entire shareholding in Digiland Indonesia Pte Ltd being 1,020,000 ordinary shares of S\$1.00 each which constitutes 51% of the total issued share capital of Digiland Indonesia Pte Ltd and to assign or procure the assignment of the DGI Book Receivables in accordance with the general mandate as set out in the Circular to Shareholders accompanying this Notice and on such terms as the directors of the Company deem fit in the interests of the Company, subject to the minimum consideration for such sale and assignment being US\$1,896,091.75;

Issue of convertible bond

- (d) the conversion of the debt owing to the Scheme Creditors under the Scheme other than the core loan and non-core loan (as referred to in the Scheme) to a two-year convertible bond and the issue of the convertible bond to the Scheme Creditors subject to and on the terms of the Scheme be and is hereby approved;

Issue of Scheme Shares to Scheme Creditors

- (e) the allotment and issue of up to 1,789,327,853 New Shares to the Scheme Creditors pursuant to the Scheme be and is hereby approved;
- (f) the directors of the Company be and are hereby authorised to allot and issue up to 1,789,327,853 New Shares to the Scheme Creditors pursuant to the Scheme; and
- (g) the directors of the Company and each of them 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 or he may consider necessary, desirable or expedient to give effect to this Resolution 1."

Investment Agreement

Resolution 2:

Issue of Subscription Shares to the Investor

"THAT contingent upon the passing of Resolutions 3 and 5 below:

- (a) the allotment and issue of up to 5,000,000,000 New Shares to the Investor be and is hereby approved;
- (b) the directors of the Company be and are hereby authorised to allot and issue up to 5,000,000,000 New Shares to the Investor pursuant to the Investment Agreement; and
- (c) the directors of the Company and each of them 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 or he may consider necessary, desirable or expedient to give effect to this Resolution 2."

The Investor Whitewash Resolution

Resolution 3:

"THAT the Independent Shareholders, hereby (on a poll taken) unconditionally and irrevocably waive their right under Rule 14 of the Code to receive a mandatory general offer from the Investor and all persons acting in concert with him as a result of the Subscription pursuant to the Investment Agreement."

The DBS Whitewash Resolution

In the event that Resolution 2 or Resolution 3 is not passed, the following Resolution 4 will be voted on.

Resolution 4:

"THAT the Independent Shareholders, hereby (on a poll taken) unconditionally and irrevocably waive their right under Rule 14 of the Code to receive a mandatory general offer from DBS Bank Ltd and all persons acting in concert with it as a result of the allotment and issue of Scheme Shares to DBS Bank Ltd pursuant to the Scheme."

SPECIAL RESOLUTION

Capital Reduction and Consolidation

Resolution 5:

"THAT:

Capital Reduction

- (a) the special resolution passed at the extraordinary general meeting of the Company on 28 December 2004 to approve the capital reduction set out in the Circular to shareholders dated 7 December 2004 be and is hereby rescinded;
- (b) subject to the confirmation of the Court, the reduction of the share capital of the Company as set out below be and is hereby approved:
- (i) the issued and paid up share capital of the Company be reduced from S\$53,737,620 divided into 716,501,597 ordinary shares of S\$0.075 each to S\$358,251 divided into 716,501,597 ordinary shares of S\$0.0005 each by cancelling the issued and paid-up share capital of the Company to the extent of S\$0.0745 for each of the 716,501,597 ordinary shares of S\$0.075 each;

(ii) as a result of the cancellation of the issued and paid-up share capital described above, the par value of each ordinary share in the authorised and issued and paid up share capital of Digiland be reduced from S\$0.075 to S\$0.0005 and the authorised share capital accordingly be reduced to S\$1,500,000 comprising 3,000,000,000 ordinary shares of S\$0.0005 each; and

(iii) immediately upon the cancellation of accumulated losses and consequent reduction of the par value of the ordinary shares of the Company described above taking effect, an amount equal to S\$53,379,369 being the credit arising from the cancellation of the issued and paid up share capital be applied to write off an equivalent amount of the accumulated losses of Digiland as at 30 June 2005; and

(iv) the authorised share capital of Digiland be increased to S\$10,000,000 by the creation of an additional 17,000,000,000 new ordinary shares of S\$0.0005 each;

Consolidation

- (c) approval be and is hereby given for every two ordinary shares of S\$0.0005 each (being the par value of each ordinary share of the Company immediately after the Capital Reduction takes effect) (both issued and unissued) to be consolidated, upon the taking effect of the Capital Reduction, into one ordinary share of S\$0.001 each ("Consolidated Share");
- (d) any fraction of a Consolidated Share which may arise from the Consolidation pursuant to sub-paragraph (c) above shall be disregarded, and be disposed or dealt with by the directors of the Company or any of them, including but not limited to the sale of all fractions of a Consolidated Share to which holders of the issued ordinary shares of S\$0.0005 each in the capital of the Company would otherwise be entitled to and the proceeds arising therefrom shall be retained for the benefit of the Company, and the directors of the Company or any of them be and are hereby empowered to dispose or deal with them in such manner and for such purpose as the directors of the Company or any of them as the directors of the Company or any of them may deem fit in the interests of the Company; and
- (e) the directors of the Company and each of the them 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 or he may consider necessary, desirable or expedient to give effect to this Resolution 5."

Unless the context requires otherwise, all capitalised terms used in this Notice which are not defined herein shall have the same meanings ascribed to them in the Circular accompanying this Notice.

Dr. Vincent Tan Kim Yong, a Director and substantial shareholder, persons acting in concert with him and his associates will not vote on Resolutions 2 and 3.

BY ORDER OF THE BOARD

Lim Koon Hock
Company Secretary
Singapore
2 December 2005

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead.
2. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 31 Ubi Road 1, #02-00, Conference Room Aztech Building (Main Building) Singapore 408694 or the office of KPMG Business Advisory at 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 not less than 48 hours before the time set for holding the meeting.