

**THIS CIRCULAR TO SHAREHOLDERS OF DIGISTAR CORPORATION BERHAD (“DIGISTAR” OR THE “COMPANY”) (“CIRCULAR”) 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.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**DIGISTAR CORPORATION BERHAD**

(Registration No. 200301001232 (603652-K))

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED BONUS ISSUE OF UP TO 135,146,310 WARRANTS IN DIGISTAR (“WARRANT(S) D”) ON THE BASIS OF 1 WARRANT D FOR EVERY 4 EXISTING ORDINARY SHARES IN DIGISTAR HELD BY THE SHAREHOLDERS OF DIGISTAR WHOSE NAMES APPEAR IN THE COMPANY’S RECORD OF DEPOSITORS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*

**UOB Kay Hian**

**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 Platinum Hall, Level 1, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia on Friday, 16 June 2023, 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 our Company at Level 5, Tower 8, Avenue 5, Horizon 2, 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 day, date and time for you to lodge the Proxy Form : Thursday, 15 June 2023 at 10.00 a.m.

Day, date and time of the EGM : Friday, 16 June 2023, at 10.00 a.m., or any adjournment thereof

This Circular is dated 1 June 2023

---

## DEFINITIONS

---

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

“Act”	:	The Companies Act 2016
“Board”	:	Our Board of Directors
“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 the shareholders of Digistar dated 1 June 2023 in relation to the Proposed Bonus Issue of Warrants
“COVID-19”	:	Coronavirus disease 2019
“Deed Poll”	:	The deed poll constituting the Warrants D to be executed by our Company
“Digistar” or the “Company”	:	Digistar Corporation Berhad (Registration No. 200301001232 (603652-K))
“Digistar Group” or the “Group”	:	Digistar and its subsidiaries, collectively
“Digistar Share(s)” or “Share(s)”	:	Ordinary share(s) in Digistar
“Director(s)”	:	The director(s) of Digistar and shall have 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 our Company
“Entitled Shareholder(s)”	:	The shareholder(s) of Digistar whose name(s) appear in the Record of Depositors of our Company on the Entitlement Date
“Entitlement Date”	:	A date (to be determined and announced by our Board later) on which the names of the Entitled Shareholders must appear in the Record of Depositors of our Company as at 5.00 p.m. in order to be entitled to the Warrants D pursuant to the Proposed Bonus Issue of Warrants
“EPS”	:	Earnings per Share
“FPE”	:	Financial period ended/ending
“FYE”	:	Financial year ended/ending
“GDP”	:	Gross domestic product
“Indicative Exercise Price”	:	The illustrative exercise price per Warrant D adopted in this Circular being RM0.06 per Warrant D, as set out in <b>Section 2.1</b> of this Circular. The actual exercise price of the Warrants D will only be determined and announced at a later date, and will be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the exercise period
“LAT”	:	Loss after tax
“LBT”	:	Loss before tax

---

**DEFINITIONS (CONT'D)**

---

“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	24 May 2023, being the latest practicable date prior to the printing and despatch of this Circular
“Maximum Scenario”	:	Assuming all treasury shares are resold to the open market at their respective acquisition costs and all outstanding Warrants C are exercised prior to the implementation of the Proposed Bonus Issue of Warrants
“MCO”	:	Movement control order
“Minimum Scenario”	:	Assuming all treasury shares are retained and none of the outstanding Warrants C are exercised prior to the implementation of the Proposed Bonus Issue of Warrants
“NA”	:	Net assets
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“Placement Share(s)”	:	104,153,806 Digistar Shares issued under the Private Placement 2022
“Private Placement 2022”	:	Private placement of 104,153,806 Placement Shares, representing up to approximately 30% of the total number of issued Digistar Shares at an issue price of RM0.063 per Placement Share. The Private Placement 2022 was completed on 12 January 2023
“Proposed Bonus Issue of Warrants”	:	The issuance of up to 135,146,310 Warrants D on the basis of 1 Warrant D for every 4 existing Digistar Shares held by the Entitled Shareholders on the Entitlement Date
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“UOBKH” or “Adviser”	the	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
“VWAP”	:	Volume weighted average market price
“Warrant(s) B”	:	The warrants 2013/2023 issued by Digistar constituted by the deed poll dated 4 March 2013 and expired on 4 April 2023
“Warrant(s) C”	:	The outstanding warrants 2021/2026 issued by Digistar constituted by the deed poll dated 16 April 2021 and expiring on 27 May 2026
“Warrant(s) D”	:	Up to 135,146,310 warrants in Digistar to be issued pursuant to the Proposed Bonus Issue of Warrants

---

**DEFINITIONS (CONT'D)**

---

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.

<b>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</b>
--

---

**TABLE OF CONTENTS**

---

	<b>PAGE</b>
<b>LETTER TO THE SHAREHOLDERS OF DIGISTAR IN RELATION TO THE PROPOSED BONUS ISSUE OF WARRANTS CONTAINING:-</b>	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS	2
3. RATIONALE FOR THE PROPOSED BONUS ISSUE OF WARRANTS	10
4. INDUSTRY OVERVIEW AND PROSPECTS OF OUR GROUP	12
5. EFFECTS OF THE PROPOSED BONUS ISSUE OF WARRANTS	14
6. THE CURRENT FINANCIAL POSITION OF OUR GROUP	20
7. IMPACT OF THE PROPOSED BONUS ISSUE OF WARRANTS AND VALUE CREATION TO OUR GROUP AND OUR SHAREHOLDERS	23
8. THE ADEQUACY OF THE PROPOSED BONUS ISSUE OF WARRANTS IN ADDRESSING OUR COMPANY'S FINANCIAL CONCERNS	23
9. STEPS UNDERTAKEN OR TO BE UNDERTAKEN TO IMPROVE THE FINANCIAL CONDITION OF OUR GROUP	23
10. HISTORICAL PRICES	24
11. APPROVALS REQUIRED/OBTAINED AND CONDITIONALITY	25
12. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION	25
13. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	26
14. DIRECTORS' STATEMENT/RECOMMENDATION	26
15. ESTIMATED TIMEFRAME FOR COMPLETION	26
16. EGM	26
17. FURTHER INFORMATION	27
<b>APPENDICES</b>	
I. INDICATIVE SALIENT TERMS OF THE WARRANTS D	28
II. FURTHER INFORMATION	30
<b>NOTICE OF EGM</b>	<b>ENCLOSED</b>
<b>PROXY FORM</b>	<b>ENCLOSED</b>



**DIGISTAR CORPORATION BERHAD**  
(Registration No. 200301001232 (603652-K))  
(Incorporated in Malaysia)

**Registered Office**  
Level 5, Tower 8  
Avenue 5, Horizon 2, Bangsar South City  
59200 Kuala Lumpur

1 June 2023

**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	(Non-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,

**PROPOSED BONUS ISSUE OF WARRANTS**

---

**1. INTRODUCTION**

On 3 May 2023, UOBKH, on behalf of our Board, announced that our Company proposes to undertake the Proposed Bonus Issue of Warrants.

Subsequently, on 22 May 2023, UOBKH, on behalf of our Board, announced that Bursa Securities had, vide its letter dated on even date, approved the following:-

- (i) the admission of the Warrants D to the Official List of Bursa Securities;
- (ii) listing of and quotation for the Warrants D on the Main Market of Bursa Securities; and
- (iii) listing of and quotation for the new Digistar Shares to be issued pursuant to the exercise of the Warrants D on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the conditions as set out in **Section 11** of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED BONUS ISSUE OF WARRANTS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS 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 APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS**

The Proposed Bonus Issue of Warrants entails the issuance of up to 135,146,310 Warrants D on the basis of 1 Warrant D for every 4 existing Digistar Shares held by our Entitled Shareholders on the Entitlement Date to be determined and announced at a later date, upon the receipt of all relevant approvals.

The maximum number of up to 135,146,310 Warrants D to be issued under the Proposed Bonus Issue of Warrants was arrived based on the following:-

- (i) Digistar's total number of issued shares of 453,790,764 (including treasury shares) as at the LPD;
- (ii) assuming the 2,457,602 treasury shares held by Digistar as at the LPD are resold back to the open market; and
- (iii) assuming the 86,794,477 outstanding Warrants C are fully exercised prior to the implementation of the Proposed Bonus Issue of Warrants.

Our Board is of the view that the outstanding Warrants C are not likely to be exercised prior to the implementation of the Proposed Bonus Issue of Warrants in view that the Warrants C are currently "out-of-the money" with an exercise price of RM0.30 per Warrant C whilst the 5-day VWAP of Digistar Shares up to and including the LPD is only at RM0.08 per Digistar Share. It is also pertinent to note that no Warrants C has been exercised by the holders of Warrants C since the date of listing of the Warrant C (i.e. 1 June 2021) up to the LPD.

For information purposes, the entitlement basis for the Proposed Bonus Issue of Warrants was determined based on the following:-

- (i) the amount of proceeds which could potentially be raised by our Company as and when the Warrants D are exercised during the exercise period of the Warrants D;
- (ii) the dilutive effects arising from the full exercise of the Warrants D on the EPS and NA per Share of our Company; and
- (iii) compliance with Paragraph 6.50 of the Listing Requirements which states that our Company must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities, does not exceed 50% of the total number of issued shares of our Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The actual number of the Warrants D to be issued under the Proposed Bonus Issue of Warrants will depend on the number of Digistar Shares in issue on the Entitlement Date. Fractional entitlements arising from the Proposed Bonus Issue of Warrants, if any, will be disregarded and dealt with in such manner as our Board may in its absolute discretion deem fit and expedient, and in the best interest of our Company.

The Warrants D will be issued in registered form and constituted by a Deed Poll to be executed by our Company. The indicative salient terms of the Warrants D are set out in **Appendix I** of this Circular.

The Proposed Bonus Issue of Warrants will not be implemented in stages over a period of time.

## **2.1 Basis and justification of determining the exercise price of the Warrants D**

The Warrants D will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants D will be determined by our Board at a later date after all relevant approvals have been obtained but before the announcement of the Entitlement Date, after taking into consideration, among others, the following:-

- (i) the historical price movement of our Shares;
- (ii) the 5-day VWAP of our Shares and the prevailing market price of our Shares; and
- (iii) the future prospects and potential funding requirements of our Group.

In any case, it is the intention of our Board to fix the exercise price of the Warrants D at a discount range of 15% to 35% to the 5-day VWAP of Digistar Shares up to and including the date prior to the price-fixing date, in view that the Warrants D are issued at no cost and are exercisable into new Digistar Shares over a 5-year tenure. The discount range of 15% to 35% was determined by our Board with the aim to reward our shareholders with a lower entry point (i.e. Indicative Exercise Price) to subscribe for new Digistar Shares as well as encourage higher exercise rate of the Warrants D, which in turn will enable our Group to benefit from the potential funding arising from the exercise of the Warrants D.

For illustrative purposes, the Indicative Exercise Price of the Warrants D is assumed at RM0.06, which represents a discount of approximately 25.00% to the 5-day VWAP of Digistar Shares up to and including the LPD of RM0.08.

Our Board wishes to emphasize that the Indicative Exercise Price should not be taken as an indication of or reference to the actual exercise price of the Warrants D as it will only be determined and announced at a later date and dependent on the abovementioned factors.

## **2.2 Ranking of the Warrants D and the new Digistar Shares to be issued arising from the exercise of the Warrants D**

The holders of the Warrants D are not entitled to any voting rights in any general meeting of our Company or participation in any form of distribution and/or offer of securities in our Company until and unless such holders of the Warrants D exercise their Warrants D into new Shares.

The new Digistar Shares to be issued arising from the exercise of the Warrants D shall, upon allotment and issuance, rank equally in all aspects with the existing Digistar Shares, save and except that the new Digistar Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid, where the entitlement date precedes the date of allotment and issuance of such new Digistar Shares.

## **2.3 Listing of and quotation for the Warrants D and new Digistar Shares to be issued arising from the exercise of the Warrants D**

Bursa Securities had, vide its letter dated 22 May 2023, approved the admission of the Warrants D to the Official List of Bursa Securities as well as the listing of and quotation for the Warrants D and new Digistar Shares to be issued arising from the exercise of the Warrants D on the Main Market of Bursa Securities, subject to the conditions as stated under **Section 11** of this Circular.

## **2.4 Utilisation of proceeds**

The Proposed Bonus Issue of Warrants will not raise any immediate funds as the Warrants D will be issued at no cost to the Entitled Shareholders.



The amount of proceeds to be raised from the exercise of the Warrants D would depend on the final exercise price and actual number of the Warrants D exercised during the exercise period. As such, the exact quantum and timeframe for the utilisation of the proceeds to be raised cannot be determined at this juncture. However, we envisage that the proceeds to be raised from the exercise of the Warrants D will be utilised within 12 months from the date of receipt of such proceeds.

Assuming that all Warrants D are exercised at the Indicative Exercise Price of RM0.06 each, our Company will raise gross proceeds of up to approximately RM8.11 million. The amount of proceeds to be raised from the exercise of the Warrants D would depend on the actual number of the Warrants D exercised during the exercise period of the Warrants D as well as the exercise price of the Warrants D, which is to be determined at a later date.

Further, given the exact quantum and timeframe for the exercise of the Warrants D cannot be determined at this juncture, our management has hence resolved to solely utilise the abovementioned proceeds raised from the exercise of the Warrants D for working capital purposes only to fund our Group's day-to-day operations (as opposed to partially reducing our borrowings and current gearing level, which requires certainty in the quantum of proceeds raised). For information purposes, the working capital expenses earmarked to be funded by the proceeds raised include, among others, payment to suppliers or trade creditors of our Group as well as general administrative expenses and operating expenses such as staff-related costs, utilities, statutory payments (i.e. Employees' Provident Fund (EPF), Social Security Organisation (SOCSO) and corporate taxes). The proceeds to be utilised for each component of working capital are subject to the operating requirements of our Group at the time and therefore, have not been determined at this juncture. Notwithstanding thereof, our management takes cognisance the importance of reducing our gearing level to strengthen our financial position, and as such, our management intends to utilise our internally generated funds to par down our bank borrowings.

Pending use of the proceeds raised as and when the Warrants D are exercised, such proceeds will be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institutions or any gain arising from the short-term money market instruments will also be used as working capital of our Group.

## 2.5 Details of past equity fund-raising exercises undertaken by our Company

For information purposes, Digistar has undertaken the following equity fund raising exercises since 2016 up to the LPD:-

### (i) Private Placement 2016

Our Company had on 16 February 2016 announced to undertake the proposed private placement of up to 10% of the total number of issued Digistar Shares (excluding treasury shares) and has placed out 45,604,000 new Digistar Shares at an issue price of RM0.1430 per new Digistar Share, raising total gross proceeds of approximately RM6.52 million. The Private Placement 2016 was completed on 23 March 2016.

The status of the utilisation of the said gross proceeds raised from the Private Placement 2016 is set out below:-

Details of utilisation	Timeframe for utilisation	Targeted proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Working capital <sup>(1)</sup>	Within 24 months from receipt of funds	3,613 (minimum scenario) and 6,727 (maximum scenario)	2,381	2,452

Details of utilisation	Timeframe for utilisation	Targeted proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Partial repayment of term loans <sup>(2)</sup>	Within 12 months from receipt of funds	4,000	4,000	4,000
Estimated expenses in relation to the Private Placement 2016 <sup>(3)</sup>	Upon completion of the Private Placement 2016	140	140	69
<b>Total</b>		<b>7,753 (minimum scenario) and 10,867 (maximum scenario)</b>	<b>6,521</b>	<b>6,521</b>

**Notes:-**

- (1) *The proceeds of approximately RM2.45 million has been fully utilised for the working capital requirements of our Group (all of which was channeled towards the repayment to trade and other creditors (which include payments to contractors, suppliers and consultants)).*
- (2) *The proceeds of approximately RM4.00 million has been fully utilised for the partial repayment of our bank borrowings, resulting in interest savings of approximately RM0.28 million based on an interest rate of 6.91% per annum.*
- (3) *The proceeds of approximately RM0.07 million has been utilised for the estimated expenses in relation to the Private Placement 2016 which consist of professional fees, fees payable to authorities, placement fee and other miscellaneous expenses. Given that the actual expenses for the Private Placement 2016 was lower than the estimated expenses, the balance unutilised proceeds of approximately RM0.07 million was subsequently channeled to working capital and was fully utilised.*

For clarification purposes, all the proceeds raised from the Private Placement 2016 have been fully utilised as proposed. Please refer to the announcements of Digistar dated 16 February 2016, 19 February 2016 and 11 March 2016 for further details of the Private Placement 2016.

**(ii) Private Placement 2017**

Our Company had on 15 September 2017 announced to undertake the proposed private placement of up to 10% of the total number of issued Digistar Shares (excluding treasury shares) and has placed out 59,178,700 new Digistar Shares at an issue price of RM0.1386 per new Digistar Share, raising total gross proceeds of approximately RM8.20 million. The Private Placement 2017 was completed on 31 October 2017.

The status of the utilisation of the said gross proceeds raised from the Private Placement 2017 is as follows:-

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Partial repayment of bank borrowings <sup>(1)</sup>	Within 3 months from receipt of funds	3,700	3,700	3,700
Expansion of central monitoring security services segment <sup>(2)</sup>	Within 12 months from receipt of funds	4,485 (minimum scenario) and 5,625 (maximum scenario)	4,402	4,402

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Estimated expenses in relation to the Private Placement 2017 <sup>(3)</sup>	Upon completion of the Private Placement 2017	100	100	100
<b>Total</b>		<b>8,285 (minimum scenario) and 9,425 (maximum scenario)</b>	<b>8,202</b>	<b>8,202</b>

**Notes:-**

- (1) The proceeds of approximately RM3.70 million has been fully utilised for the repayment of our bank borrowings, resulting in interest savings of approximately RM0.19 million based on an interest rate of 5.08% per annum.
- (2) The proceeds of approximately RM4.40 million has been fully utilised for the expansion of our central monitoring security services segment in the following manner:-

Item	Purpose of utilisation of proceeds	Proposed utilisation (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
i.	Setup cost for additional sales and support centres	Up to 1,320	1,000	1,000
ii.	Purchase of inventory for central monitoring security systems	Up to 2,400	2,400	2,400
iii.	Installation of software and hardware for central monitoring station ("CMS") command centres and implementation of Customer Relationship Management ("CRM") system	Up to 1,900	1,002	1,002
	<b>Total</b>	<b>Up to 5,620</b>	<b>4,402</b>	<b>4,402</b>

- i. The proceeds of approximately RM1.00 million has been fully utilised to defray the costs for setting up 3 additional sales and support centres for the central monitoring security system which is located at Penang, Ipoh and Johor Bahru. The setup up cost in relation to the sales and support centre includes renovation work, operations and administrative expenses, including, but not limited to staff salaries and marketing expenses. The setting up of the 3 additional sales and support centres was completed in 2018 and commence operations in the same year.
- ii. The proceeds of approximately RM2.40 million has been fully utilised to purchase inventory products of the security systems for our additional sales and support centres upon full operation in 2018.
- iii. The proceeds of approximately RM1.00 million has been fully utilised to install new software and hardware system for the application of Panther Mobile products as well as CRM system for our Group. The said installation was completed in 2018.
- (3) The proceeds of approximately RM0.10 million has been fully utilised for the estimated expenses in relation to the Private Placement 2017 which consist of professional fees (i.e. adviser and placement agent fees), placement fees, fees payable to authorities and other incidental expenses in relation to the Private Placement 2017.

For clarification purposes, all the proceeds raised from the Private Placement 2017 have been fully utilised as proposed. Please refer to the announcements of Digistar dated 15 September 2017 and 20 September 2017 for further details of the Private Placement 2017.

(iii) **Private placement 2020**

Our Company had on 21 January 2020 announced to undertake the proposed private placement of up to 20% of the total number of issued shares of Digistar (excluding treasury shares) and has placed out 130,193,265 new Digistar Shares at an issue price of RM0.02 per new Digistar Share, raising total gross proceeds of approximately RM2.60 million. The Private Placement 2020 was completed on 7 April 2020.

The status of the utilisation of the said gross proceeds raised from the Private Placement 2020 is as follows:-

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Business expansion <sup>(1)</sup>	Within 12 months from receipt of funds	3,300	1,231	1,231
General working capital <sup>(2)</sup>	Within 12 months from receipt of funds	1,187 (minimum scenario) and 1,773 (maximum scenario)	1,173	1,173
Estimated expenses in relation to the Private Placement 2020 <sup>(3)</sup>	Upon completion of the Private Placement 2020	200	200	200
<b>Total</b>		<b>4,687 (minimum scenario) and 5,273 (maximum scenario)</b>	<b>2,604</b>	<b>2,604</b>

**Notes:-**

- (1) *The proceeds of approximately RM1.23 million has been utilised for our CMS business expansion in the following manner:-*

Item	Details of utilisation	Proposed utilisation (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
i.	Upgrading of CMS	1,500	300	300
ii.	Expansion of CMS command centre	1,200	331	331
iii.	Market and advertising	600	600	600
	<b>Total</b>	<b>3,300</b>	<b>1,231</b>	<b>1,231</b>

- i. *The proceeds of approximately RM0.30 million has been fully utilised to upgrade the CMS which entails amongst others, investing in software and hardware to enhance the security and data analytics capability of CMS, and also to increase the capacity of CMS. Accordingly, our Group has acquired security software suites and security risk management solutions, router and server equipment, as well as data analytic software/solutions in 2020. The investment in security software and router and server equipment is in line with our Group's plan to increase our subscriber base, which in turn requires more cyber security protection and higher capacity upkeep. Our Group has also acquired data analytic software/solutions as means to innovate our CMS system by applying artificial intelligence technology (i.e. data mining/sorting, predictive modelling and anomaly detection).*

- ii. *The proceeds of approximately RM0.33 million has been fully utilised to expand the CMS command centre which mainly entails the cost for setting up command centre including renovation work, mobilisation cost (i.e. installation and moving-in cost), and also operations and administrative expenses*
  - iii. *The proceeds of RM0.60 million has been fully utilised on our marketing and advertising costs which entail amongst others, distribution costs, agent commissioning fees, participating in and/or organising trade shows/events/exhibitions, and investment in digital marketing and advertising to generate awareness of Panther 911 and Panther Mobile to the community and potential customers.*
- (2) *The proceeds of approximately RM1.17 million has been fully utilised for the working capital requirements of our Group (all of which were channeled towards the repayment to trade creditors and suppliers).*
- (3) *The proceeds of approximately RM0.20 million has been fully utilised for the estimated expenses in relation to the Private Placement 2020 which consist of professional fees (i.e. adviser and placement agent fees), placement fees, fees payable to authorities and other incidental expenses in relation to the Private Placement 2020.*

For clarification purposes, all the proceeds raised from the Private Placement 2020 have been fully utilised as proposed. Please refer to the announcement of Digistar dated 21 January 2020 and circular of Digistar issued to the shareholders dated 26 February 2020 for further details of the Private Placement 2020.

**(iv) Rights issue 2021**

Our Company had on 10 February 2021 announced a rights issue of up to 287,518,911 new Digistar Shares (“**Rights Share(s)**”) on the basis 1 Rights Share for every 3 existing Digistar Shares held together with up to 287,518,911 Warrants C on the basis of 1 Warrant C for every 1 Right Share subscribed by the entitled shareholders. A total of 260,384,403 Rights Shares were issued at the issue price of RM0.05 per Right Share and 260,384,403 Warrants C were issued at the exercise price of RM0.10 per Warrant C (which was subsequently adjusted to RM0.30 per Warrant C pursuant to the consolidation of every 3 existing Digistar Shares into 1 Digistar Share which was completed on 31 May 2022). The Rights Issue 2021 has raised total gross proceeds of approximately RM13.02 million. The Rights Issue 2021 was completed on 1 June 2021.

The status of the utilisation of the said gross proceeds raised from the Rights Issue 2021 is as follows:-

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised as at the LPD (RM'000)	Balance to be utilised (RM'000)
Business expansion of the hospitality segment <sup>(1)</sup>	Within 24 months from receipt of funds	1,364 (minimum scenario) and 6,076 (maximum scenario)	4,719	-	4,719
Working capital <sup>(2)</sup>	Within 12 months from receipt of funds	1,600 (minimum scenario) and 5,800 (maximum scenario)	5,800	5,990	-
Repayment of bank borrowings <sup>(3)</sup>	Within 3 months from receipt of funds	Up to 2,000	2,000	2,000	-

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised as at the LPD (RM'000)	Balance to be utilised (RM'000)
Estimated expenses in relation to the Rights Issue 2021 <sup>(4)</sup>	Within 1 month from receipt of funds	500	500	310	-
<b>Total</b>		<b>3,464 (minimum scenario) and 14,376 (maximum scenario)</b>	<b>13,019</b>	<b>8,300</b>	<b>4,719</b>

**Notes:-**

(1) Our Group has allocated approximately RM4.72 million of the proceeds from the Rights Issue 2021 to part finance our hospitality business expansion plans ("**Hospitality Business Expansion Plans**") which entails, amongst others, the following:-

- (i) acquisition of suitable properties which are strategically located in Wilayah Persekutuan, Selangor, Melaka or such other locations that our management deems as strategic for our hospitality operations;
- (ii) potential partnership/joint venture with strategic partners to jointly acquire, refurbish, rebrand and operate the new hotel; or
- (iii) explore to construct the hotel on the existing vacant land bank held by our Group, which are primarily located in Selangor and Melaka, subject to feasibility study to be undertaken by the Group.

However, as our management was unable to identified any strategic acquisitions or implement our Hospitality Business Expansion Plans within 2 years from the completion of the Rights Issue 2021 (i.e. 1 June 2021 up to 1 June 2023) as our management decided to put the Hospitality Business Expansion Plans on hold as our Company was unable to identify suitable property (in terms of size, layout and ideal range of market property prices) or strategic partners, the balance unutilised proceeds of approximately RM4.72 million will hence be channeled towards working capital and to be fully utilised in June 2023.

- (2) The proceeds of approximately RM5.99 million has been fully utilised for the working capital requirements of our Group (all of which were channeled towards the repayment to trade creditors and suppliers of our Group).
- (3) The proceeds of RM2.00 million has been fully utilised for the partial repayment of our bank borrowings facilities, resulting in interest savings of approximately RM0.12 million based on an interest rate of 5.81% per annum.
- (4) The proceeds of approximately RM0.31 million has been utilised for the estimated expenses in relation to the Rights Issue 2021 consist of professional fees (i.e. principal adviser, solicitors, company secretary and share registrar), fees payable to authorities, contingencies and other incidental expenses in relation to the Rights Issue 2021. As the actual expenses for the Rights Issue 2021 was lower than the estimated expenses, the balance unutilised proceeds of approximately RM0.19 million was subsequently channeled to working capital and fully utilised.

For clarification purposes, save for the proceeds of approximately RM4.72 million earmarked for business expansion of the hospitality segment as set out in Note (1) above, all the proceeds raised from the Rights Issue 2021 have been fully utilised as proposed. Please refer to the announcement of Digistar dated 10 February 2021, the circular of Digistar issued to the shareholders dated 12 March 2021 and the abridged prospectus of Digistar dated 3 May 2021 for further details of the Rights Issue 2021.

**(v) Private placement 2022**

Our Company had on 18 October 2022 announced the Private Placement 2022 and has placed out 104,153,806 Placement Shares at an issue price of RM0.063 per Placement Share, raising total gross proceeds of approximately RM6.56 million. The Private Placement 2022 was completed on 12 January 2023.

The status of the utilisation of the said gross proceeds raised from the Private Placement 2022 as at the LPD is as follows:-

<b>Details of utilisation</b>	<b>Timeframe for utilisation</b>	<b>Proposed utilisation (RM'000)</b>	<b>Amount utilised as at the LPD (RM'000)</b>	<b>Balance to be utilised (RM'000)</b>
Working capital <sup>(1)</sup>	Within 12 months from receipt of funds	3,362	3,362	-
Repayment of bank borrowings <sup>(2)</sup>	Within 12 months from receipt of funds	3,000	191	2,809
Estimated expenses for the Private Placement 2022 <sup>(3)</sup>	Within 1 month from receipt of funds	200	200	-
<b>Total</b>		<b>6,562</b>	<b>3,753</b>	<b>2,809</b>

**Notes:-**

- (1) *The proceeds of approximately RM3.36 million has been fully utilised for the working capital requirements of our Group (all of which were channelled towards the repayment to trade creditors and suppliers of our Group).*
- (2) *The proceeds of approximately RM0.19 million has been fully utilised for the partial repayment of our bank borrowings facilities, resulting in interest savings of approximately RM0.01 million based on an interest rate of 5.81% per annum.*
- (3) *The proceeds of approximately RM0.20 million has been fully utilised for the estimated expenses in relation to the Private Placement 2022 consist of professional fees (i.e. principal adviser, placement agent, solicitors, company secretary and share registrar), fees payable to authorities, and contingencies and other incidental expenses in relation to the Private Placement 2022.*

For clarification purposes, save for the balance proceeds of approximately RM2.81 million earmarked for repayment of bank borrowings (whereby our Group has up to 11 January 2024 to fully utilise such funds), all the proceeds raised from the Private Placement 2022 have been fully utilised as proposed. Please refer to the announcement of Digistar dated 18 October 2022 and circular of Digistar issued to the shareholders dated 25 November 2022 for further details of the Private Placement 2022.

**3. RATIONALE FOR THE PROPOSED BONUS ISSUE OF WARRANTS**

After due consideration of the various options available, our Board is of the view that the Proposed Bonus Issue of Warrants is an appropriate avenue for our Company to reward our existing shareholders after taking into consideration the following:-

- (i) reward our existing shareholders for their continuous support by enabling them to participate in our Company's listed convertible securities without incurring any cost;
- (ii) provide our shareholders with an opportunity to further increase their equity participation in our Company by exercising the Warrants D at a pre-determined price over the tenure of the Warrants D;

- (iii) allow our existing shareholders to benefit from any potential capital appreciation of the Warrants D as the Warrants D will be listed on the Main Market of Bursa Securities and can be traded; and
- (iv) strengthen our Company's financial position and capital base, as the Warrants D will potentially provide our Group with additional working capital as and when the Warrants D are exercised without incurring interest costs as compared to bank borrowings.

It is also pertinent to note that our Group had undertaken several equity fund-raising exercises since 2016, further details of which are set out in **Section 2.5** of this Circular, and the proceeds raised through these exercises were channeled towards the Group's business segments, in particular hospitality segment and central monitoring security services segment. A summary of the proceeds raised from the fund-raising exercises is set out below:-

<b>Past fund-raising exercises</b>	<b>Total proceeds raised (RM'000)</b>
Private Placement 2016	6,521
Private Placement 2017	8,202
Private Placement 2020	2,604
Rights Issue 2021	13,019
Private Placement 2022	6,562
<b>Total</b>	<b>36,908</b>

As a result of such fundings, our Group was able to implement the necessary operational strategies (which includes the repayment of bank borrowings and expansion efforts to grow our existing revenue streams) with the aim to improve our financial performance and strengthen our financial position with the lowering of gearing level and increased cash flows.

Notwithstanding such strategies, our efforts to turn around our financial performance was hampered by the COVID-19 pandemic, which in turn resulted in a material disruption to our business operations in the FYE 30 September 2020 and FYE 30 September 2021 respectively. As a result thereof, our Group incurred higher net losses as compared to the net losses incurred in the FYE 30 September 2017 to FYE 30 September 2022. The Rights Issue 2021 and the Private Placement 2022 had improved our financial position with the injection of funds for our Group to embark and execute the necessary business strategies and expansion plans to improve the financial position and financial performance of our Group.

Further details on the historical financial information of our Group are set out in **Section 6** of this Circular.

Additionally, the past equity fund-raising exercises have also enlarged Digistar's share base, thereby enhancing the liquidity of Digistar Shares and expanding the shareholder base of Digistar to include a wider group of investors. This in turn has enhanced the financial flexibility of Digistar as Digistar is able to tap on the enhanced liquidity to attract more investors to subscribe for our Shares in future equity fund-raising exercises to be undertaken by Digistar.



## **4. INDUSTRY OVERVIEW AND PROSPECTS OF OUR GROUP**

### **4.1 Overview and outlook of the Malaysian economy**

The GDP growth in 2022 moderated to 3.4% reflecting the economic slowdown in advanced economies as well as emerging market and developing economies (EMDEs). Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5% - 7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to endemic phase. These resulted from an increase in economic activities which include household spending, investment and tourism. Subsequently, encouraging expansion in all economic sectors primarily the services and manufacturing have also provided continuous impetus to the significant economic growth in 2022. Furthermore, the growth was attributed to robust external demand, especially among Malaysia's major trading partners.

Notwithstanding the growth, the economy in 2022 experienced several challenges with escalating inflationary pressures due to high commodity and food prices as well as softened global economic growth and trade. Therefore, the Government has taken various holistic and comprehensive measures to help the rakyat and businesses in dealing with inflationary pressures and higher cost of living.

In 2023, global growth is expected to further soften at 2.9% on the back of persistent pressures such as inflation, tightening global financial conditions and economic deceleration among major economies. Meanwhile, Malaysia's economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand primarily private expenditure initiatives as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021 – 2025 ("12MP"). However, a slowdown in external demand is expected to moderate exports growth, particularly in the electrical and electronic products and major commodities.

On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction are also expected to grow further in line with the improvement in economic activities. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economic growth, hence, affecting Malaysia's performance. Overall, the nation's GDP is forecast to grow approximately 4.5% in 2023.

*(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)*

### **4.2 Overview and outlook of information, communication and technology industry in Malaysia**

The information and communication subsector expanded by 5.2% in 2022, backed by telecommunication segment following soaring usage of e-commerce services and subscription to media streaming including entertainment and sport packages. The expansion of the segment was also attributed by the broadband's wider coverage and better internet speed through the National Digital Network (JENDELA) initiative.

The information and communication subsector is anticipated to further expand, mainly led by the wider digital adoption by businesses and individuals particularly the utilisation of Fixed Wireless Access and other fit-for-purpose technologies. In addition, efforts to attract high-quality investment in digital-related infrastructures such as data centres and cloud computing services along with continued surge of online streaming activities will further boost the subsector.

*(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)*

#### **4.3 Overview and outlook of construction industry in Malaysia**

The construction sector rebounded by 5% in 2022, mainly attributed to the positive performance of non-residential buildings and specialised construction activities subsectors. The increasing demand for industrial buildings was supported by the improvement in private investment and robust domestic economic activities. The acceleration of infrastructure projects such as East Coast Rail Link (“ECRL”) and Rapid Transit System Link also support the sector’s performance.

In addition, the development of residential property remains active which boded well with the implementation of measures under the Budget 2022, including a total government guarantee of up to RM2 billion via Skim Jaminan Kredit Perumahan as well as housing projects for low-income group with an allocation of RM1.5 billion.

The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance. The implementation of new projects such as upgrading the Klang Valley Double Track Phase 2 and acceleration of ongoing infrastructure projects which include ECRL, Light Rail Transit Line 3 and fifth-generation cellular network (5G) rollout will spearhead the civil engineering subsector. In addition, the approved investment for projects in the manufacturing sector is anticipated to come on stream and subsequently create a greater demand for non-residential buildings. Activities in the residential buildings subsector are projected to grow steadily, supported by an increase in the supply of affordable houses in line with the 12MP strategy. In addition, continuous Malaysian Home Ownership Initiative incentive to encourage home ownership is expected to spur demand for residential buildings.

*(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)*

#### **4.4 Overview and outlook of the tourism, leisure and hospitality industry in Malaysia**

The transportation and storage subsector shot up by 30.8% in 2022, backed by the significant growth of all segments following a more vigorous highway, port and airport activities. The traffic volume of toll highways increased by 56% to 1.7 billion vehicles, mainly due to increasing travel activities especially during festive seasons, school holidays and general election. The subsector’s notable performance was also attributed to a substantial increase of 395.3% to 54.9 million air passenger traffic at airports during the year due to gradual resumption of international flights. Meanwhile, the performance of food & beverages and accommodation subsector turned around significantly by 33.2% following continuous expansion in tourism-related activities in line with the substantial recovery in hotel occupancy rate and patronage at eateries.

The food & beverages and accommodation subsector is forecast to continue its growth momentum attributed to continuous implementation of initiatives under the Tourism Recovery Plan 2022. The recovery plan focuses on strengthening the industry players to remain competitive and resilient. These include collaboration with the industry players to identify and produce tourism and cultural products that cater travellers’ preferences as well as diversify business events towards emerging activities. In addition, the expansion of food and beverages franchise outlets is expected to further boost the subsector.

*(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)*

## 4.5 Prospects of our Group

The hospitality industry was on a rebounding track in 2022 given that the boom in local tourism following the country's transition to the "Endemic" stage. Our Group was able to capitalize on the upward recovery of the hotel industry via our hotel, Imperial Heritage Hotel (which is located in the heart of Melaka) as the hotel managed to achieve hotel occupancy rates of 64.3% as at the LPD, which is close to the average rates achieved during pre-COVID-19 years of 81.0%. It is pertinent to note that the average rates recorded during the COVID-19 pandemic was 35.3%. Hence, in order to capitalise on the recovery of the Malaysian economy, the security surveillance and monitoring segment of our Group has also undertaken market expansion efforts with the aim to solidify and strengthen industry market share and footprint of our Group.

Coupled with the successful implementation of our Group's business expansion plans (where we began to onboard new customers to expand our customer base (some of which are financial institutions and industrial manufacturers) with the adoption and introduction of new security related technology (in particular, a surveillance system with artificial intelligence (AI) features, smart route and guard patrol management system), our Board is confident that the security surveillance and monitoring segment of our Group will grow and expand its market footprint.

Premised on the above, our Board envisages that the prospect of our Group will be favourable after taking into consideration, amongst others, the outlook of the industries and the business plans of our Group. Nevertheless, our management will remain vigilant and will continue to exercise prudence in managing the operations of our Group by maintaining a healthy balance sheet with manageable gearing and cash flows. Such prudent measures include, amongst others, delaying and limiting our capital expenditure for our security surveillance and monitoring segment as well as constant monitoring of our operational expenditure for our hospitality segment (which includes limiting the hiring of new employees and focus on reallocation of human resources to cater for key operational areas of the hospitality segment).

## 5. EFFECTS OF THE PROPOSED BONUS ISSUE OF WARRANTS

### 5.1 Issued share capital

The pro forma effects of the Proposed Bonus Issue of Warrants are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	453,790,764	54,517,539	453,790,764	54,517,539
Less: Treasury shares, at cost	(2,457,602)	(3,248,747)	-	-
	<b>451,333,162</b>	<b>51,268,792</b>	<b>453,790,764</b>	<b>54,517,539</b>
Number of Shares to be issued assuming full exercise of the Warrants C	-	-	86,794,477	<sup>(1)</sup> 26,038,343
	<b>451,333,162</b>	<b>51,268,792</b>	<b>540,585,241</b>	<b>80,555,882</b>
To be issued assuming full exercise of the Warrants D	112,833,290	<sup>(2)</sup> 6,769,997	135,146,310	<sup>(2)</sup> 8,108,779
<b>Enlarged issued share capital</b>	<b>564,166,452</b>	<b>58,038,789</b>	<b>675,731,551</b>	<b>88,664,661</b>

#### Notes:-

(1) Computed based on the exercise price of RM0.30 per Warrant C.

(2) Computed based on the Indicative Exercise Price of RM0.06 per Warrant D.

## 5.2 NA, NA per Share and gearing

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue of Warrants on the NA, NA per Share and gearing of our Group based on the audited consolidated statement of financial position of our Group for the FYE 30 September 2022 are as follows:-

### Minimum Scenario

			Pro forma I	Pro forma II
	Audited as at 30 September 2022 (RM'000)	<sup>(1)</sup> After adjustments for subsequent events (RM'000)	After the Proposed Bonus Issue of Warrants (RM'000)	After Pro forma I and assuming full exercise of the Warrants D (RM'000)
Share capital	47,956	60,522	60,522	<sup>(3)</sup> 67,292
Treasury shares	(3,249)	(3,249)	(3,249)	(3,249)
Warrant reserve	11,480	5,476	5,476	5,476
Discount on Shares	(5,476)	(5,476)	(5,476)	(5,476)
Retained earnings	10,212	10,012	<sup>(2)</sup> 9,832	9,832
<b>Equity attributable to owners of our Company/NA</b>	<b>60,923</b>	<b>67,285</b>	<b>67,105</b>	<b>73,875</b>
Non-controlling interests	(4,114)	(4,114)	(4,114)	(4,114)
<b>Total equity</b>	<b>56,809</b>	<b>63,171</b>	<b>62,991</b>	<b>69,761</b>
No. of Shares in issue ('000)	*347,179	*451,333	*451,333	*564,166
<b>NA per Share (RM)</b>	<b>0.18</b>	<b>0.15</b>	<b>0.15</b>	<b>0.13</b>
Total borrowings (RM'000)	229,983	<sup>(1)</sup> 229,792	229,792	229,792
Deposits, cash and bank balances (RM'000)	56,609	<sup>(1)</sup> 62,780	<sup>(2)</sup> 62,600	<sup>(3)</sup> 69,370
Net borrowings (RM'000)	173,374	167,012	167,192	160,422
<b>Net gearing ratio (times)</b>	<b>2.85</b>	<b>2.48</b>	<b>2.49</b>	<b>2.17</b>

#### Notes:-

\* Excluding 2,457,602 treasury shares held by our Company as at the LPD.

(1) After adjusting for:-

(a) the expiry of 27,225,764 outstanding Warrants B on 4 April 2023; and

(b) the issuance of 104,153,806 Placement Shares at an issue price of RM0.063 per Placement Share pursuant to the Private Placement 2022 which was completed on 12 January 2023, after deducting the expenses pertaining to the Private Placement 2022 amounting to approximately RM0.20 million and after adjusting for the utilisation of proceeds pursuant to the Private Placement 2022 of which approximately RM0.19 million has been utilised for the partial repayment of bank borrowings as at the LPD.

(2) After deducting an estimated expenses of approximately RM0.18 million in relation to the Proposed Bonus Issue of Warrants.

(3) Based on the Indicative Exercise Price of RM0.06 per Warrant D.

## Maximum Scenario

	Audited as at 30 September 2022 (RM'000)	(1)After adjustments for subsequent events (RM'000)	(2)After the resale of treasury shares in the open market (RM'000)	Pro forma I After Pro forma I and (3)assuming full exercise of the Warrants C (RM'000)	Pro forma II After Pro forma II and the Proposed Bonus Issue of Warrants (RM'000)	Pro forma III After Pro forma III and assuming full exercise of the Warrants D (RM'000)
Share capital	47,956	60,522	60,522	86,560	86,560	(5)94,669
Treasury shares	(3,249)	(3,249)	(2)-	-	-	-
Warrant reserve	11,480	5,476	5,476	-	-	-
Discount on Shares	(5,476)	(5,476)	(5,476)	-	-	-
Retained earnings	10,212	10,012	10,012	10,012	(4)9,832	9,832
<b>Equity attributable to owners of our Company/NA</b>	<b>60,923</b>	<b>67,285</b>	<b>70,534</b>	<b>96,572</b>	<b>96,392</b>	<b>104,501</b>
Non-controlling interests	(4,114)	(4,114)	(4,114)	(4,114)	(4,114)	(4,114)
<b>Total equity</b>	<b>56,809</b>	<b>63,171</b>	<b>66,420</b>	<b>92,458</b>	<b>92,278</b>	<b>100,387</b>
No. of Shares in issue ('000)	*347,179	*451,333	453,790	540,585	540,585	675,731
<b>NA per Share (RM)</b>	<b>0.18</b>	<b>0.15</b>	<b>0.16</b>	<b>0.18</b>	<b>0.18</b>	<b>0.15</b>
Total borrowings (RM'000)	229,983	(1)229,792	229,792	229,792	229,792	229,792
Deposits, cash and bank balances (RM'000)	56,609	(1)62,780	(2)66,029	(3)92,067	(4)91,887	(5)99,996
Net borrowings (RM'000)	173,374	167,012	163,763	137,725	137,905	129,796
<b>Net gearing ratio (times)</b>	<b>2.85</b>	<b>2.48</b>	<b>2.32</b>	<b>1.43</b>	<b>1.43</b>	<b>1.24</b>

### Notes:-

\* Excluding 2,457,602 treasury shares held by our Company as at the LPD.

(1) After adjusting for:-

(a) the expiry of 27,225,764 outstanding Warrants B on 4 April 2023; and

(b) the issuance of 104,153,806 Placement Shares at an issue price of RM0.063 per Placement Share pursuant to the Private Placement 2022 which was completed on 12 January 2023, after deducting the expenses pertaining to the Private Placement 2022 amounting to approximately RM0.20 million and after adjusting for the utilisation of proceeds pursuant to the Private Placement 2022 of which approximately RM0.19 million has been utilised for the partial repayment of bank borrowings as at the LPD.

(2) Assuming the resale of 2,457,602 treasury shares held as at the LPD at the respective acquisition cost.

(3) Assuming the 86,794,477 outstanding Warrants C are fully exercised at an exercise price of RM0.30 per Warrant C prior to the implementation of the Proposed Bonus Issue of Warrants.

(4) After deducting an estimated expenses of approximately RM0.18 million in relation to the Proposed Bonus Issue of Warrants.

(5) Based on the Indicative Exercise Price of RM0.06 per Warrant D.

### 5.3 Earnings and EPS

Save for the estimated expenses in relation to the Proposed Bonus Issue of Warrants of approximately RM0.18 million, the Proposed Bonus Issue of Warrants is not expected to have any material effect on the earnings of our Group for the FYE 30 September 2023. However, our Group's EPS will be correspondingly diluted according to the increase in the number of Digistar Shares in issue upon the exercise of the Warrants D.

### 5.4 Convertible securities

As at the LPD, save for the outstanding 86,794,477 Warrants C, our Company does not have any other convertible securities.

The Proposed Bonus Issue of Warrants will not give rise to any adjustments to the exercise price and/or number of the outstanding Warrants C.

Paragraph 6.50 of the Listing Requirements states that a listed issuer must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities, does not exceed 50% of the total number of issued shares of the listed issuer (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The number of Warrants D to be issued pursuant to the Proposed Bonus Issue of Warrants, based on the Minimum Scenario and Maximum Scenario, are as follows:-

	Minimum Scenario	Maximum Scenario
Number of Warrants C	86,794,477	-
Warrants D to be issued arising from the Proposed Bonus Issue of Warrants	112,833,290	135,146,310
<b>Total Number of Warrants C and/or Warrants D after the Proposed Bonus Issue of Warrants [All Warrants]</b>	<b>199,627,767</b>	<b>135,146,310</b>
Issued share capital of Digistar (excluding treasury shares) [Total number of issued shares]	451,333,162	540,585,241
<b>[All Warrants] / [Total number of issued shares] (%)</b>	<b>44.23</b>	<b>25.00</b>
In compliance with Paragraph 6.50 of the Listing Requirements	Yes	Yes

Based on the above, the 50% threshold under Paragraph 6.50 of the Listing Requirements will not be breached under any of the aforementioned scenarios.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 5.5 Substantial shareholders' shareholdings

Assuming all the Entitled Shareholders exercise their respective Warrants D, the Proposed Bonus Issue of Warrants will not result in any change to the percentage equity interest of our substantial shareholders as the Warrants D will be issued on a pro-rata basis to all Entitled Shareholders. The total number of Digistar Shares owned will, however, increase proportionately to their existing shareholdings in our Company as illustrated below:-

### Minimum Scenario

	Shareholdings as at the LPD				After the Proposed Bonus Issue of Warrants and assuming full exercise of the Warrants D			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(1)</sup> %	No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(2)</sup> %
LWC Capital Sdn Bhd	116,656,503	25.85	-	-	145,820,628	25.85	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	<sup>(3)</sup> 116,875,549	25.90	-	-	<sup>(3)</sup> 146,094,436	25.90

#### **Notes:-**

- (1) Based on the existing issued share capital comprising 451,333,162 Shares (excluding 2,457,602 treasury shares) as at the LPD.
- (2) Based on the enlarged issued share capital comprising 564,166,452 Shares assuming full exercise of the Warrants D issued pursuant to the Proposed Bonus Issue of Warrants.
- (3) Deemed interested by virtue of his shareholdings in LWC Capital Sdn Bhd pursuant to Section 8 of the Act and the shareholdings of his son and daughter pursuant to Section 59(11)(c) of the Act.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## Maximum Scenario

	Shareholdings as at the LPD				Pro forma I After the resale of treasury shares in 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	116,656,503	25.85	-	-	116,656,503	25.71	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(6)116,875,549	25.90	-	-	(6)116,875,549	25.76

	Pro forma II After Pro forma I and assuming full exercise of the Warrants C <sup>(3)</sup>				Pro forma III After Pro forma II, the Proposed Bonus Issue of Warrants and assuming full exercise of the Warrants D			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(4)%	No. of Shares	(4)%	No. of Shares	(5)%	No. of Shares	(5)%
LWC Capital Sdn Bhd	139,749,937	25.85	-	-	174,687,421	25.85	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(6)139,968,983	25.89	-	-	(6)174,961,228	25.89

### Notes:-

- (1) Based on the existing issued share capital comprising 451,333,162 Shares (excluding 2,457,602 treasury shares) as at the LPD.
- (2) Based on the enlarged issued share capital comprising 453,790,764 Shares after the resale of 2,457,602 treasury shares in the open market.
- (3) The Warrants C holdings of the substantial shareholders as at the LPD are as follows:-

Substantial shareholder	No. of Warrants C
LWC Capital Sdn Bhd	23,093,434
Mejar (K) Datuk Wira Lee Wah Chong	-

- (4) Based on the issued share capital comprising 540,585,241 Shares assuming full exercise of the Warrants C.
- (5) Based on the enlarged issued share capital comprising 675,731,551 Shares assuming full exercise of the Warrants D issued pursuant to the Proposed Bonus Issue of Warrants.
- (6) Deemed interested by virtue of his shareholdings in LWC Capital Sdn Bhd pursuant to Section 8 of the Act and the shareholdings of his son and daughter pursuant to Section 59(11)(c) of the Act.



## 6. THE CURRENT FINANCIAL POSITION OF OUR GROUP

The financial performance of our Group for the past 3 financial years up to the FYE 30 September 2022 and the unaudited 6-month FPE 31 March 2023 are as follows:-

	Audited FYE 30 September			Unaudited
	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	6-month FPE 31 March 2023 (RM'000)
Revenue	<sup>(2)</sup> 49,773	39,158	49,886	25,502
Profit/(Loss) before tax	629	(7,956)	(2,026)	279
Loss after tax attributable to the owners of our Company	(2,750)	(6,665)	(5,244)	(224)
Retained earnings/(Accumulated losses)	(47,223)	(54,543)	<sup>(4)</sup> 10,212	11,411
NA	60,469	66,168	60,924	68,684
Total borrowings	264,615	247,114	229,983	233,520
Gearing (times)	4.38	3.73	3.77	3.40
No. of Shares in issue <sup>(1)</sup> ('000)	781,159	<sup>(3)</sup> 1,041,543	<sup>(5)</sup> 347,179	<sup>(6)</sup> 453,791
Basic loss per Share (sen)	(0.35)	(0.64)	(1.51)	(0.05)
NA per Share (sen)	7.74	6.35	17.55	15.14
Current ratio (times)	1.35	2.05	1.72	1.72

### Notes:-

- (1) Excluding treasury shares.
- (2) Reclassification of the revenue from the concession assets to other income in FYE 2020.
- (3) After the completion of the renounceable rights issue of 260,384,403 Rights Shares on the basis of 1 Rights Share for every 3 existing Digistar Shares held together with 260,384,403 free Warrants C on the basis of 1 Warrant C for every 1 Rights Share subscribed by the entitled shareholders at an issue price of RM0.05 per Rights Share on 1 June 2021.
- (4) After the completion of the share capital reduction exercise (which entailed the reduction and cancellation of RM70.0 million of the issued share capital of our Company pursuant to Section 116 of the Companies Act 2016) on 12 July 2022.
- (5) After the completion of the consolidation of every 3 existing Digistar Shares into 1 Digistar Share on 31 May 2022.
- (6) After the completion of the Private Placement 2022 on 12 January 2023.

### Commentary on past performance

#### (i) Audited FYE 30 September 2020 ("FYE 2020")

Our Group recorded a lower revenue of approximately RM49.77 million in the FYE 2020, representing a decrease of approximately 12.33% or RM7.00 million, as compared to the revenue of approximately RM56.77 million recorded in the previous financial year. The decrease in revenue was mainly attributed to the impact of the COVID-19 and the MCO on our Group's business segments, in particular, the hospitality and the system engineering and integration segments.

Our Group recorded a lower PBT of approximately RM0.63 million in the FYE 2020, representing a decrease of approximately 66.49% or RM1.25 million, as compared to the PBT of RM1.88 million recorded in the previous financial year. The decrease in PBT was mainly due to the following:-

- (a) increase in bad debts written off from approximately RM1.09 million in the FYE 2019 to approximately RM2.51 million in the FYE 2020. During the financial year under review, our Group's system engineering and integration segment had written off approximately RM2.00 million of outstanding debts from our customers as they were deemed unrecoverable by our management; and
- (b) increase in impairment losses on trade receivables from approximately RM0.67 million in the FYE 2019 to approximately RM1.68 million in the FYE 2020 (most of which relates to billings issued by our Group's system engineering and integration segment that have been outstanding for more than 12 months).

Our Group recorded a lower LAT of approximately RM2.75 million in the FYE 2020, representing a decrease of approximately 3.51% or RM0.10 million, as compared to the LAT of approximately RM2.85 million recorded in the previous financial year. The lower LAT incurred was mainly attributable to the decrease in tax expenses from approximately RM3.28 million in the previous financial year to approximately RM1.64 million in the FYE 2020 following lower deferred taxes of RM1.42 million incurred in the FYE 2020 (as compared to the deferred taxes of RM3.24 million incurred in the previous financial year).

**(ii) Audited FYE 30 September 2021 ("FYE 2021")**

Given that the operating business environment continued to be dampened by the COVID-19 pandemic, our Group recorded a lower revenue of approximately RM39.16 million in the FYE 2021, representing a decrease of approximately 21.32% or RM10.61 million, as compared to the revenue of approximately RM49.77 million recorded in the previous financial year. The decrease in revenue was mainly attributed to the substantial decline in revenue contribution from the construction and the hospitality segments of our Group due to the impact of the MCO phases (in particular temporary closures and interstate border travel restrictions).

During the FYE 2021, our Group had recorded a LBT of approximately RM7.96 million in the FYE 2021 as compared to the PBT of approximately RM0.63 million recorded in the previous financial year. This was mainly due to the following:-

- (a) substantial decline in revenue from both the hospitality and construction business segments;
- (b) increase in impairment losses arising from the trade receivables and other receivables from approximately RM1.73 million in the FYE 2020 to approximately RM4.45 million in the FYE 2021; and
- (c) lower interest income earned from concession receivables and deposits with licensed banks in the FYE 2021 of approximately RM23.42 million as compared to the income earned of approximately RM25.02 million in the previous financial year.

Our Group recorded a higher LAT of approximately RM6.67 million in the FYE 2021, representing an increase of approximately 142.36% or RM3.92 million, as compared to the LAT of approximately RM2.75 million recorded in the previous financial year. The increase in LAT was mainly attributable to continued decline in profits from hospitality segments due to the economic and business impact of the COVID-19 pandemic on our businesses.

**(iii) Audited FYE 30 September 2022 (“FYE 2022”)**

Our Group recorded higher revenue of approximately RM49.89 million in the FYE 2022, representing an increase of approximately 27.40% or RM10.73 million, as compared to the revenue of approximately RM39.16 million recorded in the previous financial year. The increase in revenue was mainly attributed to the increase in revenue contribution from the hospitality segment of our Group of approximately RM14.24 million (driven by the recovery of hospitality industry following the upliftment of travelling restrictions) as compared to revenue of RM8.14 million recorded in the previous financial year.

During the FYE 2022, our Group had recorded a LBT of approximately RM2.03 million in the FYE 2022 as compared to the LBT of approximately RM7.96 million recorded in the previous financial year. The decrease in LBT was mainly due to the following:-

- (a) increase in revenue from both the hospitality and construction business segments;
- (b) decrease in impairment losses arising from the trade receivables and other receivables from approximately RM4.45 million in the FYE 2021 to approximately RM1.98 million in the FYE 2022; and
- (c) no bad debts written off in the FYE 2022 as compared to bad debts written off of approximately RM1.94 million in the FYE 2021.

Our Group recorded a lower LAT of approximately RM5.24 million in the FYE 2022, representing a decrease of approximately 21.32% or RM1.42 million, as compared to the LAT of approximately RM6.67 million recorded in the previous financial year. The decrease in LAT was mainly attributable to the improved profits from the hospitality segment (which was driven by the recovery of hospitality industry).

**(iv) Unaudited 6-month FPE 31 March 2023**

Our Group recorded a higher revenue of approximately RM25.50 million for the FPE 31 March 2023, representing an increase of approximately 19.85% or RM4.22 million, as compared to the revenue of approximately RM21.28 million for the corresponding financial period. The increase in revenue was mainly due to the following:-

- (i) higher revenue generated from the hospitality segment of our Group of approximately RM8.80 million in the FPE 31 March 2023 (FPE 31 March 2022: RM6.22 million) following the rebound of the hospitality industry with the local tourism boom; and
- (ii) higher revenue of approximately RM2.53 million generated from the system integration segment of our Group in the FPE 31 March 2023 due to the increase in number of new system integration projects secured by our Group during the FPE 31 March 2023.

Given the higher revenue achieved in financial period under review, our Group recorded a PBT of approximately RM0.28 million for the FPE 31 March 2023, as compared to the LBT of approximately RM1.14 million recorded in the corresponding financial period.

Despite the higher revenue, our Group recorded a LAT of approximately RM0.22 million in the FPE 31 March 2023, which represents a lower LAT as compared to the LAT of approximately RM1.96 million recorded in the corresponding financial period. The decrease in LAT was mainly attributable to the improved profits from its hospitality segment.

**7. IMPACT OF THE PROPOSED BONUS ISSUE OF WARRANTS AND VALUE CREATION TO OUR GROUP AND OUR SHAREHOLDERS**

The Warrants D will not raise any funds for our Company at the time of issue as the Warrants D will be issued at no cost to the Entitled Shareholders. The exact amount of proceeds to be raised from the exercise of the Warrants D would depend on the actual number of the Warrants D exercised during the 5-year tenure of the Warrants D.

Any proceeds to be raised as and when the Warrants D are exercised will be utilised as working capital to fund our Group's day-to-day operations include, among others, payment to suppliers or trade creditors of our Company as well as general administrative expenses and operating expenses such as staff-related costs, utilities, statutory payments (i.e. Employees' Provident Fund (EPF), Social Security Organisation (SOCSO) and corporate taxes).

Although the EPS of our Company may be diluted pursuant to the issuance of new Digistar Shares arising from the exercise of the Warrants D, the Proposed Bonus Issue of Warrants is expected to contribute positively to our Group's earnings through the utilisation of proceeds raised from the exercise of the Warrants D. The effects of the Proposed Bonus Issue of Warrants on our Company's share capital, NA, NA per Share and gearing, substantial shareholders' shareholdings as well as earnings and EPS are set out in **Section 5** of this Circular.

**8. THE ADEQUACY OF THE PROPOSED BONUS ISSUE OF WARRANTS IN ADDRESSING OUR COMPANY'S FINANCIAL CONCERNS**

The Proposed Bonus Issue of Warrants is not intended to address the financial requirements of our Group. It is intended to reward our existing shareholders for their continued support by providing them with an opportunity to increase their equity participation in our Company through the exercise of the Warrants D at a pre-determined price during the exercise period of the Warrants D. Nonetheless, proceeds that are raised from the exercise of the Warrants D are expected to strengthen our Company's financial position and capital base.

**9. STEPS UNDERTAKEN OR TO BE UNDERTAKEN TO IMPROVE THE FINANCIAL CONDITION OF OUR GROUP**

Our Company has undertaken several initiatives to improve our financial condition, which includes, amongst others:-

- (i) the continuous efforts to reduce our operating and capital expenditure as part of our cost savings measures (which includes, amongst others, to actively purchase key products and inventories via bulk purchasing with attractive discounts on a periodic basis, delay in the capital expenditure of business expansion plans (which are low in priority) and the limiting the hiring of new employees and focus on reallocation of human resources to cater for key operational areas of the hospitality segment), with the aim to strengthen the financial position and cash flow of our Group; and
- (ii) our Company has also carried out efforts to expand our current product offerings for our security surveillance and monitoring segment with the aim to hold a sizeable market share in this industry given our expansion plans in the horizon as well as investments in new security related technology such as a surveillance system with artificial intelligence (AI) features, smart route and guard patrol management system. This in turn would potentially translate to a growth in earnings for our Group given the increasing demand for AI related feature surveillance monitoring system providing security analysis with real time reporting options.

## 10. HISTORICAL PRICES

The monthly highest and lowest transacted market prices of Digistar Shares as traded on Bursa Securities for the past 12 months preceding the date of this Circular from June 2022 to May 2023 are as follows:-

	High (RM)	Low (RM)
<b><u>2022</u></b>		
June	0.110	0.095
July	0.120	0.090
August	0.105	0.095
September	0.105	0.080
October	0.095	0.070
November	0.095	0.080
December	0.100	0.060
<b><u>2023</u></b>		
January	0.100	0.065
February	0.100	0.080
March	0.090	0.075
April	0.085	0.070
May	0.090	0.070
Last transacted market price of Digistar Shares as at 2 May 2023, being the last trading date prior to the announcement of the Proposed Bonus Issue of Warrants (RM)		0.080
Last transacted market price of Digistar Shares as at the LPD (RM)		0.080

(Source: Bloomberg)

The monthly highest and lowest transacted market prices of Warrants C as traded on Bursa Securities for the past 12 months preceding the date of this Circular from June 2022 to May 2023 are as follows:-

	High (RM)	Low (RM)
<b><u>2022</u></b>		
June	0.050	0.020
July	-	-
August	0.035	0.030
September	0.050	0.030
October	-	-
November	0.050	0.025
December	0.030	0.030
<b><u>2023</u></b>		
January	0.035	0.030
February	0.030	0.030
March	0.030	0.015
April	0.020	0.020
May	0.025	0.015
Last transacted market price of Warrants C as at 2 May 2023, being the last trading date prior to the announcement of the Proposed Bonus Issue of Warrants (RM)		0.020
Last transacted market price of Warrants C as at the LPD (RM)		0.025

(Source: Bloomberg)

## 11. APPROVALS REQUIRED/OBTAINED AND CONDITIONALITY

The Proposed Bonus Issue of Warrants is subject to the approvals being obtained from the following:-

- (i) Bursa Securities for the following:-
  - (a) the admission of the Warrants D to the Official List of Bursa Securities;
  - (b) listing of and quotation for the Warrants D on the Main Market of Bursa Securities; and
  - (c) listing of and quotation for the new Digistar Shares to be issued pursuant to the exercise of the Warrants D on the Main Market of Bursa Securities.

The approval of Bursa Securities was obtained vide its letter dated 22 May 2023 and is subject to the following conditions:-

Condition(s)	Status of compliance
(i) UOBKH and Digistar must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;	To be complied
(ii) UOBKH to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;	To be complied
(iii) UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed;	To be complied
(iv) payment of listing fees, if any, based on the final issue price together with a copy of the details of the computation of the amount of listing fees payable; and	To be complied
(v) Digistar to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of new Warrants D as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) our shareholders at the forthcoming EGM; and
- (iii) any other relevant authorities, if required.

The Proposed Bonus Issue of Warrants is not conditional upon any other proposals undertaken or to be undertaken by our Company.

## 12. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

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

**13. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major shareholders and chief executive of our Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Bonus Issue of Warrants, save for their respective entitlements (if any) as shareholders of our Company under the Proposed Bonus Issue of Warrants, to which all other shareholders of our Company are similarly entitled.

**14. DIRECTORS' STATEMENT/RECOMMENDATION**

Our Board, after due deliberation and having considered all aspects of the Proposed Bonus Issue of Warrants, including but not limited to the rationale and justification as well as the effects of the Proposed Bonus Issue of Warrants as set out in **Section 3** and **Section 5** of this Circular respectively, is of the opinion that the Proposed Bonus Issue of Warrants is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Bonus Issue of Warrants to be tabled at the forthcoming EGM.

**15. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Bonus Issue of Warrants is expected to be completed by 3<sup>rd</sup> quarter of 2023.

The tentative timetable in relation to the Proposed Bonus Issue of Warrants are set out below:-

<b>Timeline</b>	<b>Events</b>
16 June 2023	<ul style="list-style-type: none"><li>• Convening of EGM to obtain the approval of our shareholders for the Proposed Bonus Issue of Warrants</li></ul>
Mid June 2023	<ul style="list-style-type: none"><li>• Announcement of the Entitlement Date for the Proposed Bonus Issue of Warrants</li></ul>
Early July 2023	<ul style="list-style-type: none"><li>• Entitlement Date</li><li>• Listing of and quotation for the Warrants D on the Main Market of Bursa Securities</li><li>• Completion of the Proposed Bonus Issue of Warrants</li></ul>

**16. EGM**

The EGM, the Notice of which is enclosed with this Circular, will be held at Platinum Hall, Level 1, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia on Friday, 16 June 2023, 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 resolution to give effect to the Proposed Bonus Issue of Warrants.

If you are unable to attend, speak and vote in person at the forthcoming 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 5, Tower 8, Avenue 5, Horizon 2, 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.

**17. FURTHER INFORMATION**

You are advised to refer to the appendices 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



---

**INDICATIVE SALIENT TERMS OF THE WARRANTS D**


---

The indicative salient terms of the Warrants D to be issued pursuant to the Proposed Bonus Issue of Warrants are set out as follows:-

<b>Issue size</b>	:	Up to 135,146,310 Warrants D arising in connection with the Proposed Bonus Issue of Warrants.
<b>Form</b>	:	The Warrants D will be issued in registered form and will be constituted by the Deed Poll.
<b>Tenure of the Warrants D</b>	:	5 years from the date of issuance of the Warrants D.
<b>Exercise Rights</b>	:	The Warrants D entitle the registered holders, at any time during the Exercise Period, to subscribe for new Digistar Shares on the basis of 1 Warrant D for every 1 Digistar Share at the exercise price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll.
<b>Exercise Period</b>	:	The Warrants D may be exercised at any time within a period of 5 years, which shall commence from and including the date of issuance of the Warrants D and ending on the Expiry Date.
<b>Mode of exercise</b>	:	The registered holder of the Warrants D is required to lodge a subscription form, as set out in the Deed Poll, with the Company's registrar or via electronic submission, duly completed, signed and stamped together with payment of the exercise price by bankers' cheque, cashier's order drawn on a bank operating in Malaysia, money order or postal order issued by a post office in Malaysia, or via electronic method in accordance with the Deed Poll.
<b>Indicative Exercise Price</b>	:	RM0.06 per Warrant D, subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
<b>Expiry Date</b>	:	A date being 5 years from and including the date of issuance of the Warrants D, and if such a day is not a market day, on the immediate preceding market day.
<b>Participating rights of the holders of the Warrants D in any distribution and/or offer of further securities</b>	:	The holders of the Warrants D are not entitled to vote in any general meeting of the Company and/or to participate in any distribution other than on winding-up, compromise or arrangement of the Company and/or offer of further securities in the Company unless and until the holder of the Warrants D becomes a shareholder of the Company by exercising his/her Warrants D into new Digistar Shares or unless otherwise resolved by the Company in a general meeting.
<b>Adjustments in the exercise price and/or number of Warrants D</b>	:	<p>Subject to the provisions of the Deed Poll, the Exercise Price and/or number of unexercised Warrants D in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of alteration of the share capital of Digistar at any time during the tenure of the Warrants D, by way of capitalisation issue, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital reduction exercises.</p> <p>The terms in the Deed Poll in relation to the adjustment in the exercise price, number and tenure of Warrant D are in compliance with Paragraphs 6.54(3)(a) and (b) of the Listing Requirements.</p>

## INDICATIVE SALIENT TERMS OF THE WARRANTS D (CONT'D)

<b>Rights in the event of winding-up, liquidation, compromise and/or arrangement</b>	:	Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then every holder of the Warrants D shall be entitled upon and subject to the provisions of the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by irrevocable surrender of his/her Warrants D to the Company, elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/her Warrants D to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he/she had on such date been the holder of the new Shares to which he/she would have been entitled to pursuant to such exercise.
<b>Ranking of the new Digistar Shares to be issued pursuant to the exercise of the Warrants D</b>	:	The new Digistar Shares to be issued arising from the exercise of the Warrants D shall, upon allotment and issue, rank equally in all respects with the existing Digistar Shares, save and except that the new Digistar Shares to be issued arising from the exercise of the Warrants D shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of such new Digistar Shares.
<b>Board lot</b>	:	For the purpose of trading in Bursa Securities, a board lot of Warrants D shall comprise 100 Warrants D carrying the right to subscribe for 100 new Digistar Shares at any time during the Exercise Period, or in such denomination as determined by Bursa Securities.
<b>Listing status</b>	:	The Warrants D will be listed on the Main Market of Bursa Securities.  Bursa Securities had, vide its letter dated 22 May 2023, approved the admission of the Warrants D to the Official List of Bursa Securities and for the listing of and quotation for the Warrants D and new Digistar Shares to be issued pursuant to the exercise of the Warrants D on the Main Market of Bursa Securities.
<b>Modifications</b>	:	The Company may, from time to time, subject to the terms and conditions of the Deed Poll, without the consent or sanction of the holders of the Warrants D, modify, amend or add to the Deed Poll if such modification, amendment or addition made does not materially prejudice the interests of the warrant holders or is made to correct a manifest error or to comply with the prevailing laws of Malaysia.  Save for the above, any modification, amendment, deletion or addition to the Deed Poll shall require the approval of the holders of the Warrants D sanctioned by special resolution and may be effected only by the Deed Poll, executed by the Company and expressed to be supplemental thereto and subject to the approval of the relevant authorities, if necessary.
<b>Governing law</b>	:	Laws of Malaysia.

---

**FURTHER INFORMATION**


---

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board, and they collectively and individually 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 false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT**

UOBKH, being the Adviser for the Proposed Bonus Issue of Warrants, 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 Proposed Bonus Issue of Warrants.

**4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, save as disclosed below, 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 of 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:-

**Kumpulan Melaka Berhad ("KMB") v Digistar (High Court No. MA-22NCC-10-08/2022)**

KMB had served a writ and statement of claim dated 2 August 2022 on Digistar claiming for a sum of RM2,200,411.00 ("**Payment Claim**") under a payment obligation arising from the shareholders agreement dated 1 April 2013 ("**Shareholders Agreement**") entered into between KMB, Matang Makmur Holdings Sdn Bhd ("**MMHSB**") and Pembinaan Sujaman Sdn Bhd ("**PSSB**") as shareholders of Indera Persada Sdn Bhd ("**IPSB**"). Under the Shareholders Agreement, it was provided that MMHSB and PSSB shall guarantee the following payments to KMB, the payment of which shall be effected by IPSB:-

- (a) 3% of the construction cost of the project known as '*Cadangan Pembinaan Pusat Kecemerlangan Teknologi Nasional Malaysia – Institut Latihan Jabatan Kerja Raya Malaysia*' ("**Project**") to be paid by Digistar throughout the construction period of the Project; and
- (b) the sum of RM30,000.00 per month to be paid to KMB throughout the subsisting duration of the concession period within 14 days upon receipt of payment from the Government pursuant to the concession agreement dated 18 March 2013 entered into between IPSB and the Government of Malaysia in relation to the Project.

KMB claimed that the Payment Claim is part of its entitlement under item (a) above and alleged that Digistar had, on 5 December 2017, issued an irrevocable and unconditional letter of undertaking and guarantee to assume the obligations of MMHSB and PSSB under the Shareholders Agreement ("**Letter of Undertaking**"). Hence, KMB claimed against Digistar for the Payment Claim pursuant to the Letter of Undertaking.

---

**FURTHER INFORMATION (CONT'D)**


---

On 9 November 2022, KMB applied for a summary judgment to be entered against Digistar for the Payment Claim. KMB and Digistar had filed their respective written submissions on the summary judgment application, and the hearing for the said application was set on 18 April 2023 (“**Hearing Date**”). Before the Hearing Date, the parties had entered into negotiation and agreed on the settlement arrangement for the Payment Claim. Subsequently, on the Hearing Date, the parties entered into a consent judgment (“**Consent Judgment**”) on the following terms:-

- (a) Digistar shall pay KMB the sum of RM2,200,000.00 as full and final settlement for the Payment Claim (“**Settlement Sum**”) by way of monthly instalments starting from 7 April 2023 until 7 December 2024 in the following manners:-
- (i) payment of RM200,000.00 for the first instalment (“**First Instalment**”); and
  - (ii) payment of RM100,000.00 for the remaining 20 instalments;

As at the LPD, the monthly instalments paid by Digistar for the Settlement Sum are as follows:-

	<b>Date of payment</b>	<b>Amount (RM)</b>
First Instalment	12 April 2023	200,000
Second instalment	9 May 2023	100,000
<b>Total</b>		<b>300,000</b>

- (b) KMB shall execute a share transfer form and other relevant documents to transfer all of its shares in IPSB to MMHSB in accordance to the term of the Shareholders Agreement. The said share transfer form and the relevant documents shall be delivered to Digistar within 14 days from the date of full settlement of the Settlement Sum, whereby the transfer of the said shares will not involve any payment from KMB. Digistar’s responsibilities under the Shareholders Agreement will be fully fulfilled when KMB signs the said share transfer form.
- (c) If Digistar fails to pay any of the monthly instalments, then the remaining balance of the Settlement Sum shall be payable immediately by Digistar together with interest at the rate of 5% per annum on the said balance Settlement Sum starting from the date of the Consent Judgment until full settlement thereof, and cost of action will be determined by the Court at the later stage.

## 5. MATERIAL COMMITMENTS

As at the LPD, there are no 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.

---

**FURTHER INFORMATION (CONT'D)**


---

**6. CONTINGENT LIABILITIES**

As at the LPD, save as disclosed below, there are no 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
<b>Unsecured:-</b>	
Corporate guarantee given by our Company to our subsidiary's suppliers to guarantee payment primarily for the purchase of construction materials <sup>(1)</sup>	580,285
Corporate guarantee given by our Company to our subsidiary's customer as part of performance guarantee on the system integration project undertaken by our subsidiary	370,641
<b>Total</b>	<b>950,926</b>

**Note:-**

- (1) *It is an industry norm in the construction sector for suppliers to request for payment guarantee in the form of corporate guarantee to secure payment for the purchases of construction materials.*

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at Level 5, Tower 8, Avenue 5, Horizon 2, 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 our Company;
- (ii) the audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 30 September 2022 as well as the unaudited 6-month FPE 31 March 2023;
- (iii) the letter of consent and declaration of conflict of interest referred to in **Sections 2 and 3** of this **Appendix II**;
- (iv) the draft Deed Poll; and
- (v) the relevant cause papers referred to in **Section 4** of this **Appendix II**.

<b>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</b>
--



## **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 Platinum Hall, Level 1, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia, on Friday, 16 June 2023, 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 resolution:-

#### **ORDINARY RESOLUTION**

**PROPOSED BONUS ISSUE OF UP TO 135,146,310 WARRANTS IN DIGISTAR (“WARRANT(S) D”) ON THE BASIS OF 1 WARRANT D FOR EVERY 4 EXISTING ORDINARY SHARES IN DIGISTAR HELD BY THE SHAREHOLDERS OF DIGISTAR WHOSE NAMES APPEAR IN THE COMPANY’S RECORD OF DEPOSITORS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF WARRANTS”)**

“**THAT** subject to the approvals of all relevant regulatory authorities including the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the admission of the Warrants D to the Official List of Bursa Securities and the listing of and quotation for the Warrants D as well as the new Digistar Shares to be allotted and issued arising from the exercise of the Warrants D on the Main Market of Bursa Securities being obtained, the Board of Directors (“**Board**”) be and is hereby authorised to issue up to 135,146,310 Warrants D, on the basis of 1 Warrant D for every 4 existing Digistar Shares held by the Entitled Shareholders;

**THAT** the Board be and is hereby authorised to fix the exercise price of the Warrants D on the basis and manner set out in the circular to shareholders of the Company dated 1 June 2023 (“**Circular**”);

**THAT** any one of the Directors be and is hereby authorised to enter into and execute a deed poll constituting the Warrants D (“**Deed Poll**”) and to do all acts, deeds and things as he may deem fit and/or expedient, in order to implement, finalise and give full effect to the Deed Poll;

**THAT** the Board be and is hereby authorised to disregard any fractional entitlements of the Warrants D that may arise from the Proposed Bonus Issue of Warrants, if any, in such manner as the Board shall in their absolute discretion deem fit and expedient in the best interest of the Company;

**THAT** the Board shall allot and issue such appropriate number of Warrants D in accordance with the provisions in the Deed Poll, including any additional Warrants D (“**Additional Warrant(s) D**”) as may be required or permitted to be issued as a consequence of any adjustment in accordance with the provisions of the Deed Poll and to adjust from time to time the exercise price and/or number of Warrants D to which the holder(s) of the Warrants D are entitled to be issued as a result of an adjustment in accordance with the provisions of the Deed Poll;

**THAT** approval be and is hereby given to the Board to allot and issue such appropriate number of new Digistar Shares, credited as fully paid-up, to the holders of Warrant D arising from the exercise of the Warrants D and Additional Warrants D, if any, by the holders of Warrant D in accordance with the provisions of the Deed Poll;

**THAT** the new Digistar Shares to be issued arising from the exercise of Warrants D shall, upon allotment and issuance, rank equally all respects with the existing Digistar Shares, save and except that the new Digistar Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, where the entitlement date precedes the date of allotment and issuance of such new Digistar Shares;

**THAT** the proceeds raised from the exercise of the Warrants D, if any, be utilised for the purposes set out in the Circular and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (when required) to the approval of the relevant authorities;

**AND THAT** the Board be and is hereby authorised to take all necessary steps to give effect to the Proposed Bonus Issue of Warrants with full power to assent to any condition, modification, variation and/or amendment in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants.”

By Order of the Board,  
**DIGISTAR CORPORATION BERHAD**

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

Kuala Lumpur  
1 June 2023

**Notes:-**

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the EGM, the Company shall be requesting the Record of Depositors as at 9 June 2023. Only a depositor whose name appears on the Record of Depositors as at 9 June 2023 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 in 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 5, Tower 8, Avenue 5, Horizon 2, 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 you are a corporate member which has a common seal, the proxy form should be executed under seal in accordance with the constitution of your corporation. If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:-*
  - (a) *at least (2) authorised officers, of whom one shall be a director; or*
  - (b) *any director and/or authorized officers in accordance with the laws of the country under which your corporation is incorporated.*
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.*

**PERSONAL DATA POLICY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

# FORM OF PROXY



## DIGISTAR CORPORATION BERHAD

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

CDS Account No.	
No. of shares held	

\* I/We \_\_\_\_\_

\*NRIC/Company No \_\_\_\_\_ Contact 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 and vote on \*my/our behalf at the Extraordinary General Meeting of the Company to be held at Platinum Hall, Level 1, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia, on Friday, 16 June 2023, at 10.00 a.m. or any adjournment thereof.

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

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Bonus Issue of Warrants		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless 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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

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

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		

\_\_\_\_\_  
Signature/Common Seal of Member

### Notes:-

- For the purpose of determining a member who shall be entitled to attend and vote at the Extraordinary General Meeting ("EGM"), the Company shall be requesting the Record of Depositors as at 9 June 2023. Only a depositor whose name appears on the Record of Depositors as at 9 June 2023 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend 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.
- 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.
- 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.
- The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notariially certified copy of that power or authority shall be deposited at the registered office of the Company at Level 5, Tower 8, Avenue 5, Horizon 2, 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 you are a corporate member which has a common seal, the proxy form should be executed under seal in accordance with the constitution of your corporation. If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:-
- (a) at least (2) authorised officers, of whom one shall be a director; or
  - (b) any director and/or authorized officers in accordance with the laws of the country under which your corporation is incorporated.
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.

**PERSONAL DATA POLICY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Then fold here

---

Affix Stamp



**DIGISTAR CORPORATION BERHAD  
COMPANY SECRETARY**

Level 5, Tower 8, Avenue 5, Horizon 2  
Bangsar South City, 59200 Kuala Lumpur

1st fold here

---