

THIS CIRCULAR TO SHAREHOLDERS OF DIGISTAR CORPORATION BERHAD ("DIGISTAR" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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DIGISTAR CORPORATION BERHAD

(Registration No. 200301001232 (603652-K))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE FOLLOWING:-

- (I) **PROPOSED CONSOLIDATION OF EVERY 3 EXISTING ORDINARY SHARES IN DIGISTAR ("DIGISTAR SHARE(S)" OR "SHARE(S)") INTO 1 DIGISTAR SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED SHARE CONSOLIDATION"); AND**
- (II) **PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF DIGISTAR PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("PROPOSED CAPITAL REDUCTION")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

(Registration No. 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Digistar to be held at Level 3, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia on Thursday, 28 April 2022 at 10.00 a.m., or any adjournment thereof, together with the accompanying Proxy Form are enclosed herein.

A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf. In such event, the Proxy Form must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time stipulated for holding the EGM as indicated below. The lodging of the Proxy Form will not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for you to lodge the Proxy Form : Wednesday, 27 April 2022 at 10.00 a.m.

Date and time of the EGM : Thursday, 28 April 2022 at 10.00 a.m., or any adjournment thereof

This Circular is dated 5 April 2022

DEFINITIONS

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

“Act”	:	Companies Act 2016, as amended from time to time and includes any re-enactment thereof
“Board”	:	The Board of Directors of Digistar
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Circular”	:	This circular to shareholders of Digistar dated 5 April 2022
“Consolidated Share(s)”	:	Digistar Shares following the completion of the Proposed Share Consolidation
“Consolidated Warrant(s) B”	:	Warrants B following the completion of the Proposed Share Consolidation
“Consolidated Warrant(s) C”	:	Warrants C following the completion of the Proposed Share Consolidation
“Court”	:	High Court of Malaya
“Deed Poll B”	:	The deed poll dated 4 March 2013 constituting the Warrants B
“Deed Poll C”	:	The deed poll dated 16 April 2021 constituting the Warrants C
“Digistar” or the “Company”	:	Digistar Corporation Berhad (Registration No. 200301001232 (603652-K))
“Digistar Group” or the “Group”	:	Digistar and its subsidiary companies, collectively
“Digistar Share(s)” or “Share(s)”	:	Ordinary share(s) in Digistar
“Director(s)”	:	The director(s) of Digistar having the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“EGM”	:	Extraordinary general meeting of the Company
“Entitlement Date”	:	A date (to be determined and announced by our Board later) on which the names of the shareholders of Digistar must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Share Consolidation
“EPS”	:	Earnings per share
“FPE”	:	Financial period ended/ending
“FYE”	:	Financial year ended/ending
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, as amended and modified from time to time

DEFINITIONS (CONT'D)

“LPD”	:	24 March 2022, being the latest practicable date prior to the printing and despatch of this Circular
“Market Day(s)”	:	Any day between Monday to Friday (inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading of securities
“Maximum Scenario”	:	Assuming all treasury shares are resold to the open market at their respective acquisition costs and all outstanding Warrants B and Warrants C are exercised prior to the implementation of the Proposals
“Minimum Scenario”	:	Assuming all treasury shares are retained and none of the outstanding Warrants B and Warrants C are exercised prior to the implementation of the Proposals
“NA”	:	Net assets
“Proposals”	:	Collectively, the Proposed Share Consolidation and Proposed Capital Reduction
“Proposed Reduction”	Capital	: The proposed reduction of the issued share capital of Digistar pursuant to Section 116 of the Act
“Proposed Consolidation”	Share	: The proposed consolidation of every 3 existing Digistar Shares held by the shareholders of Digistar on the Entitlement Date into 1 Consolidated Share
“Record of Depositors”	:	A record of depositors established by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991, as amended from time to time
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“UOBKH” or the “Adviser”	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
“Warrant(s) B”	:	The outstanding Warrants 2013/2023 issued by the Company pursuant to the Deed Poll B and expiring on 4 April 2023
“Warrant(s) C”	:	The outstanding Warrants 2021/2026 issued by the Company pursuant to the Deed Poll C and expiring on 27 May 2026

All references to “we”, “us”, “our” and “ourselves” are to Digistar or Digistar Group. All references to “you” in this Circular are to the shareholders of Digistar. Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any 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. Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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DIGISTAR CORPORATION BERHAD

(Registration No. 200301001232 (603652-K))
(Incorporated in Malaysia)

Registered Office

Level 2, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur

5 April 2022

Board of Directors

Tan Sri Dato' Ir. Hj. Zaini Bin Omar	(Independent Non-Executive Chairman)
Mejar (K) Datuk Wira Lee Wah Chong	(Group Managing Director)
Dato' Haji Ishak Bin Haji Mohamed	(Senior Independent Non-Executive Director)
Thee Kok Chuan	(Independent Non-Executive Director)
Lee Mey Ling	(Executive Director)
Lee Jin Jean	(Executive Director)
Lee Chun Szen	(Executive Director)

To: The shareholders of Digistar

Dear Sir/Madam,

- I. PROPOSED SHARE CONSOLIDATION; AND**
- II. PROPOSED CAPITAL REDUCTION**

1. INTRODUCTION

On 28 February 2022, UOBKH, on behalf of our Board, announced that our Company proposes to undertake the Proposals.

Subsequently, on 25 March 2022, UOBKH, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 24 March 2022, resolved to approve the Proposed Share Consolidation, subject to the conditions as set out in **Section 6** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

As at the LPD, our Company has an issued share capital of RM117,955,849 comprising 1,048,916,802 Digistar Shares (including 7,372,808 treasury shares held as at the LPD).

In addition, as at the LPD, our Company has the following outstanding convertible securities:-

- (i) 81,678,141 Warrants B. Each Warrant B carries the entitlement to subscribe for 1 new Digistar Share at an exercise price of RM0.25 per Warrant B during the 10-year exercise period up to 4 April 2023; and
- (ii) 260,384,403 Warrants C. Each Warrant C carries the entitlement to subscribe for 1 new Digistar Share at an exercise price of RM0.10 per Warrant C during the 5-year exercise period up to 27 May 2026.

The Proposed Share Consolidation will give rise to adjustments to the exercise price and the number of outstanding Warrants B and Warrants C as specified in the Deed Poll B and Deed Poll C, respectively. Further details on the adjustments are set out in **Sections 2.1.4 and 2.1.5** of this Circular.

2.1 Proposed Share Consolidation

The Proposed Share Consolidation entails the consolidation of every 3 existing Shares held by the shareholders of Digistar, whose names appear in the Record of Depositors of the Company at the close of business on the Entitlement Date into 1 Consolidated Share.

Upon completion of the Proposed Share Consolidation, the resultant issued share capital of Digistar will be RM117,955,849 comprising 349,638,934 Consolidated Shares (including 2,457,602 treasury shares) under the Minimum Scenario, whilst the resultant issued share capital of Digistar will be RM175,893,882 comprising 463,659,782 Consolidated Shares (assuming all 7,372,808 treasury shares are resold to the open market at their respective acquisition costs before the Entitlement Date) under the Maximum Scenario.

Fractional entitlements arising from the Proposed Share Consolidation in respect of the Consolidated Shares, Consolidated Warrants B and Consolidated Warrants C, following the completion of the Proposed Share Consolidation, if any, shall be disregarded and/or dealt with by our Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of our Company.

2.1.1 Theoretical adjusted reference price of the Consolidated Shares

The Proposed Share Consolidation will result in an adjustment to the market price of Digistar Shares as listed and quoted on the Main Market of Bursa Securities, but will not have any impact on the market value of Digistar Shares held by the shareholders of Digistar.

For illustrative purposes, based on the last transacted market price of Digistar Shares as at the LPD, the theoretical adjusted reference price of the Consolidated Shares upon the completion of the Proposed Share Consolidation will be as follows:-

	Minimum Scenario		Maximum Scenario	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Number of Digistar Shares as at the LPD (units) (A)⁽¹⁾	1,041,543,994	347,181,331	1,390,979,346	463,659,782
Closing market price per Digistar Share as at the LPD/ Theoretical price per Share (RM) (B)	0.05	⁽²⁾ 0.15	0.05	⁽²⁾ 0.15
Total market value (RM) (A) x (B)	52,077,200	52,077,200	69,548,967	69,548,967

Notes:-

(1) Excluding 7,372,808 treasury shares in Digistar.

(2) Computed based on the following formula:-

$$\begin{array}{rcl}
 \text{Theoretical adjusted reference price per Share} & = & \text{Market price per Share (x)} \frac{\text{Number of Shares before the Proposed Share Consolidation}}{\text{Number of Consolidated Share(s) after the Proposed Share Consolidation}} \\
 & = & \text{RM0.05 (x)} \frac{3}{1} \\
 & = & \text{RM0.15}
 \end{array}$$

2.1.2 Theoretical adjusted reference price of the Warrants B

The Proposed Share Consolidation will also result in an adjustment to the market price of the Warrants B as listed and quoted on the Main Market of Bursa Securities, but will not have any impact on the market value of Warrants B held by the holders of Warrants B.

For illustrative purposes, based on the last transacted market price of Warrants B as at the LPD, the theoretical adjusted reference price of Warrants B is illustrated as follows:-

	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Number of Warrants B as at the LPD (units) (A)	81,678,141	⁽¹⁾ 27,226,047
Closing market price per Warrant B as at the LPD/ Theoretical price per Warrant B (RM) (B)	0.01	⁽²⁾ 0.03
Total market value (RM) (A) x (B)	816,781	816,781

Notes:-

(1) Please refer to **Section 2.1.4** of this Circular for the computation of number of Warrants B post-Proposed Share Consolidation.

(2) Computed based on the following formula:-

$$\begin{array}{rcl}
 \text{Theoretical adjusted reference price per Warrant B} & = & \text{Market price per Warrant B} \quad (x) \quad \frac{\text{Number of Shares before the Proposed Share Consolidation}}{\text{Number of Consolidated Share(s) after the Proposed Share Consolidation}} \\
 & = & \text{RM0.01} \quad (x) \quad \frac{3}{1} \\
 & = & \text{RM0.03}
 \end{array}$$

2.1.3 Theoretical adjusted reference price of the Warrants C

The Proposed Share Consolidation will also result in an adjustment to the market price of the Warrants C as listed and quoted on the Main Market of Bursa Securities, but will not have any impact on the market value of Warrants C held by the holders of Warrants C.

For illustrative purposes, based on the last transacted market price of Warrants C as at the LPD, the theoretical adjusted reference price of Warrants C is illustrated as follows:-

	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Number of Warrants C as at the LPD (units) (A)	260,384,403	⁽¹⁾ 86,794,801
Closing market price per Warrant C as at the LPD/ Theoretical price per Warrant C (RM) (B)	0.015	⁽²⁾ 0.045
Total market value (RM) (A) x (B)	3,905,766	3,905,766

Notes:-

(1) Please refer to **Section 2.1.5** of this Circular for the computation of number of Warrants C post-Proposed Share Consolidation.

(2) Computed based on the following formula:-

$$\begin{array}{rcl}
 \text{Theoretical adjusted reference price per Warrant C} & = & \text{Market price per Warrant C} \quad (x) \quad \frac{\text{Number of Shares before the Proposed Share Consolidation}}{\text{Number of Consolidated Share(s) after the Proposed Share Consolidation}} \\
 & = & \text{RM0.015} \quad (x) \quad \frac{3}{1} \\
 & = & \text{RM0.045}
 \end{array}$$

2.1.4 Adjustments to the exercise price and number of Warrants B

Pursuant to the Deed Poll B which governs the terms and conditions of Warrants B, the Proposed Share Consolidation will give rise to adjustments to the exercise price and number of outstanding Warrants B. The adjustments will be made in accordance with the provisions of the Deed Poll B.

For illustrative purposes, assuming all of the outstanding 81,678,141 Warrants B are not exercised prior to the Entitlement Date, the number of Warrants B will be adjusted to 27,226,047 Warrants B and the existing exercise price of RM0.25 for each Warrant B will be adjusted to RM0.75 per Warrant B, calculated in the following manner:-

New Exercise Price of Warrants B	=	S	x	$\frac{\text{(Revised nominal value of each Share)}}{\text{(Original nominal value of each Share)}}$
	=	RM0.25	x	$\frac{\text{RM0.15}}{\text{RM0.05}}$
	=	RM0.75		

Additional number of Warrants B to be issued	=	T	x	$\frac{\text{(Original nominal value of each Share)}}{\text{(Revised nominal value of each Share)}}$	- T
	=	81,678,141	x	$\frac{\text{RM0.05}}{\text{RM0.15}}$	- 81,678,141
	=	(54,452,094)*			

Adjusted number of Warrants B	=	81,678,141 + (-54,452,094)		
	=	27,226,047		

Where:-

S = Existing exercise price of Warrants B

T = Existing number of Warrants B held

Note:-

* No additional Warrants B will be issued pursuant to the Proposed Share Consolidation.

Such adjustments arising from the Proposed Share Consolidation in relation to the outstanding Warrants B will be finalised on the Entitlement Date for the Proposed Share Consolidation, and will be determined in accordance with the provisions of the Deed Poll B at a later date. The rights and obligations of the holders of Warrants B will remain unchanged, save for the potential adjustment to the exercise price and/or number of Warrants B.

A notice of adjustments with the details on the actual adjustments made to the exercise price and number of Warrants B held by each holder of Warrants B will be issued and despatch to the holders of Warrants B within 21 market days from the effective date of such adjustments.

2.1.5 Adjustments to the exercise price and number of Warrants C

Pursuant to the Deed Poll C, which governs the terms and conditions of Warrants C, the Proposed Share Consolidation will give rise to adjustments to the exercise price and number of outstanding Warrants C. The adjustments will be made in accordance with the provisions of the Deed Poll C.

For illustrative purposes, assuming all of the outstanding 260,384,403 Warrants C are not exercised prior to the Entitlement Date, the number of Warrants C will be adjusted to 86,794,801 Warrants C and the existing exercise price of RM0.10 for each Warrant C will be adjusted to RM0.30 per Warrant C, calculated in the following manner:-

New Exercise Price of Warrants C	=	S	x	$\frac{\text{(Previous total number of Shares)}}{\text{(Revised total number of Shares)}}$
	=	RM0.10	x	$\frac{1,048,916,802^{\wedge}}{349,638,934^{\wedge}}$
	=	RM0.30		

Additional number of Warrants C to be issued	=	T	x	$\frac{(\text{Revised number of issued shares})}{(\text{Previous number of issued shares})}$	-	T
	=	260,384,403	x	$\frac{349,638,934^{\wedge}}{1,048,916,802^{\wedge}}$	-	260,384,403
	=	(173,589,602)*				

Adjusted number of Warrants C	=	260,384,403 + (-173,589,602)
	=	86,794,801

Where:-

S = Existing exercise price of Warrants C

T = Existing number of Warrants C held

Notes:-

[^] Including treasury shares.

* No additional Warrants C will be issued pursuant to the Proposed Share Consolidation.

Such adjustments arising from the Proposed Share Consolidation in relation to the outstanding Warrants C will be finalised on the Entitlement Date for the Proposed Share Consolidation, and will be determined in accordance with the provisions of the Deed Poll C. The rights and obligations of the holders of Warrants C will remain unchanged, save for the potential adjustment to the exercise price and/or number of Warrants C.

A notice of adjustments with the details on the actual adjustments made to the exercise price and number of Warrants C held by each holder of Warrants C will be issued and despatch to the holders of Warrants C within 21 market days from the effective date of such adjustments.

2.1.6 Ranking of the Consolidated Shares, Consolidated Warrants B and Consolidated Warrants C

The Consolidated Shares shall, upon allotment and issuance, rank equally in all respects with each other.

The Consolidated Warrants B and Consolidated Warrants C shall respectively, upon allotment and issuance, rank equally in all respects with each other.

2.1.7 Listing of and quotation for the Consolidated Shares, Consolidated Warrants B and Consolidated Warrants C

No suspension will be imposed on the trading of Digistar Shares, Consolidated Warrants B and Consolidated Warrants C on the Main Market of Bursa Securities for the purpose of implementing the Proposed Share Consolidation as the Proposed Share Consolidation is prescribed as a Specified Consolidation pursuant to Paragraph 13.14(1)(a) of the Listing Requirements. The Consolidated Shares, Consolidated Warrants B and Consolidated Warrants C shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date.

The notices of allotment of the Consolidated Shares, Consolidated Warrants B and Consolidated Warrants C will be issued and despatch to the entitled shareholders and holders of Warrants B and Warrants C within 4 market days after the listing of and quotation for the Consolidated Shares, Consolidated Warrants B and Consolidated Warrants C on the Main Market of Bursa Securities.

2.2 Proposed Capital Reduction

The Proposed Capital Reduction entails the reduction and cancellation of RM70.0 million of the issued share capital of our Company pursuant to Section 116 of the Act which is lost and/or unrepresented by available assets. The corresponding credit of RM70.0 million arising from the Proposed Capital Reduction will be utilised to eliminate the accumulated losses of our Company while the balance, if any, will be credited to the retained earnings account of our Company which may be utilised in such manner as our Board deems fit, as permitted by the relevant and applicable laws, the Listing Requirements and our Constitution.

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction on the accumulated losses of our Company as well as our Group based on the latest audited consolidated financial statements of our Group for the FYE 30 September 2021 and the unaudited financial results of Digistar Group for the 3-month FPE 31 December 2021 are as set out below:-

	Audited as at 30 September 2021		Unaudited 3-month FPE 31 December 2021	
	Company (RM'000)	Group (RM'000)	Company (RM'000)	Group (RM'000)
Accumulated losses	(43,359)	(54,543)	(43,744)	(54,980)
Add: Credit arising from the Proposed Capital Reduction	70,000	70,000	70,000	70,000
Less: Estimated expenses for the Proposals	(200)	(200)	(200)	(200)
Resultant retained earnings	26,441	15,257	26,056	14,820

For the avoidance of doubt, the Proposed Capital Reduction of RM70.0 million was determined by our Board, after taking into consideration amongst others, the unaudited accumulated losses of the Group for the FPE 31 December 2021 of RM54.98 million and the potential losses to be incurred by the Group given the impact of the Covid-19 pandemic on the business operations of the Group, in particular, the system engineering and integration solutions and hospitality business segments.

An order by the Court will be sought to sanction the Proposed Capital Reduction pursuant to Section 116 of the Act after the receipt of approvals from the shareholders of the Company for the Proposed Capital Reduction at the forthcoming EGM.

The effective date of the Proposed Capital Reduction will be the date of lodgement of the sealed court order of the Court for the Proposed Capital Reduction with the Registrar of Companies pursuant to Section 116(6) of the Act.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

3.1 Proposed Share Consolidation

The Proposed Share Consolidation is expected to enhance our share capital structure by consolidating the existing Digistar Shares in view of the large share base of our Company and a relatively low trading price. Digistar has a total of 1,048,916,802 issued Shares (including 7,372,808 treasury shares) as at the LPD and the last trading price as at the LPD was closed at RM0.05 per Share. The Proposed Share Consolidation will result in a reduction in the number of Shares available in the open market.

The Proposed Share Consolidation is expected to increase NA per share of Digistar Group without affecting the total market value of Digistar Shares, share capital, and shareholders' shareholding structure of the Company. Premised on the above, our Board considers the Proposed Share Consolidation is in the best interest of our Company.

3.2 Proposed Capital Reduction

The Proposed Capital Reduction will enable our Company to rationalise our statement of financial position by reducing our accumulated losses to accurately reflect the value of the underlying assets and the financial position of our Company. Further, the elimination of the accumulated losses from the statement of financial position of our Company would enhance the credibility of our Group with their bankers, customers, suppliers, investors, and other stakeholders of our Group, and enhance the ability of the Company to pay dividends out of our retained earnings in the future.

4. EFFECTS OF THE PROPOSALS

4.1 Issued share capital

The pro forma effects of the Proposals on the issued share capital of Digistar are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	1,048,916,802	117,955,849	1,048,916,802	117,955,849
Less: Treasury shares, at cost	(7,372,808)	(3,248,747)	-	-
	1,041,543,994	114,707,102	1,048,916,802	117,955,849
Number of Shares to be issued assuming full exercise of Warrants B	-	-	81,678,141	⁽¹⁾ 20,419,535
Reversal of warrants reserve pursuant to the full exercise of Warrants B	-	-	-	6,004,487
	1,041,543,994	114,707,102	1,130,594,943	144,379,871
Number of Shares to be issued assuming full exercise of Warrants C	-	-	260,384,403	⁽²⁾ 26,038,440
Reversal of warrants reserve pursuant to the full exercise of Warrants C	-	-	-	5,475,571
	1,041,543,994	114,707,102	1,390,979,346	175,893,882
Issued share capital after the Proposed Share Consolidation	347,181,331	114,707,102	463,659,782	175,893,882
Reduction of the issued share capital pursuant to the Proposed Capital Reduction	-	(70,000,000)	-	(70,000,000)
Issued share capital after the Proposed Capital Reduction	347,181,331	44,707,102	463,659,782	105,893,882

Notes:-

(1) Assuming all 81,678,141 Warrants B are exercised at the exercise price of RM0.25 per Warrant B.

(2) Assuming all 260,384,403 Warrants C are exercised at the exercise price of RM0.10 per Warrant C.

4.2 NA, NA per share and gearing

Based on the latest audited consolidated statement of financial position of Digistar Group as at 30 September 2021 and on the assumption that the Proposals had been effected on that date, the pro forma effects of the Proposals on the consolidated NA, NA per Share and gearing level of the Group are set out as follows:-

Minimum Scenario

	Audited as at 30 September 2021 (RM'000)	Pro forma I	Pro forma II
		After the Proposed Share Consolidation (RM'000)	After Pro forma I and the Proposed Capital Reduction (RM'000)
Share capital	117,956	117,956	⁽¹⁾ 47,956
Treasury shares	(3,249)	(3,249)	(3,249)
Warrants reserves	11,480	11,480	11,480
Discount on share	(5,476)	(5,476)	(5,476)
(Accumulated losses)/Retained earnings	(54,543)	(54,543)	⁽²⁾ 15,257
Shareholders' equity/NA	66,168	66,168	65,968
Non-controlling interests	(4,744)	(4,744)	(4,744)
Total equity	61,424	61,424	61,224
No. of Shares in issue [^] ('000)	1,041,543	347,181	347,181
NA per Share (RM)	0.06	0.19	0.19
Total borrowings* (RM'000)	246,593	246,593	246,593
Deposits, cash and bank balances (RM'000)	62,631	62,631	⁽²⁾ 62,431
Net borrowings (RM'000)	183,962	183,962	184,162
Net gearing ratio (times)	2.78	2.78	2.79

Notes:-

[^] Excluding 7,372,808 treasury shares in Digistar.

* Mainly comprising bonds issued for the (i) financing of the Jabatan Kerja Raya Project ("**JKR Project**"), i.e. construction and completion of the JKR Training Institute in Melaka under an 18-year concession agreement with the Government of Malaysia; and (ii) financing for amongst others, the expansion and refurbishment of the hotel in Melaka, the design and construction of Wisma Digistar, the expansion of JKR Project, as well as the working capital of our Group.

(1) After cancellation of RM70.0 million from the share capital of the Company pursuant to the Proposed Capital Reduction.

(2) After deducting the estimated expenses pertaining to the Proposals amounting to approximately RM0.20 million.

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Maximum Scenario

	Audited as at 30 September 2021 (RM'000)	Pro forma I	Pro forma II	Pro forma III	Pro forma IV
		Assuming all treasury shares are resold to the open market (RM'000)	After Pro forma I and assuming all Warrants B and Warrants C are exercised (RM'000)	After Pro forma II and the Proposed Share Consolidation (RM'000)	After Pro forma III and the Proposed Capital Reduction (RM'000)
Share capital	117,956	117,956	175,894	175,894	(1)105,894
Treasury shares	(3,249)	-	-	-	-
Warrants reserves	11,480	11,480	-	-	-
Discount on share	(5,476)	(5,476)	(5,476)	(5,476)	(5,476)
(Accumulated losses)/Retained earnings	(54,543)	(54,543)	(54,543)	(54,543)	(2)15,257
Shareholders' equity/NA	66,168	69,417	115,875	115,875	115,675
Non-controlling interests	(4,744)	(4,744)	(4,744)	(4,744)	(4,744)
Total equity	61,424	64,673	111,131	111,131	110,931
No. of Shares in issue ('000)	^1,041,543	1,048,916	1,390,979	463,659	463,659
NA per Share (RM)	0.06	0.07	0.08	0.25	0.25
Total borrowings* (RM'000)	246,593	246,593	246,593	246,593	246,593
Deposits, cash and bank balances (RM'000)	62,631	65,879	112,337	112,337	(2)112,137
Net borrowings (RM'000)	183,962	180,714	134,256	134,256	134,456
Net gearing ratio (times)	2.78	2.60	1.16	1.16	1.16

Notes:-

^ Excluding 7,372,808 treasury shares in Digistar.

* Mainly comprising bonds issued for the (i) financing of the JKR Project, i.e. construction and completion of the JKR Training Institute in Melaka under an 18-year concession agreement with the Government of Malaysia; and (ii) financing for amongst others, the expansion and refurbishment of the hotel in Melaka, the design and construction of Wisma Digistar, the expansion of JKR Project, as well as the working capital of our Group.

(1) After cancellation of RM70.0 million from the share capital of the Company pursuant to the Proposed Capital Reduction.

(2) After deducting the estimated expenses pertaining to the Proposals amounting to approximately RM0.20 million.

4.3 Substantial shareholders' shareholdings

The Proposed Capital Reduction will not have any effect on the shareholdings of the substantial shareholders of Digistar.

The Proposed Share Consolidation will not have any effect on the percentage of shareholdings of the substantial shareholders of Digistar. However, the number of Shares held by the substantial shareholders, as well as the other shareholders of Digistar, will be reduced proportionately upon completion of the Proposed Share Consolidation.

The pro forma effects of the Proposed Share Consolidation on the shareholdings of the substantial shareholders of our Company are set out as follows:-

Minimum Scenario

	As at the LPD			Pro forma I After the Proposed Share Consolidation		
	Direct		Indirect	Direct		(2)%
	No. of Shares	(1)%		No. of Shares	(2)%	
LWC Capital Sdn Bhd	277,786,209	26.67	-	92,595,403	26.67	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(3)278,443,351	-	-	(3)92,814,450 26.73

Notes:-

- (1) Based on the existing issued share capital comprising of 1,041,543,994 Shares (excluding 7,372,808 treasury shares held by the Company) as at the LPD.
- (2) Based on the share capital comprising of 347,181,331 Consolidated Shares (excluding 2,457,602 consolidated treasury shares held by the Company) after the implementation of Proposed Share Consolidation.
- (3) Deemed interested by virtue of his shareholdings in LWC Capital Sdn Bhd pursuant to Section 8 of the Act and the shareholding of his son and daughter pursuant to Section 59(1)(c) of the Act.

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Maximum Scenario

	As at the LPD				Pro forma I Assuming all treasury shares are resold to the open market			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
LWC Capital Sdn Bhd	277,786,209	26.67	-	-	277,786,209	26.48	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(5)278,443,351	26.73	-	-	(5)278,443,351	26.55

	Pro forma II After Pro forma I and assuming all Warrants B and Warrants C are exercised [^]				Pro forma III After Pro forma II and the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
LWC Capital Sdn Bhd	367,345,899	26.41	-	-	122,448,633	26.41	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(5)368,003,041	26.46	-	-	(5)122,667,680	26.46

Notes:-

[^] The warrants holdings of the substantial shareholders as at the LPD are as follows:-

Substantial shareholder	No. of Warrants B	No. of Warrants C
LWC Capital Sdn Bhd	20,279,388	69,280,302
Mejar (K) Datuk Wira Lee Wah Chong	-	-

(1)

Based on the existing issued share capital comprising of 1,041,543,994 Shares (excluding 7,372,808 treasury shares held by the Company) as at the LPD.

(2)

Based on the issued share capital comprising of 1,048,916,802 Shares assuming all 7,372,808 treasury shares held by the Company as at the LPD are resold to the open market at their respective acquisition costs.

(3)

Based on the issued share capital comprising of 1,390,979,346 Shares assuming the full exercise of Warrants B and Warrants C.

(4)

Based on the enlarged share capital comprising of 463,659,782 Consolidated Shares after the implementation of Proposed Share Consolidation.

(5)

Deemed interested by virtue of his shareholdings in LWC Capital Sdn Bhd pursuant to Section 8 of the Act and the shareholding of his son and daughter pursuant to Section 59(1)(c) of the Act.

4.4 Earnings and EPS

The Proposals are not expected to have any material effect on the consolidated earnings and EPS of our Group for the FYE 30 September 2022, save for the proportionate increase in the EPS of our Company as a result of the reduction in the number of Digistar Shares in issue pursuant to the Proposed Share Consolidation.

4.5 Convertible securities

As at the LPD, save for the outstanding Warrants B and Warrants C, our Company does not have any other convertible securities.

As disclosed in **Sections 2.1.4** and **2.1.5** of this Circular, the Proposed Share Consolidation will give rise to adjustments to the exercise price and/or number of outstanding Warrants B and Warrants C held by holders of Warrants B and Warrants C respectively pursuant to the Deed Poll B and Deed Poll C.

Any adjustments, which are required, will be made in accordance with the provisions of Deed Poll B and Deed Poll C to mitigate any potential equity dilution resulting from the Proposed Share Consolidation and to ensure that the status of the holders of the outstanding Warrants B and Warrants C are not prejudiced after the Proposed Share Consolidation. Save for the adjustments to the exercise price and/or number of outstanding Warrants B and Warrants C, the rights and obligations of the holders of the Warrants B and Warrants C will remain unchanged.

Any necessary adjustments to the exercise price and number of Warrants B and Warrants C arising from the Proposed Share Consolidation in relation to the outstanding Warrants B and Warrants C will only be finalised on the Entitlement Date and upon consultation with an approved adviser and certified by the auditors of our Company in accordance with the provisions as contained in the Deed Poll B and Deed Poll C. In addition, a notice will be despatched to the respective holders of Warrants B and Warrants C for any such adjustments.

In addition, the Proposed Capital Reduction will not give rise to any adjustment to the exercise price and/or the number of outstanding Warrants B and Warrants C.

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5. HISTORICAL PRICES

The monthly highest and lowest market prices of Digistar Shares as traded on Bursa Securities for the past 12 months preceding the date of this Circular from April 2021 to March 2022 are as follows:-

	High (RM)	Low (RM)
<u>2021</u>		
April	0.077	0.055
May	0.070	0.050
June	0.090	0.055
July	0.090	0.070
August	0.075	0.065
September	0.070	0.060
October	0.070	0.060
November	0.060	0.050
December	0.060	0.050
<u>2022</u>		
January	0.075	0.055
February	0.065	0.055
March	0.055	0.045
Last transacted market price of Digistar Shares as at 25 February 2022, being the latest transacted date prior to the announcement of the Proposals		0.060
Last transacted market price of Digistar Shares as at the LPD		0.050

(Source: Bloomberg)

The monthly highest and lowest market prices of Warrants B as traded on Bursa Securities for the past 12 months preceding the date of this Circular from April 2021 to March 2022 are as follows:-

	High (RM)	Low (RM)
<u>2021</u>		
April	0.050	0.035
May	0.045	0.025
June	0.035	0.025
July	0.030	0.025
August	0.025	0.020
September	0.035	0.020
October	0.020	0.015
November	0.015	0.015
December	0.015	0.010
<u>2022</u>		
January	0.020	0.010
February	0.015	0.015
March	0.010	0.010
Last transacted market price of Warrants B as at 25 February 2022, being the latest transacted date prior to the announcement of the Proposals		0.015
Last transacted market price of Warrants B as at the LPD		0.010

(Source: Bloomberg)

The monthly highest and lowest market prices of Warrants C as traded on Bursa Securities since the listing of Warrants C in June 2021 to March 2022 are as follows:-

	High (RM)	Low (RM)
<u>2021</u>		
June	0.045	0.015
July	0.045	0.030
August	0.030	0.025
September	0.030	0.025
October	0.030	0.025
November	0.025	0.020
December	0.025	0.015
<u>2022</u>		
January	0.025	0.020
February	0.025	0.020
March	0.020	0.010
Last transacted market price of Warrants C as at 25 February 2022, being the latest transacted date prior to the announcement of the Proposals		0.020
Last transacted market price of Warrants C as at the LPD		0.015

(Source: Bloomberg)

6. APPROVALS REQUIRED/OBTAINED AND CONDITIONALITY OF THE PROPOSALS

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities, for the following:-
 - (a) Proposed Share Consolidation;
 - (b) listing and quotation of up to 463,659,782 Consolidated Shares (assuming all 7,372,808 treasury shares are resold to the open market and all outstanding Warrants B and Warrants C are exercised prior to the implementation of the Proposed Share Consolidation and Proposed Capital Reduction);
 - (c) listing and quotation of up to 27,226,047 Consolidated Warrants B arising from the adjustments pursuant to the Proposed Share Consolidation (assuming all 7,372,808 treasury shares are retained and none of the outstanding Warrants B and Warrants C are exercised prior to the implementation of the Proposed Share Consolidation and Proposed Capital Reduction); and
 - (d) listing and quotation of up to 86,794,801 Consolidated Warrants C arising from the adjustments pursuant to the Proposed Share Consolidation (assuming all 7,372,808 treasury shares are retained and none of the outstanding Warrants B and Warrants C are exercised prior to the implementation of the Proposed Share Consolidation and Proposed Capital Reduction).

The approval of Bursa Securities was obtained vide its letter dated 24 March 2022 and is subject to the following conditions:-

Condition(s)	Status of compliance
(i) Digistar to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the extraordinary general meeting for the Proposed Share Consolidation and Proposed Capital Reduction; and	To be complied
(ii) Digistar/UOBKH is required to make the relevant announcements pursuant to Paragraph 13.20(2) of the Main Market Listing Requirements.	To be complied

- (ii) the shareholders of Digistar for the Proposals at the forthcoming EGM;
- (iii) the confirmation from the Court for the Proposed Capital Reduction pursuant to Section 116 of the Act;
- (iv) the approval or consent of our Group's creditors and/or bondholders for the Proposed Capital Reduction ("**Consents**"), if applicable. The Company will obtain the necessary consents prior to the approval of the forthcoming EGM; and
- (v) any other relevant authorities or parties, if required.

The Proposed Share Consolidation and Proposed Capital Reduction are not inter-conditional upon each other. The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

7. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other outstanding proposals announced by us but not yet completed prior to the date of this Circular.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders or chief executive of Digistar and/or persons connected with them have any interest, whether direct or indirect, in the Proposals, save for their respective entitlements as shareholders and/or warrant holders of our Company under the Proposed Share Consolidation, of which all the shareholders and warrant holders of our Company are similarly entitled to.

9. DIRECTORS' RECOMMENDATION

Our Board, after due deliberation and having considered all aspects of the Proposals, including the rationale and effects of the Proposals as set out in **Section 3** and **Section 4** of this Circular respectively, is of the opinion that the Proposals are in the best interest of our Company and recommends that the shareholders of Digistar vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

10. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

The tentative timetable for the implementation of the Proposals is set out below:-

Date	Events
28 April 2022	EGM for the Proposals
Early May 2022	<ul style="list-style-type: none">Announcement of the Entitlement Date for the Proposed Share ConsolidationApplication to the Court for the Proposed Capital Reduction
Mid May 2022	<ul style="list-style-type: none">Entitlement Date for the Proposed Share ConsolidationListing and quotation of the Consolidated Shares, Consolidated Warrants B and Consolidated Warrants C on the Main Market of Bursa SecuritiesCompletion of the Proposed Share Consolidation
Early July 2022	Confirmation by the Court pursuant to Section 116 of the Act for the Proposed Capital Reduction
Mid July 2022	<ul style="list-style-type: none">Lodgement of the sealed court order of the Court with the Registrar of CompaniesCompletion of the Proposed Capital Reduction

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be completed by the 3rd quarter of 2022.

11. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Level 3, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia on Thursday, 28 April 2022 at 10.00 a.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without any modifications to the resolutions to give effect to the Proposals.

If you are unable to attend, speak and vote in person at the EGM, please complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, which Proxy Form shall be deposited at our registered office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than twenty-four (24) hours before the time and date stipulated for the holding of the EGM or any adjournment thereof. The Proxy Form should be completed strictly in accordance with the instructions contained therein. The lodging of the Proxy Form will not prevent you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are advised to refer to the Appendix set out in this Circular for further information.

Yours faithfully,
For and on behalf of our Board of
DIGISTAR CORPORATION BERHAD

TAN SRI DATO' IR. HJ. ZAINI BIN OMAR
Independent Non-Executive Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, and they individually and collectively accept full responsibility for the accuracy of the information contained 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 statements or information herein false or misleading.

2. CONSENT

UOBKH, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser to our Company for the Proposals.

4. MATERIAL CONTRACTS

Neither our Company nor our Group has entered into any contracts which are or may be material (not being contracts entered into the ordinary course of business of our Group) within 2 years immediately preceding the date of this Circular.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither our Company nor our Group is engaged in any other material litigation, claims or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position or the business of our Group, and our Board does not have any knowledge or any proceeding pending or threatened against our Group, or of any fact likely to give rise to any proceeding, which may materially or adversely affect the financial position or business of our Group.

6. MATERIAL COMMITMENTS

As at the LPD, our Board, after making all reasonable enquiries, is not aware of any material commitments incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on the financial results or position of our Group.

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FURTHER INFORMATION (CONT'D)

7. CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, our Board is not aware of any contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results or position of our Group.

	(RM)
Secured:-	
Corporate guarantee given by our Company to financial institutions for banking facilities granted to subsidiary companies' customers for due performance of works by the subsidiary companies	979,781
Corporate guarantee given by the Company to financial institutions for banking facilities granted to subsidiary companies	4,860,213
Total	5,839,994

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, during normal business hours between Mondays and Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) the Constitution of Digistar;
- (ii) the audited consolidated financial statements of Digistar Group for the past 2 financial years up to the FYE 30 September 2021;
- (iii) the unaudited consolidated financial statements of Digistar Group for the 3-month FPE 31 December 2021; and
- (iv) the letter of consent and declaration of conflict of interest referred to in **Section 2** and **Section 3** of this **Appendix I**.

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DIGISTAR CORPORATION BERHAD

(Registration No. 200301001232 (603652-K))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting ("**EGM**") of Digistar Corporation Berhad ("**Digistar**" or the "**Company**") will be held at Level 3, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia, on Thursday, 28 April 2022 at 10.00 a.m., or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:-

SPECIAL RESOLUTION 1

PROPOSED CONSOLIDATION OF EVERY 3 EXISTING ORDINARY SHARES IN DIGISTAR ("DIGISTAR SHARE(S)" OR "SHARE(S)") HELD BY THE SHAREHOLDERS OF DIGISTAR ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") INTO 1 DIGISTAR SHARE ("CONSOLIDATED SHARE(S)") ("PROPOSED SHARE CONSOLIDATION")

"THAT, subject to all approvals being obtained from the relevant authorities and/or parties, if applicable, approval be and is hereby given for the board of directors of Digistar ("**Board**") to consolidate every 3 existing Digistar Shares held by the shareholders of Digistar whose names appear in the Record of Depositors of Digistar as at the close of business on the Entitlement Date into 1 Consolidated Share;

THAT, such Consolidated Shares shall rank equally in all respects with each other following the completion of the Proposed Share Consolidation;

THAT, as the Proposed Share Consolidation will give rise to adjustments to Digistar's existing Warrants B and Warrants C, such consolidated Warrants B and consolidated Warrants C following the completion of the Proposed Share Consolidation shall respectively, rank equally in all respects with each other following the completion of the Proposed Share Consolidation;

THAT, the Board be and is hereby authorised to deal with any fractional entitlements that may arise from the Proposed Share Consolidation, in such manner as it shall in its absolute discretion deem fit and expedient, or in the best interest of the Company in order to minimise the incidence of odd lots;

AND THAT, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Share Consolidation with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Share Consolidation."

SPECIAL RESOLUTION 2

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF DIGISTAR PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("ACT") ("PROPOSED CAPITAL REDUCTION")

"THAT, subject to all approvals being obtained from the relevant authorities and/or parties, if applicable, and the confirmation by the High Court of Malaya pursuant to Section 116 of the Act, approval be and is hereby given for the Board to implement the Proposed Capital Reduction and reduce the share capital of the Company via the cancellation of RM70.0 million of the issued share capital of the Company and that the credit arising from such share capital reduction shall be used to eliminate the accumulated losses of the Company;

THAT, the surplus after the elimination of the Company's accumulated losses pursuant to the Proposed Capital Reduction, if any, be credited to the retained earnings account of the Company, which may be utilised in such manner as the Board deems fit and in the best interest of the Company, as permitted by the relevant and applicable laws as well as the Constitution of the Company;

AND THAT, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Capital Reduction with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Capital Reduction."

By Order of the Board,
DIGISTAR CORPORATION BERHAD

WONG YOUN KIM (MAICSA 7018778)
SSM Practising Certificate No. 201908000410
Company Secretary

Kuala Lumpur
5 April 2022

Notes:-

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Extraordinary General Meeting ("EGM"), the Company shall be requesting the Record of Depositors as at 22 April 2022. Only a depositor whose name appears on the Record of Depositors as at 22 April 2022 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.*
2. *A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
6. *The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than twenty four (24) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.*
7. *If the appointer is a corporation, this form shall be executed under its common seal or under the hand of its officer or attorney duly authorised.*
8. *If this Proxy Form is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Proxy Form.*

Form of Proxy



CDS Account No.	
No. of shares held	

DIGISTAR CORPORATION BERHAD

Registration No. 200301001232 (603652-K)
(INCORPORATED IN MALAYSIA)

* I/We..... NRIC/Company No
(FULL NAME IN BLOCK CAPITALS)

of.....
(FULL ADDRESS)

being a member/members of DIGISTAR CORPORATION BERHAD (603652-K), hereby appoint

.....
(FULL NAME IN BLOCK CAPITALS)

NRIC No. of.....
(FULL ADDRESS)

.....

or failing *him/her,.....
(FULL NAME IN BLOCK CAPITALS)

NRIC No. of.....
(FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend, speak and vote on *my/our behalf at the Extraordinary General Meeting of the Company to held at Level 3, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia on Thursday, 28 April 2022 at 10.00 a.m., or at any adjournment thereof.

*My/our proxy is to vote as indicated below:-

NO.	SPECIAL RESOLUTIONS	FOR	AGAINST
1.	Proposed Share Consolidation		
2.	Proposed Capital Reduction		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless the voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.)

(i) Applicable to shares held through a nominee account.

*Delete where applicable

For appointment of two proxies, percentage of Shareholdings to be presented by the proxies:

Signed this _____ day of _____ 2022

Signature/Common Seal of Member

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		

Notes:-

- For the purpose of determining a member who shall be entitled to attend, speak and vote at the Extraordinary General Meeting ("EGM"), the Company shall be requesting the Record of Depositors as at 22 April 2022. Only a depositor whose name appears on the Record of Depositors as at 22 April 2022 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend, speak and vote on his/her stead.
- A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.



4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
6. *The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than twenty four (24) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.*
7. *If the appointer is a corporation, this form shall be executed under its common seal or under the hand of its officer or attorney duly authorised.*
8. *If this Proxy Form is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading “signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received”. If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading “signed under Power of Attorney which is still in force, no notice of revocation having been received”. A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Proxy Form.*

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AFFIX
STAMP



**DIGISTAR CORPORATION BERHAD
COMPANY SECRETARY**

Level 2, Tower 1, Avenue 5
Bangsar South City, 59200 Kuala Lumpur

2nd Fold Here

Fold This Flap For Sealing