

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.

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DIGISTAR CORPORATION BERHAD

(Registration No. 200301001232 (603652-K))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED PRIVATE PLACEMENT OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF DIGISTAR

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

(Registration No. 199001003423 (194990-K))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting (“**EGM**”) of Digistar to be held at Imperial Heritage Hotel Melaka, No. 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia on Thursday, 21 November 2024 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 Unit No. EL-11-01, Amcorp Business Suite, Menara Melawangi, Pusat Perdagangan Amcorp, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, 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 : Wednesday, 20 November 2024 at 10.00 a.m.

Day, date and time of the EGM : Thursday, 21 November 2024 at 10.00 a.m., or any adjournment thereof

This Circular is dated 6 November 2024

DEFINITIONS

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

“Act”	:	The Companies Act 2016
“AI”	:	Artificial intelligence
“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 6 November 2024 in relation to the Proposed Private Placement
“Deed Poll C”	:	The deed poll dated 16 April 2021 constituting the Warrants C
“Deed Poll D”	:	The deed poll dated 16 June 2023 constituting the Warrants D
“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
“EPS”	:	Earnings per Share
“FPE”	:	Financial period ended/ending
“FYE”	:	Financial year ended/ending
“LAT”	:	Loss after tax
“LBT”	:	Loss before tax
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	15 October 2024, being the latest practicable date prior to the printing and despatch of this Circular
“Management”	:	Management of our Company
“Maximum Scenario”	:	Assuming all treasury shares are resold to the open market, none of the outstanding Warrants C are exercised prior to the implementation of the Proposed Private Placement, and all the outstanding Warrants D are exercised prior to the implementation of the Proposed Private Placement

DEFINITIONS (CONT'D)

“Minimum Scenario”	:	Assuming all treasury shares are retained, and none of the outstanding Warrants C and Warrants D are exercised prior to the implementation of the Proposed Private Placement
“NA”	:	Net assets
“PBT”	:	Profit before tax
“Placement Share(s)”	:	Up to 169,986,774 new Digistar Shares to be issued pursuant to the Proposed Private Placement
“Proposed Private Placement”	:	Proposed private placement of up to 169,986,774 Placement Shares, representing up to approximately 30% of the total number of issued Digistar Shares at an issue price to be determined and announced at a later date after receipt of all relevant approvals for the Proposed Private Placement
“PTAB”	:	Panorama TV Asia Broadcast Sdn Bhd (Registration No. 200301017352 (619772-U)), an indirect 60%-owned subsidiary of our Company
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“UOBKH” or the “Principal Adviser”	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
“VWAP”	:	Volume weighted average market price
“Warrant(s) C”	:	The outstanding warrant(s) 2021/2026 issued by our Company pursuant to the Deed Poll C and expiring on 27 May 2026
“Warrant(s) D”	:	The outstanding warrant(s) 2023/2028 issued by our Company pursuant to the Deed Poll D and expiring on 5 July 2028

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, the actual figures and the totals thereof are due to rounding.

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DIGISTAR CORPORATION BERHAD

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

Registered office

Unit No. EL-11-01, Amcorp Business Suite
Menara Melawangi, Pusat Perdagangan Amcorp
No. 18, Jalan Persiaran Barat
46050 Petaling Jaya, Selangor Darul Ehsan

6 November 2024

Board of Directors

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

To: The shareholders of Digistar

Dear Sir/Madam,

PROPOSED PRIVATE PLACEMENT

1. INTRODUCTION

On 24 September 2024, UOBKH had, on behalf of our Board, announced that our Company proposes to undertake the Proposed Private Placement.

The Proposed Private Placement is in line with our ongoing business strategies to enhance our earnings as well as to steer our Group towards financial stability. The proceeds to be raised from the Proposed Private Placement will be primarily allocated to fund and support the business expansion plans for our newly launched internet television services platform as well as the repayment of our bank borrowings. Please refer to **Section 2.6** of this Circular for further details on the utilisation of proceeds for the Proposed Private Placement.

For shareholders' information, our Company had previously undertaken various fund-raising exercises since 2016, collectively raising up to approximately RM36.91 million proceeds with the aim to support the operational growth of our Group as well as to strengthen our capital base and lower the gearing ratio of our Group. The proceeds raised from these fund-raising exercises have been fully utilised. Please refer to **Section 2.7** and **Appendix I** of this Circular for further details of the said fund-raising exercises.

Subsequently, on 22 October 2024, UOBKH had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated on even date, approved the listing of and quotation for up to 169,986,774 Placement Shares to be issued under the Proposed Private Placement on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 12** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED PRIVATE PLACEMENT AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED PRIVATE PLACEMENT 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 RESOLUTIONS PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Placement size

The Proposed Private Placement entails the issuance of up to 169,986,774 Placement Shares, representing up to approximately 30% of our Company's total number of issued Shares to be placed to LWC Capital Sdn Bhd and third-party investor(s) to be identified in the manner set out in **Section 2.2** below.

The maximum number of up to 169,986,774 Placement Shares under the Proposed Private Placement was arrived at based on the following:-

- (i) our Company's total number of issued Shares of 477,641,115 (including 2,457,602 treasury shares) as at 30 October 2024;
- (ii) assuming 2,457,602 treasury shares held by our Company as at 30 October 2024 are resold to the open market;
- (iii) assuming none of the 86,794,477 outstanding Warrants C are exercised prior to the implementation of the Proposed Private Placement; and
- (iv) assuming all the 88,981,468 outstanding Warrants D are exercised prior to the implementation of the Proposed Private Placement.

Our Board is of the view that the outstanding Warrants C are not likely to be exercised prior to the implementation of the Proposed Private Placement 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 RM0.0537 per Digistar Share.

Nevertheless, the actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the total number of issued Shares of our Company on a date to be determined and announced later.

2.2 Placement arrangement

We intend to allocate the Placement Shares to the following placees in the following manner:-

Placees	Minimum Scenario		Maximum Scenario	
	No. of Placement Shares	%	No. of Placement Shares	%
(i) LWC Capital Sdn Bhd ⁽¹⁾	47,518,351	33.33	56,662,258	33.33
(ii) Third-party investor(s) ⁽²⁾	95,036,702	66.67	113,324,516	66.67
Total	142,555,053	100.00	169,986,774	100.00

Notes:-

- (1) LWC Capital Sdn Bhd is a major shareholder of our Company, details of its shareholdings in Digistar as at 30 October 2024 is set out as follows:-

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
LWC Capital Sdn Bhd	126,656,503	26.65	-	-

For information purposes, LWC Capital Sdn Bhd is a private limited company incorporated in Malaysia on 28 April 2003 under the Companies Act 1965 and is deemed incorporated under the Act, having its registered office at Block H-2-11, Plaza Damas, 60, Jalan Sri Hartamas 1, Sri Hartamas, 50480 Kuala Lumpur. LWC Capital Sdn Bhd is principally involved in investment holding. LWC Capital Sdn Bhd has an issued share capital of RM100,000 comprising 100,000 shares as at the LPD. The directors and shareholders of LWC Capital Sdn Bhd and their respective shareholdings in LWC Capital Sdn Bhd as at the LPD are as follows:-

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Directors and shareholders</u>				
Mejar (K) Datuk Wira Lee Wah Chong	73,523	73.52	^26,477	26.48
Lee Jin Jean	13,238	13.24	-	-
<u>Director</u>				
Lee Mey Ling	-	-	-	-
<u>Shareholder</u>				
Lee Chun Szen	13,239	13.24	-	-

Note:-

- ^ Deemed interested by virtue of the shareholdings of his son and daughter in LWC Capital Sdn Bhd pursuant to the Act.

LWC Capital Sdn Bhd had, via its undertaking letter dated 19 September 2024, confirmed to Digistar of its intention to subscribe for up to 56,662,258 Placement Shares, representing up to approximately 10% of our total issued share capital prior to the implementation of the Proposed Private Placement under the Maximum Scenario. Accordingly, LWC Capital Sdn Bhd has also confirmed on even date that it has sufficient financial resources to subscribe for its portion of the Placement Shares in full. The actual number of Placement Shares to be subscribed by LWC Capital Sdn Bhd will be determined by our Management and fixed at a later date after obtaining the relevant approvals for the Proposed Private Placement and subject to a book-building process for up to 169,986,774 Placement Shares (including up to 56,662,258 Placement Shares to be issued to LWC Capital Sdn Bhd) to gauge the level of market demand for the Placement Shares. Our Management intends to only determine and fix the final allocation of the Placement Shares between LWC Capital Sdn Bhd and third-party investor(s) after the book-building process with the aim and priority to simultaneously place the Placement Shares to LWC Capital Sdn Bhd and third-party investor(s) in 1 tranche. For avoidance of doubt, the allocation of Placement Shares to LWC Capital Sdn Bhd will be on the same terms as those given to third-party investor(s).

Notwithstanding our Management's intention above and subject to the prevailing economic conditions and the outcome of the book-building process, the said Placement Shares may however be placed and allocated to LWC Capital Sdn Bhd and third-party investor(s) in 1 or multiple tranches within 6 months from the date of approval from Bursa Securities for the listing of and quotation for the Placement Shares or any extended period as may be approved by Bursa Securities.

Further, any Placement Shares not subscribed by LWC Capital Sdn Bhd ("**Unsubscribed Portion**") will be fully reallocated to third-party investor(s) (who qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007) to be identified later and in the manner as set out in Note (2) below.

- (2) The remaining portion of up to 113,324,516 Placement Shares (representing up to approximately 20% of our total issued share capital prior to the implementation of the Proposed Private Placement under the Maximum Scenario) and the Unsubscribed Portion, if any, shall be placed out to third-party investor(s) to be identified later, where such investor(s) are deemed qualified under Schedules 6 and 7 of the Capital Markets and Services Act 2007. The aforesaid Placement Shares will not be placed to the following parties:-
- the director, major shareholder or chief executive of Digistar or a holding company of Digistar ("**Interested Person(s)**");
 - person connected with an Interested Person; and
 - nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Subject to market conditions and the timing of identification of the third-party investor(s), the Proposed Private Placement may be implemented in 1 or multiple tranches within 6 months from the date of approval from Bursa Securities for the listing of and quotation for the Placement Shares or any extended period as may be approved by Bursa Securities. The implementation of the Proposed Private Placement in multiple tranches would provide flexibility to our Company to procure interested investors to subscribe for the Placement Shares within the period as approved by Bursa Securities.

Pursuant to Paragraph 8.02(1) of the Listing Requirements, we must ensure that at least 25% of the total listed Digistar Shares (excluding treasury shares, if any) are in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Digistar Shares each. As at 30 October 2024, the public shareholding spread of Digistar is at 73.29% comprising 4,804 shareholders. Upon the completion of the Proposed Private Placement, Digistar will remain in compliance with the minimum public shareholding spread requirements. The pro forma of the public shareholding spread of Digistar after the Proposed Private Placement will be 71.75% comprising 4,804 shareholders under the Minimum Scenario and 74.28% with the same number of shareholders under the Maximum Scenario, assuming LWC Capital Sdn Bhd fully subscribes for all the allocated Placement Shares.

2.3 Basis of determining and justification for the issue price of the Placement Shares

The issue price of each tranche of the Placement Shares to be issued will be determined and fixed by our Board after receipt of all relevant approvals and after taking into consideration the prevailing market conditions. In any event, the issue price shall not be priced at a discount of more than 10% to the 5-day VWAP of Digistar Shares up to and including the last trading day immediately prior to the price-fixing date for each tranche.

For illustration purposes, the illustrative issue price for the Placement Shares is assumed to be RM0.053 per Placement Share, which represents a discount of approximately 1.30% to the 5-day VWAP of Digistar Shares up to and including the LPD of RM0.0537 per Digistar Share.

In the event the Proposed Private Placement is implemented in multiple tranches, there could potentially be several price-fixing dates and issue prices. As such, the issue price for each tranche of the Placement Shares will be fixed and announced separately.

2.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issuance, rank equally in all respects with the existing Digistar Shares, save and except that the holders of the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of the said Placement Shares.

2.5 Listing of and quotation for the Placement Shares

Bursa Securities had, via its letter dated 22 October 2024, approved the listing of and quotation for up to 169,986,774 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 12** of this Circular.

2.6 Utilisation of proceeds

For illustration purposes, assuming up to 169,986,774 Placement Shares are issued at an indicative issue price of RM0.053 per Placement Share and the full subscription of the Placement Shares, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM9.01 million. However, the exact amount of the gross proceeds to be raised from the Proposed Private Placement would depend on the actual issue price and number of Placement Shares to be issued, which will be determined at a later date.

Based on the Minimum Scenario and Maximum Scenario, the gross proceeds to be raised from the Proposed Private Placement are expected to be utilised by our Group in the following manner:-

Details of utilisation	Timeframe for utilisation of proceeds	Minimum Scenario		Maximum Scenario	
		RM'000	%	RM'000	%
(i) Business expansion on the provision of internet television services segment	Within 24 months from receipt of funds	7,145	94.57	8,599	95.45
(ii) Repayment of bank borrowings	Within 12 months from receipt of funds	230	3.05	230	2.55
(iii) Estimated expenses for the Proposed Private Placement	Within 1 month from receipt of funds	180	2.38	180	2.00
Total		7,555	100.00	9,009	100.00

Notes:-

(i) **Business expansion on the provision of internet television services segment**

Our strategic expansion into internet television services represents a natural evolution of our Group's existing capabilities as well as a logical extension of our existing operations. By leveraging on our established track record as a full-service contractor through Digistar Holdings Sdn Bhd (which specialises in information technology infrastructure installation and commissioning for media, teleconferencing and other electronic systems), we are well positioned to enter the internet television services sector. This expansion leverages on our core competencies in information technology infrastructure, enabling us to capitalise on the growing demand for digital media solutions.

Hence, after undertaking detailed feasibility and commercial studies, PTAB had on 19 January 2023 entered into a collaboration agreement with PT MNC OTT Network (a subsidiary of the MNC Group, an Indonesian multinational conglomerate) to launch Panorama TV, an internet television service ("**Panorama TV**") in August 2024 through the over-the-top platform with the aim to serve the local hospitality and residential sectors.

The directors and shareholders of PTAB and their respective shareholdings in PTAB as at the LPD are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
<u>Director and shareholder</u>				
Muhammad Hamka Bin Datuk Seri Mohd Ali	100,000	20.00	-	-
<u>Directors</u>				
Mejar (K) Datuk Wira Lee Wah Chong	-	-	-	-
Lee Chun Szen	-	-	-	-
Lee Mey Ling	-	-	-	-
Tan Sri Dato' Ir. Hj. Zaini Bin Omar	-	-	-	-
Dato' Haji Ishak Bin Haji Mohamed	-	-	-	-
Lee Jin Jean (Alternate director)*	-	-	-	-
<u>Shareholders</u>				
Digistar Holdings Sdn Bhd	300,000	60.00	-	-
Azman Bin Yusoff	50,000	10.00	-	-
Ong Fee Chong	50,000	10.00	-	-

Note:-

* Lee Jin Jean was appointed as an alternate director to the following directors of PTAB:-

- (a) Mejar (K) Datuk Wira Lee Wah Chong;
- (b) Lee Chun Szen;
- (c) Lee Mey Ling;
- (d) Tan Sri Dato' Ir. Hj. Zaini Bin Omar; and
- (e) Dato' Haji Ishak Bin Haji Mohamed.

For information purposes, none of the abovementioned directors and/or shareholders of PTAB has any equity interest in Digistar as at 30 October 2024, save for Mejar (K) Datuk Wira Lee Wah Chong, Lee Chun Szen, Lee Mey Ling, Lee Jin Jean (where the details of their respective direct and indirect shareholdings in Digistar as at 30 October 2024 are set out in **Section 14** of this Circular) and Ong Fee Chong (holding 511,111 Digistar Shares, representing 0.11% equity interest in Digistar as at 30 October 2024).

At this initial stage, Panorama TV has an offering of 40 channels at a monthly subscription fee of RM20. With a focus on providing affordable and quality entertainment, Panorama TV offers a diverse array of content in English, Malay and Chinese to meet various audience preferences. Leveraging on its low bandwidth requirements, Panorama TV is able to ensure seamless and efficient streaming with minimal disruptions, which in turn also enables the platform to offer pay-per-view options for premium content. This capability positions Panorama TV as a comprehensive and cost-effective entertainment solution, specifically tailored to meet the demands of both the local hospitality and residential sectors.

With its comprehensive content offering and low usage of bandwidth, Panorama TV is poised to emerge as a competitive player in the market, delivering diverse and high-quality content that enhances the viewing experience while maintaining affordability. Since the launch of Panorama TV in August 2024, we have successfully secured 80 subscriber accounts, which require us to serve at least 3,000 users at this juncture. Under Panorama TV's current subscription structure, each subscriber account functions as a 'master account', allowing the account holder to create multiple users. By having such feature, the respective users will be able personalise their viewing preferences while being managed centrally by the master subscriber, who has full control over access and content settings. Each user profile requires its own dedicated android decoder boxes ("**TV Box(es)**") to access Panorama TV. This structure allows the primary subscriber to create a personalised and controlled viewing environment, which offers individual flexibility for each user while maintaining centralised control over content and access settings for the account holders. Panorama TV offers flexible 2- or 3-year subscription plans with affordable monthly billing. These subscriptions can be easily renewed upon expiry, ensuring uninterrupted access to the streaming service.

With a monthly subscription fee of RM20 and based on an initial base of 3,000 users across 80 subscriber accounts, Panorama TV is projected to generate approximately RM60,000 in monthly revenue for our Group. It should be noted that our entry into this segment has shown strong momentum as we were able to successfully secure 80 subscribers and 3,000 users within just three months from the launch of Panorama TV, marking a promising start for this venture. Based on inquiries and growing demand for Panorama TV, our management projects user numbers to reach 50,000 by the end of 2025, which in turn will generate up to RM1.0 million of revenue per month. This anticipated growth underscores Panorama TV's potential as a valuable and scalable revenue stream that will significantly enhance our Group's financial performance and expand our market footprint.

In order to broaden our market presence, we have earmarked up to approximately RM8.60 million of the proceeds from the Proposed Private Placement to expand the business of Panorama TV, which includes the purchase of TV Boxes for the streaming of the Panorama TV, the purchase and subscription of new contents or channels, marketing campaign and hiring of new workforce to support the Panorama TV operations. The breakdown on the estimated costs and the estimated allocation of the proceeds for the abovementioned business expansion are as follows:-

	Estimated costs (RM'000)	Estimated allocation of proceeds (RM'000)
Purchase of at least 19,000 TV Boxes	3,800	Up to 3,800
Purchase and subscription of new contents or channels to be included in the Panorama TV service offerings	1,800	Up to 1,800
Marketing campaign costs to promote Panorama TV (via online marketing, advertisement in the newspapers and/or traditional television channels)	1,500	Up to 1,500
Hiring of up to 50 new personnel to expand the business of Panorama TV (current workforce for this segment is 10 employees as at the LPD)	1,500	Up to 1,499
Total	8,600	Up to 8,599

In the event that the amount required for the abovementioned business expansion is higher than budgeted, any deficit will be funded through our Group's internally generated funds. Conversely, if the amount required is less than estimated, the balance proceeds will be utilised for the general working capital requirements of our Group, which includes, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures).

Although our Group has cash and bank balances (net of bank overdraft) of approximately RM22.77 million as well as fixed deposits with licensed banks of approximately RM38.81 million as at 30 June 2024, our Management wishes to highlight that most of the funds have been set aside and earmarked for the following:-

- (a) RM22.77 million of the cash and bank balances and RM3.0 million of the fixed deposits have been earmarked to support working capital requirements and drive business expansion within our hospitality and security surveillance and monitoring segments; and
- (b) RM34.76 million of the fixed deposits have been set aside as security in respect of the RM375.0 million bonds issued by our Group. Please refer to **Section 6** of this Circular for further details of the bonds.

Based on the above, the remaining balance of fixed deposits of RM1.05 million are deemed to be insufficient for our Group to fund our business expansion on the provision of internet television services segment. As such, our Board proposes to undertake the Proposed Private Placement and has earmarked up to approximately RM8.60 million of the proceeds from the Proposed Private Placement to support our venture into the provision of internet television services segment.

(ii) Repayment of bank borrowings

As at 30 June 2024, the total bank borrowings of our Group stood at approximately RM7.50 million, of which RM5.02 million are long term borrowings and RM2.48 million are short term borrowings. The borrowings of our Group comprise of, amongst others, term loans and overdraft facilities.

Although the Proposed Private Placement was primarily undertaken to fund our expansion into Panorama TV (as evidenced by our focus of channelling up to approximately 95.45% of the Proposed Private Placement's proceeds toward Panorama TV's expansion), we have also allocated RM0.23 million to reduce our bank borrowings. The allocation of the bulk of the proceeds raised from the Proposed Private Placement towards our new venture reflects our confidence in the potential returns. Furthermore, our existing debt profile is deemed manageable by our Group after taking into consideration, amongst others, the current financing terms and the expected returns from our business venture into Panorama TV (which are expected to outweigh the interest costs associated with servicing our bank borrowings).

The earmarked proceeds of up to approximately RM0.23 million will be utilised for the repayment of our term loan, details of which are set out as follows:-

Facility	Bank	Total amount outstanding as at the LPD (RM'000)	Proposed repayment (RM'000)	Interest rate (% per annum)	Purpose of borrowing
Term loan	Public Bank Berhad	230	230	4.52	To finance the acquisition of property

For illustration purposes, the repayment of bank borrowings of our Group set out in the table above amounting to RM0.23 million is expected to result in interest savings of approximately RM0.01 million per annum, assuming an interest rate of 4.52% per annum.

In the event that the amount required for the abovementioned repayment of bank borrowings is higher than budgeted, any deficit will be funded through our Group's internally generated funds. Conversely, if the amount required is less than estimated, the balance proceeds will be utilised for the general working capital requirements of our Group, which includes, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures), the breakdown on utilisation of such proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

(iii) Estimated expenses for the Proposed Private Placement

The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement will be utilised in the following manner:-

	RM'000
Professional fees (i.e. principal adviser, placement agent, solicitors, company secretary and share registrar)	85
Regulatory fees	30
Contingencies and other incidental expenses in relation to the Proposed Private Placement (i.e. convening of EGM, printing and advertisement expenses)	65
Total	180

If the actual expenses in relation to the Proposed Private Placement are higher than estimated, the deficit will be funded from our Group's internally generated funds. Conversely, any surplus of funds following the payment of the expenses will be utilised for the general working capital requirements of our Group which includes, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures), the breakdown on utilisation of such proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the actual issue price and the number of Placement Shares to be issued. In the event the actual proceeds raised from the Proposed Private Placement is less than RM7.56 million, the shortfall between actual expenditure to be incurred and total gross proceeds raised will be funded via our Group's internally generated funds and/or bank borrowings from financial institution(s), the exact proportion of which will be determined later and will be dependent on the operating and funding requirements at the time of utilisation.

Conversely, assuming we are able to issue the Placement Shares at a higher issue price than the illustrative issue price of RM0.053 per Placement Share, the additional proceeds raised will be channelled towards the working capital of our Group, which includes, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures). The breakdown on utilisation of such proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds (including accrued interest, if any) will be placed as deposits with licensed financial institutions and/or short-term money market instruments, as our Board may deem fit. Any interest income and/or gains earned from such deposits or instruments will be utilised as additional working capital for our Group, which includes, but are not limited to general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures), the breakdown of which has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

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

Our Company had undertaken several equity fund-raising exercises since 2016 and the proceeds raised of up to RM36.91 million through these exercises were channelled towards growing the existing revenue streams of our Group with the aim to improve the financial performance and strengthen the financial position of our Group. Despite our Group's current loss-making position, the proceeds from the past equity fund-raising exercises have been essential to support the operational growth of our Group (which is evidenced by the general decline in the quantum of net losses over the financial years) as well as to strengthen our capital base and lower the gearing ratio of our Group. The reduction in our gearing ratio (which was mainly attributable to the repayment of bank borrowings by our Group through the past equity fund-raising exercises) had also led to lowered debt levels and reduced interest expenses and financial liabilities for our Group.

A summary of the proceeds raised from the past equity fund-raising exercises is set out below:-

Past equity fund-raising exercises	Total proceeds raised (RM'000)
Private placement exercise undertaken in 2016	6,521
Private placement exercise undertaken in 2017	8,202
Private placement exercise undertaken in 2020	2,604
Rights issue exercise undertaken in 2021	13,019
Private placement exercise undertaken in 2022	6,562
Total	36,908

The proceeds raised from these equity fund-raising exercises have been fully utilised in accordance with the intended use. Further details on the above past equity fund-raising exercises undertaken by our Company are set out in **Appendix I** of this Circular.

For information purposes, none of the Warrants C have been exercised to-date. However, 23,850,351 Warrants D have been exercised to-date, at an exercise price of RM0.06 per Warrant D, raising proceeds of approximately RM1.43 million. Such proceeds were fully utilised by our Group in the following manner:-

	RM'000
Payment to suppliers or trade creditors of our Group	291
General administrative expenses and operating expenses such as staff-related costs, utilities, statutory payments and any other overhead expenditures	1,140
Total	1,431

3. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will enable our Group to raise additional funds primarily for the business expansion of Panorama TV and repayment of bank borrowings, further details of which are as set out in **Section 2.6** of this Circular.

After due consideration of the various options available, our Board is of the view that the Proposed Private Placement is the most appropriate avenue to raise funds for our Group due to the following reasons:-

- (i) the Proposed Private Placement will enable our Group to raise funds more expeditiously and in a cost-effective manner as opposed to other fund-raising options via equity;
- (ii) the Proposed Private Placement will improve the liquidity and financial flexibility of our Group by strengthening our financial position, particularly during such a challenging economic environment;
- (iii) the Proposed Private Placement will serve as an additional source of funding for our Group without incurring interest expense as compared to bank borrowings; and
- (iv) the Proposed Private Placement is expected to strengthen the shareholders' value and capital base of our Group.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

Malaysia's economy continued its growth momentum, supported by favourable economic performance, amid persistent challenges in the external environment. This signifies the country's strong fundamentals and diversified economic activities as well as investor confidence in the domestic market, anchored by sound Government policies. Furthermore, the Ekonomi MADANI framework, which focuses on restructuring and reforming Malaysia's economic agenda, coupled with the implementation of key policy plans such as the National Energy Transition Roadmap (NETR) and New Industrial Master Plan 2030 (NIMP 2030), have started to yield positive results. During the first half of 2024, the economy posted a commendable growth of 5.1% driven by robust domestic demand, combined with further expansion in exports as well as positive growth in all economic sectors. Growth is forecast to continue its momentum in the second half of the year, albeit at a moderate pace. Overall, real gross domestic product in 2024 is revised upward, ranging between 4.8% and 5.3%, surpassing the initial target of 4% to 5%.

For 2025, the Malaysian economy is projected to grow between 4.5% and 5.5%. On the supply side, the services sector continues to uphold its position as the main driver of growth contributed by tourism activities, sustained exports and acceleration of information and communication technology related activities. Tourism-related industries, particularly food & beverages, accommodation and retail trade segments, are expected to increase further, while the wholesale trade as well as air and water transportations segments will benefit from sustained trade-related activities. Industries such as the utilities and professional services are anticipated to rise in tandem with the acceleration of information and communication technology development, particularly in data centres. The manufacturing sector is projected to expand further attributed to better performance in export-oriented industries, primarily the electrical and electronic segment, as external demand for semiconductors continues to increase. Additionally, the domestic-oriented industries is anticipated to remain favourable in line with higher domestic consumption and investment. The construction sector is expected to rise attributed to growth in all subsectors. Prospects for the agriculture sector remain positive supported by higher production of crude palm oil (CPO) and demand from food-related industries. On the contrary, the mining sector is forecast to decline marginally due to scheduled plants shutdown for maintenance purposes.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

4.2 Overview and outlook of information and communication technology industry in Malaysia

The information and communication subsector expanded by 3% in the first half of 2024, attributed to the telecommunication segment. The subsector is expected to grow by 3.2% in the second half of the year supported by the uptick in digital-based services, social commerce activities as well as streaming of entertainment contents and major sporting events. Likewise, the adoption of digital services, particularly AI, cloud computing and cybersecurity programming is anticipated to spur the subsector's growth. Moreover, mobile internet packages for civil servants, students and media practitioners are expected to further increase the internet subscription rate. Hence, the subsector is anticipated to record a growth of 3.1% in 2024.

The information and communication subsector is expected to grow by 2.6%, mainly attributed to the completion of fifth-generation (5G) network that will enhance the coverage and network quality. Furthermore, a surge in investment for digital infrastructure including data centres will be crucial in improving the subsector's growth.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

4.3 Overview and outlook of construction industry in Malaysia

The construction sector posted a significant growth of 14.6% in the first half of 2024, driven by expansion in all subsectors. The civil engineering subsector continues its stellar performance, benefitting from the acceleration of ongoing infrastructure projects including the East Coast Rail Link (ECRL), Rapid Transit System Link (RTS Link) between Johor Bahru and Singapore as well as Pan Borneo Highway Sabah. Moreover, residential buildings and non-residential buildings subsectors also contributed to the performance on the back of increasing demand for affordable houses as well as vibrant economic activities, respectively. Meanwhile, the Penang South Reclamation project and the installation of electrical and piping systems supported the specialised construction activities subsector.

The sector is expected to continue its positive momentum in the second half of 2024, with projected double-digit growth of 13.7%. The acceleration of public infrastructure projects towards the final year of the Twelfth Malaysia Plan, 2021 – 2025 (Twelfth Plan) will further support the civil engineering subsector. In addition, the construction of data centres mainly in Johor and Selangor as well as industrial buildings is anticipated to further strengthen the non-residential buildings subsector. The residential buildings subsector is projected to grow, supported by increasing demand for affordable houses in line with the Government's initiatives under Budget 2024. This encompasses, among others, the implementation of 36 Program Perumahan Rakyat, including 15 existing projects, which will benefit 5,100 residents, 14 Program Rumah Mesra Rakyat to construct 3,500 housing units and new housing MADANI projects. Furthermore, private sector led projects continue to provide additional support to the residential buildings subsector. Overall, the sector is anticipated to grow further by 14.1% in 2024.

The construction sector is forecast to register a growth of 9.4% in 2025, largely driven by the acceleration of strategic infrastructure projects. The sector is expected to benefit particularly from civil engineering activities such as Light Rail Transit 3 (LRT 3) Phase 2 and Sarawak-Sabah Link Road Phase 2. Similarly, the non-residential buildings subsector is projected to expand further, supported by strong demand for industrial facilities from the realisation of approved investments, coupled with the development of new industrial areas such as the Kerian Integrated Green Industrial Park (KIGIP) and Johor-Singapore Special Economic Zone (JS-SEZ). Furthermore, the residential buildings subsector is anticipated to expand, driven by sustained demand for affordable housing as underlined by the Ekonomi MADANI framework, alongside new development projects by the private sector.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

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

The services sector grew by 5.4% in the first half of 2024 and is poised to remain stable in the second half, driven by robust household spending coupled with vibrant tourism- and travel-related activities. Overall, the sector is projected to expand by 5.3% in 2024, with all subsectors recording positive growth.

The food & beverages and accommodation subsector grew by 5.6% in the first half of 2024 supported by high hotel occupancy rates and patronage at eateries, in tandem with the increase in tourist arrivals to 14.1 million. The subsector is expected to expand by 5.9% in the second half of the year on the back of higher tourist arrivals and vibrant tourism-related activities. This is also supported by vigorous promotion efforts targeting niche segments, particularly business and leisure, gastronomy and Muslim-friendly tourism. Furthermore, the Global Muslim Travel Index 2024 reaffirms Malaysia's position as the most preferred Muslim travel destination for six consecutive years. Overall, the subsector is projected to register a growth of 5.8% in 2024.

The services sector is projected to grow by 5.5% in 2025, buoyed by expansion in all subsectors. The growth will mainly emanate from continuous consumer spending as well as robust business- and tourism-related activities.

The food & beverages and accommodation subsector is poised to grow by 6.2%, in anticipation of higher tourist arrivals for business and leisure as well as meetings, incentives, conferences and exhibitions (MICE) activities. The tourism industry will benefit from Malaysia's 2025 ASEAN Chairmanship, as well as nationwide hosting of numerous MICE events at international and regional scales. In addition, the visit state campaign by Kedah, Perlis and Selangor as well as intensive promotion for the Visit Malaysia 2026 (VM 2026) are expected to contribute to the growth of the subsector.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

4.5 Overview and outlook of the entertainment and media industry in Malaysia

According to market reports, the revenue of the Malaysian entertainment and media industry grew by 2.3% in 2023, reaching RM50.3 billion, and is projected to increase at a compound annual growth rate (“**CAGR**”) of 3.2% through 2028. It was also noted that advertising, which started from a lower base, had outpaced consumer spending in 2023 and projected to achieve the highest CAGR at 7.9% (2023–2028). Our management had also noted from the market reports that advertising revenue is emerging as a crucial component in business models, even amongst companies that have traditionally refrained from ad-based income streams. These reports had also indicated that connectivity revenue, a key component of the entertainment and media sector, had reached RM32 billion in 2023, representing 66% of total sector revenue. Connectivity revenue primarily stems from telecommunications and internet services that facilitate user access to digital and media content. This revenue stream (which is driven primarily by subscription fees for internet services, data plans, mobile services, and broadband connections) underpins consumer access to streaming and other online content, which in turn reinforces its significance in the evolving digital landscape.

These market reports also highlight that Malaysia’s Over-the-Top (OTT) video market is experiencing strong growth, contrasting with the decline of traditional media. The OTT market, led by Subscription Video on Demand (SVOD) services such as Netflix, Astro Go and sooka, has expanded nearly six-fold since 2019, reaching RM730 million in 2023. This growth trajectory is expected to continue, with the market projected to expand at an 11.7% CAGR, reaching RM1.6 billion by 2028. At that point, SVOD services are anticipated to contribute 86% of total OTT revenue, while the Transactional Video on Demand (TVOD) segment is expected to see minimal growth.

These trends underscore significant opportunities within Malaysia’s media and entertainment sector, especially for platforms that leverage the rapid rise of OTT and ad-based revenue models.

(Source: Management)

4.6 Prospects of Digistar

Our Group has recently expanded into the provision of internet television services segment with the launch of Panorama TV. Our Board is confident that as our Group strategically broadens the market reach and audience base of Panorama TV, this new segment will play a significant role in driving positive earnings growth for our Group moving forward. By utilising the proceeds raised from the Proposed Private Placement as set out in **Section 2.6** of this Circular, our Group will hence be able to accelerate our business expansion initiatives, significantly enhancing the market presence of Panorama TV in the near term and undertake targeted marketing campaign which will aid our Group in building a strong brand and service offering awareness for Panorama TV.

Notwithstanding the above, our Group will also continue to focus on the operational growth of other existing business segments. Our Group has witnessed a growth in the occupancy rates of our maiden hotel, the Imperial Heritage (which is strategically located in the heart of Melaka) from approximately 52.60% in 2023 to 62.0% as at the LPD. Our Management has been stepping up our marketing efforts to promote the hotel and further improve the occupancy rates through various online travel platforms and promotion campaigns.

In addition, our Group’s strategic investment in advanced technologies (in particular, the adoption of AI in pricing analytics) have enabled our Group to significantly expand our system integration segment. Our management plans to launch our new system integration product (which focuses on advanced pricing analytics) at the Imperial Heritage Hotel, serving as our pilot project. This initiative will introduce AI-driven pricing technology, which will be fully integrated with the hotel’s current operational systems. Leveraging on the newly embedded learning algorithms, this new system will analyse both historical data (which includes past market demand, competitive pricing, seasonal patterns and customer booking behaviours) and real-time data (which includes prevailing room rates at neighbouring hotels and hostels).

Through the predictive pricing models, this AI-driven system empowers the Imperial Heritage Hotel to optimise revenue by dynamically adjusting room rates. This strategic pricing approach enables the hotel to capture peak demand while remaining competitive, effectively balancing occupancy rates with revenue per available room (RevPAR) to maximise profitability. Further, we are in the final testing phase of our Smart Energy Savings solution, developed as part of our system integration offerings. This solution is designed to optimise energy consumption and reduce electricity costs, delivering enhanced operational efficiency and cost savings for our customers. By leveraging on these latest innovative solutions, our Group is well-positioned to capture new market share within the growing security surveillance and monitoring industry.

Premised on the above, our Board envisages that the prospect of our Group remains favourable after taking into consideration, amongst others, the abovementioned business strategies and initiatives as well as the outlook of the Malaysian economy.

5. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

5.1 Issued share capital

The pro forma effects of the Proposed Private Placement on our issued share capital are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at 30 October 2024	477,641,115	61,953,047	477,641,115	61,953,047
Less: Treasury shares, at cost	(2,457,602)	(3,248,747)	-	-
	475,183,513	58,704,300	477,641,115	61,953,047
No. of Shares to be issued assuming full exercise of Warrants D	-	-	88,981,468	⁽¹⁾ 5,338,888
	475,183,513	58,704,300	566,622,583	67,291,935
Placement Shares to be issued pursuant to the Proposed Private Placement	142,555,053	⁽²⁾ 7,555,418	169,986,774	⁽²⁾ 9,009,299
Enlarged issued share capital after the Proposed Private Placement	617,738,566	66,259,718	736,609,357	76,301,234

Notes:-

- (1) Computed based on the exercise price of RM0.06 per Warrant D.
(2) Computed based on the illustrative issue price of RM0.053 per Placement Share.

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5.2 NA, NA per Share and gearing

For illustration purposes, the pro forma effects of the Proposed Private Placement on the NA, NA per Share and gearing based on the audited consolidated statement of financial position of our Group for the FYE 30 September 2023 are set out below:-

Minimum Scenario

	Audited as at 30 September 2023 (RM'000)	⁽¹⁾ Subsequent adjustment up to the LPD (RM'000)	Pro forma I After the Proposed Private Placement (RM'000)
Share capital	61,340	61,953	⁽²⁾ 69,508
Treasury shares	(3,249)	(3,249)	(3,249)
Warrant reserve	5,208	5,208	5,208
Discount on share	(5,208)	(5,208)	(5,208)
Retained earnings	9,446	9,446	⁽³⁾ 9,266
Shareholders' equity/NA	67,537	68,150	75,525
Non-controlling interests	(5,091)	(5,091)	(5,091)
Total equity	62,446	63,059	70,434
No. of Shares in issue ('000)	[^] 464,971	[^] 475,183	[^] 617,738
NA per Share (RM)	0.15	0.14	0.12
Total borrowings* (RM'000)	213,834	213,834	⁽⁴⁾ 213,604
Deposits, cash and bank balances (RM'000)	53,201	53,814	⁽²⁾⁽³⁾ 60,959
Net borrowings (RM'000) ⁽⁵⁾	160,633	160,020	152,645
Net gearing ratio (times)	2.38	2.35	2.02

Notes:-

- [^] Excluding 2,457,602 treasury shares held by our Company.
- * Comprising bonds, term loans and lease liabilities.
- (1) After adjusting for the exercise of 10,211,900 Warrants D at the exercise price of RM0.06 per Warrant D.
- (2) Based on the illustrative issue price of RM0.053 per Placement Share.
- (3) After deducting the estimated expenses pertaining to the Proposed Private Placement amounting to approximately RM0.18 million.
- (4) After adjusting for the utilisation of proceeds pursuant to the Proposed Private Placement of which RM0.23 million is earmarked for the repayment of bank borrowings.
- (5) Computed by deducting deposits, cash and bank balances from the total borrowings.

Maximum Scenario

	Audited as at 30 September 2023 (RM'000)	⁽¹⁾ Subsequent adjustment up to the LPD (RM'000)	Pro forma I Assuming all treasury shares are resold to the open market (RM'000)	Pro forma II After pro forma I and ⁽³⁾ assuming full exercise of Warrants D (RM'000)	Pro forma III After pro forma II and the Proposed Private Placement (RM'000)
Share capital	61,340	61,953	61,953	67,292	⁽⁴⁾ 76,301
Treasury shares	(3,249)	(3,249)	⁽²⁾ -	-	-
Warrant reserve	5,208	5,208	5,208	5,208	5,208
Discount on share	(5,208)	(5,208)	(5,208)	(5,208)	(5,208)
Retained earnings	9,446	9,446	9,446	9,446	⁽⁵⁾ 9,266
Shareholders' equity/NA	67,537	68,150	71,399	76,738	85,567
Non-controlling interests	(5,091)	(5,091)	(5,091)	(5,091)	(5,091)
Total equity	62,446	63,059	66,308	71,647	80,476
No. of Shares in issue ('000)	[^] 464,971	[^] 475,183	477,641	566,622	736,609
NA per Share (RM)	0.15	0.14	0.15	0.14	0.12
Total borrowings* (RM'000)	213,834	213,834	213,834	213,834	⁽⁶⁾ 213,604
Deposits, cash and bank balances (RM'000)	53,201	53,814	57,063	62,402	⁽⁴⁾ ⁽⁵⁾ 71,001
Net borrowings (RM'000) ⁽⁷⁾	160,633	160,020	156,771	151,432	142,603
Net gearing ratio (times)	2.38	2.35	2.20	1.97	1.67

Notes:-

[^] Excluding 2,457,602 treasury shares held by our Company.

* Comprising bonds, term loans and lease liabilities.

(1) After adjusting for the exercise of 10,211,900 Warrants D at the exercise price of RM0.06 per Warrant D.

(2) Assuming the resale of 2,457,602 treasury shares held by our Company as at 30 October 2024 at the respective acquisition cost.

(3) Assuming the 88,981,468 outstanding Warrants D are fully exercised at an exercise price of RM0.06 per Warrant D prior to the implementation of the Proposed Private Placement.

(4) Based on the illustrative issue price of RM0.053 per Placement Share.

(5) After deducting the estimated expenses pertaining to the Proposed Private Placement amounting to approximately RM0.18 million.

(6) After adjusting for the utilisation of proceeds pursuant to the Proposed Private Placement of which RM0.23 million is earmarked for the repayment of bank borrowings.

(7) Computed by deducting deposits, cash and bank balances from the total borrowings.

5.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Private Placement on the shareholdings of our substantial shareholders are set out below:-

Minimum Scenario

	As at 30 October 2024				Pro forma I After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
LWC Capital Sdn Bhd	126,656,503	26.65	-	-	(4)174,174,854	28.20	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(3)126,875,549	26.70	-	-	(3)174,393,900	28.23

Notes:-

- (1) Based on the existing issued share capital comprising 475,183,513 Shares (excluding 2,457,602 treasury shares held by our Company) as at 30 October 2024.
- (2) Based on the enlarged issued share capital comprising 617,738,566 Shares (excluding 2,457,602 treasury shares held by our Company) after the implementation of the Proposed Private Placement.
- (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(1)(c) of the Act.
- (4) Assuming LWC Capital Sdn Bhd subscribes for up to 47,518,351 Placement Shares under the Proposed Private Placement.

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Maximum Scenario

	As at 30 October 2024				Pro forma I Assuming all treasury shares are resold to the open market			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
LWC Capital Sdn Bhd	126,656,503	26.65	-	-	126,656,503	26.52	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(6)126,875,549	26.70	-	-	(6)126,875,549	26.56
	Pro forma II After pro forma I and assuming full exercise of Warrants D ⁽³⁾				Pro forma III After pro forma II and the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(4)%	No. of Shares	(4)%	No. of Shares	(5)%	No. of Shares	(5)%
LWC Capital Sdn Bhd	132,476,028	23.38	-	-	(7)189,138,286	25.68	-	-
Mejar (K) Datuk Wira Lee Wah Chong	530,000	0.09	(6)132,749,834	23.43	530,000	0.07	(6)189,412,092	25.71

Notes:-

- (1) Based on the existing issued share capital comprising 475,183,513 Shares (excluding 2,457,602 treasury shares held by our Company) as at 30 October 2024.
- (2) Based on the issued share capital comprising 477,641,115 Shares assuming all 2,457,602 treasury shares held by our Company as at 30 October 2024 are resold to the open market at their respective acquisition cost.
- (3) The direct and indirect Warrants D holdings of our substantial shareholders as at 30 October 2024 are as follows:-

Substantial shareholders	Direct		Indirect	
	No. of Warrants D			
LWC Capital Sdn Bhd	5,819,525	-	-	-
Mejar (K) Datuk Wira Lee Wah Chong	530,000	^5,874,285	-	-

Note:-

- ^ Deemed interested by virtue of his shareholdings in LWC Capital Sdn Bhd pursuant to Section 8 of the Act and the Warrant D holdings of his son and daughter.
- (4) Based on the enlarged issued share capital comprising 566,622,583 Shares assuming all 88,981,468 outstanding Warrants D are exercised prior to the implementation of the Proposed Private Placement.
- (5) Based on the enlarged issued share capital comprising 736,609,357 Shares after the implementation of the Proposed Private Placement.
- (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(1)(c) of the Act.
- (7) Assuming LWC Capital Sdn Bhd subscribes for up to 56,662,258 Placement Shares under the Proposed Private Placement.

5.4 Earnings and EPS

The Proposed Private Placement is not expected to have any material effect on the earnings of our Group for the FYE 30 September 2025. However, there will be a corresponding dilution in the EPS of our Group as a result of the increase in the number of Digistar Shares issued pursuant to the Proposed Private Placement.

Nevertheless, the Proposed Private Placement is expected to contribute positively to the future earnings of our Group when the benefits arising from the proposed utilisation of proceeds as set out in **Section 2.6** of this Circular are realised.

5.5 Existing convertible securities

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

The Proposed Private Placement will not give rise to any adjustments to the exercise price and/or number of outstanding Warrants C and Warrants D pursuant to the Deed Poll C and Deed Poll D respectively.

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 2023 and the unaudited 9-month FPE 30 June 2024 are as follows:-

	Audited FYE 30 September			Unaudited
	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	9-month FPE 30 June 2024 (RM'000)
Revenue ⁽¹⁾	39,158	49,886	47,613	34,368
(LBT)/PBT	(7,956)	(2,026)	274	(3,108)
LAT ⁽¹⁾	(8,299)	(4,614)	(1,944)	(3,193)
LAT attributable to the owners of our Company	(6,665)	(5,244)	(2,426)	(3,445)
(Accumulated losses)/Retained earnings	(54,543)	⁽²⁾ 10,212	9,446	6,001
NA	66,168	60,924	67,538	64,633
Total borrowings*	247,114	229,983	213,834	215,164
Gearing (times)	3.73	3.77	3.17	3.33
No. of Shares in issue^ ('000)	1,041,543	⁽³⁾ 347,179	⁽⁴⁾ 464,971	473,976
Basic loss per Share [#] (sen)	(0.64)	(1.51)	(0.52)	(0.73)
NA per Share (sen)	6.35	17.55	14.53	13.64
Current ratio (times)	2.05	1.72	1.78	1.73
Net cash inflow from operating activities	29,137	30,003	23,622	11,244

Notes:-

* Comprising bonds, term loans and lease liabilities.

For information purposes, the total outstanding bonds of our Group as at 30 June 2024 stood at RM207.49 million, of which RM179.19 million are long term bonds and RM28.30 million are short term bonds. Further details of the outstanding bonds of our Group are set out as follows:-

Type of bonds	Fixed Rate Serial Bonds	Subordinated Bonds	Unrated Fixed Rate Serial Bonds
Name of issuer	Indera Persada Sdn Bhd (our 70%-owned subsidiary)		Jaya Persada Sdn Bhd (our wholly-owned subsidiary)
Issuance date	5 September 2013		13 March 2018
Nominal value	RM280 million	RM15 million	RM80 million
Tenure	10 – 15 years	15 years	12 – 14 years
Maturity	September 2023 to September 2028	September 2028	April 2030 to April 2032
Coupon rates	4.00% – 5.00% per annum	16.00% per annum	6.80% – 7.00% per annum
Coupon frequency	Semi-annual		Semi-annual
Purpose of financing	To finance the construction of a training institute in Malacca for the Ministry of Works under an 18-year concession agreement with the Government of Malaysia		To finance (i) the expansion and refurbishment of Imperial Heritage Hotel Melaka and (ii) the design and construction of Wisma Digistar

Further, the lease liabilities of our Group relates to the lease of buildings and motor vehicles by our Group.

^ Excluding treasury shares.

Computed based on LAT attributable to the owners of our Company divided by number of Shares in issue.

(1) The revenue and LAT of our Group by business segments for the past 3 financial years up to the FYE 30 September 2023 and the unaudited 9-month FPE 30 June 2024 are as follows:-

Business segments	Audited FYE 30 September			Unaudited
	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	9-month FPE 30 June 2024 (RM'000)
Revenue				
System integration	20,223	11,658	8,984	4,327
Rental	107	107	101	76
Hospitality	8,031	14,133	16,138	11,878
Concession	29,020	26,530	25,258	17,978
Investment holding	^	-	-	135
Eliminations	(18,223)	(2,542)	(2,868)	(26)
Total	39,158	49,886	47,613	34,368
LAT				
System integration	(895)	(1,797)	(2,433)	(3,191)
Rental	(573)	(14,919)	(1,276)	(394)
Hospitality	(5,702)	(2,864)	(339)	(1,511)
Concession	(4,207)	1,305	2,362	2,484
Investment holding	(8,012)	(20,568)	(3,695)	(430)
Eliminations	11,090	34,229	3,437	(151)
Total	(8,299)	(4,614)	(1,944)	(3,193)

Note:-

^ Negligible.

(2) 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 Act) on 12 July 2022.

(3) After the completion of the consolidation of every 3 existing Digistar Shares into 1 Digistar Share on 31 May 2022.

- (4) *After the completion of the Private Placement 2022 (refer to **Section 5 of Appendix I** of this Circular) on 12 January 2023 and the exercise of 3,638,451 and 10,000,000 Warrants D on 8 August 2023 and 11 August 2023 respectively.*

Commentary on past performance

(i) 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 RM14.13 million (driven by the recovery of hospitality industry following the upliftment of travelling restrictions) recorded in the FYE 2022 as compared to revenue of approximately RM8.03 million recorded in the previous financial year.

Our Group 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 the hospitality segment from approximately RM8.03 million in the FYE 2021 to approximately RM14.13 million in the FYE 2022;
- (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 RM4.61 million in the FYE 2022, representing a decrease of approximately 44.46% or RM3.69 million, as compared to the LAT of approximately RM8.30 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). The hospitality segment recorded a lower LAT of approximately RM2.86 million in the FYE 2022, representing a decrease of approximately 49.82% or RM2.84 million as compared to the LAT of approximately RM5.70 million recorded in the previous financial year.

The net cash from operating activities for our Group amounting to approximately RM30.0 million for the FYE 2022, reflects our ability to generate cash from our core business operations despite our Group incurring a net loss of approximately RM4.61 million, highlighting the resilience of our core operations. The positive operating cash flow was mainly attributable to the factoring of the following key adjustments:-

- (a) changes in working capital of approximately RM11.86 million;
- (b) non-cash expenses, in particular, depreciation of approximately RM1.94 million for property, plant and equipment and amortisation of approximately RM1.82 million for deferred bond payments;
- (c) impairment of approximately RM1.87 million for trade receivables; and
- (d) interest expenses of approximately RM14.99 million.

(ii) Audited FYE 30 September 2023 (“FYE 2023”)

Our Group recorded lower revenue of approximately RM47.61 million in the FYE 2023, representing a decrease of approximately 4.57% or RM2.28 million, as compared to the revenue of approximately RM49.89 million recorded in the previous financial year.

The decrease in revenue was mainly attributed to the decrease in revenue contribution from the system integration segment of our Group of approximately RM8.98 million recorded in the FYE 2023 as compared to revenue of approximately RM11.66 million recorded in the FYE 2022 due to lower project margin and lower number of extra-low voltage (ELV) system projects secured during the financial year as a result of increased competition within the market.

Our Group recorded a PBT of approximately RM0.27 million in the FYE 2023 as compared to the LBT of approximately RM2.03 million recorded in the previous financial year. This was mainly due to the following:-

- (a) decrease in impairment losses arising from the trade receivables and other receivables from approximately RM1.98 million in the FYE 2022 to approximately RM0.45 million in the FYE 2023; and
- (b) increase in interest income earned from deposits with licensed banks from approximately RM0.66 million in the FYE 2022 to approximately RM1.12 million in the FYE 2023.

Our Group recorded a lower LAT of approximately RM1.94 million in the FYE 2023, representing a decrease of approximately 57.92% or RM2.67 million, as compared to the LAT of approximately RM4.61 million recorded in the previous financial year. The decrease in LAT was mainly attributable to the increase in revenue and improved profits from the hospitality segment which has recorded improved occupancy rates in the FYE 2023 following the recovery from the coronavirus disease 2019 (COVID-19) pandemic. The hospitality segment recorded a lower LAT of approximately RM0.34 million in the FYE 2023, representing a decrease of approximately 88.11% or RM2.52 million as compared to the LAT of approximately RM2.86 million in the previous financial year.

Our Group was able to generate net cash inflow of approximately RM23.62 million from our operating activities, which reflects our continued ability to generate cash from core operations albeit our net loss position. The lower net cash inflow of approximately RM23.62 million (as compared to the RM30.0 million achieved in the previous financial year) was mainly attributable to the factoring of the following key adjustments:-

- (a) changes in working capital of approximately RM7.15 million;
- (b) non-cash expenses, in particular, depreciation of approximately RM1.75 million for property, plant and equipment and depreciation of approximately RM1.88 million for right-of-use assets;
- (c) impairments of approximately RM0.98 million and RM0.33 million relating to investment properties and trade receivables respectively; and
- (d) interest expenses of approximately RM14.32 million.

(iii) Unaudited 9-month FPE 30 June 2024 ("FPE 2024")

Our Group recorded a lower revenue of approximately RM34.37 million for the FPE 2024, representing a decrease of approximately 5.13% or RM1.86 million, as compared to the revenue of approximately RM36.23 million recorded in the corresponding financial period. The decrease in revenue was mainly attributed to the following:-

- (a) lower revenue generated from the concession and construction segment of our Group of approximately RM17.98 million in the FPE 2024 as compared to the revenue of approximately RM18.96 million recorded in the corresponding financial period; and
- (b) lower revenue generated from the hospitality segment of our Group of approximately RM11.88 million in the FPE 2024 as compared to the revenue of approximately RM12.28 million recorded in the corresponding financial period.

Given the lower revenue recorded in the FPE 2024, our Group recorded a LBT of approximately RM3.11 million in the FPE 2024, as compared to the PBT of approximately RM0.38 million recorded in the corresponding financial period.

Our Group recorded a LAT of approximately RM3.19 million in the FPE 2024 as compared to the profit after tax of approximately RM0.30 million recorded in the corresponding financial period. This was mainly attributable to the decline in profitability from our system integration and hospitality segments, which recorded a higher LAT of approximately RM3.19 million and RM1.51 million respectively in the FPE 2024 as compared to the LAT of system integration segment of approximately RM0.58 million and LAT of hospitality segment of approximately RM1.36 million recorded in the corresponding financial period.

Our Group recorded net cash inflow from operating activities of approximately RM11.24 million in the FPE 2024. This was mainly attributable to the factoring of the following key adjustments:-

- (a) changes in working capital of approximately RM3.34 million; and
- (b) non-cash expenses, in particular, depreciation and amortisation of assets of approximately RM1.10 million.

7. VALUE CREATION FROM THE PROPOSED PRIVATE PLACEMENT TO OUR GROUP AND SHAREHOLDERS

Our Company had explored various financing options, including but not limited to debt financing. Given the high gearing ratio of our Group, our Company had decided that the Proposed Private Placement is the most appropriate and expedient avenue to raise funds for the purposes set out in **Section 2.6** of this Circular. Further, as set out in **Section 3** of this Circular, our Board considers the Proposed Private Placement to be more expedient as compared to other larger-scale equity fund-raising exercises such as a rights issue, given that the placement exercise may be implemented within a shorter time period (as opposed to the implementation time period of a rights issue). In respect thereof, our Group will be able to raise necessary funds for the intended purposes on an expedient basis via the placement route.

The Proposed Private Placement will also serve as an additional source of funding for the business expansion of our Group without incurring interest expenses as compared to conventional means of debt financing. The Proposed Private Placement will also strengthen the capital structure of our Group by increasing the capital base of our Company. The Proposed Private Placement is expected to raise up to approximately RM9.01 million (based on an illustrative issue price of RM0.053 per Placement Share and on the Maximum Scenario) and shall be utilised towards, amongst others, the business expansion on the provision of internet television services segment of our Group and repayment of bank borrowings.

For illustration purposes only, should the requisite funds of up to approximately RM8.83 million be raised (after deducting estimated expenses of RM0.18 million in relation to the Proposed Private Placement) through bank borrowings, we would incur additional finance costs of approximately RM0.62 million per annum (based on our current average interest rate of 7.06% per annum). Therefore, the Proposed Private Placement will allow us to preserve funds for our business operation as opposed to incurring additional finance costs.

In addition, the Proposed Private Placement will provide an opportunity for the introduction of new investors to participate in the equity of our Company, our future prospects and growth as well as broadening the shareholding base of our Company.

8. IMPACT OF THE PROPOSED PRIVATE PLACEMENT TO OUR GROUP AND SHAREHOLDERS

The financial impact of the Proposed Private Placement to our Company and our shareholders as highlighted in **Section 5** of this Circular will increase the NA of our Group from approximately RM67.54 million to approximately RM85.57 million upon the completion of the Proposed Private Placement under the Maximum Scenario. The increase in NA position will strengthen the capital base of our Group and result in a lower gearing ratio. For illustration purposes, after taking into consideration the increase in NA position, our Group's net gearing ratio is expected to improve from 2.38 times to 1.67 times. Notwithstanding the improvements in NA and net gearing, the NA per Share of our Group is expected to decrease from RM0.15 to RM0.12 upon the completion of the Proposed Private Placement under the Maximum Scenario due to the increase in the total number of Shares in issue.

The enlarged issued share capital of our Group will increase shareholders' equity and enhance the overall financial position of our Group. Nevertheless, the increase in the total number of Shares in issue arising from the Proposed Private Placement will have a dilutive impact on the EPS of our Group, in the event the earnings of our Group does not increase in line with the increased number of Digistar Shares to be issued pursuant to the Proposed Private Placement.

9. THE ADEQUACY OF THE PROPOSED PRIVATE PLACEMENT IN ADDRESSING OUR COMPANY'S FINANCIAL CONCERNS

Our Board is of the view that the Proposed Private Placement serves as a measure to meet our Group's immediate business expansion needs in the short-term without relying on conventional debt financing (which will result in higher finance costs to be incurred).

Premised on the above, our Board believes that the Proposed Private Placement will be beneficial to our Group and our shareholders, and is deemed adequate in addressing our Group's current financial concerns. The proceeds to be raised from the Proposed Private Placement will also serve to support our Company in improving our financial position. In addition, our Board will also continue to explore, assess and evaluate all other suitable funding proposals for our Group's long term financial requirements, which may include our Group undertaking a rights issue with a larger quantum of proceeds to be raised or issuance of debt securities to sufficiently address the current financial position of our Group.

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

We have undertaken several initiatives to improve our financial condition, which includes, amongst others:-

- (i) the continuous efforts to reduce our Group's 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 limiting the hiring of new employees for its existing business segments (save for the provision of internet television services segment) and focusing on reallocation of human resources to cater for key operational areas within its existing segments where our employees are able to adapt and deem suited for the newly assigned roles), with the aim to strengthen the financial position and cash flow of our Group. This strategy has proven effective, allowing us to optimise human resources within each business segment. However, for our Panorama TV venture, this strategy is less applicable, as the expertise and experience required in this area differ significantly from those within our current workforce;

- (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 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; and
- (iii) our Company had ventured into the provision of internet television services business to provide internet television services to the hospitality and residential sectors through collaboration with MNC Group. This in turn would potentially translate to a growth in earnings for our Group.

11. 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 November 2023 to October 2024 are as follows:-

	High (RM)	Low (RM)
<u>2023</u>		
November	0.065	0.060
December	0.075	0.060
<u>2024</u>		
January	0.090	0.065
February	0.080	0.060
March	0.070	0.060
April	0.070	0.055
May	0.060	0.045
June	0.070	0.050
July	0.065	0.055
August	0.060	0.050
September	0.060	0.050
October	0.060	0.045
Last transacted market price of Digistar Shares as at 23 September 2024, being the last trading date prior to the announcement of the Proposed Private Placement (RM)		0.050
Last transacted market price of Digistar Shares as at the LPD (RM)		0.055

(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 November 2023 to October 2024 are as follows:-

	High (RM)	Low (RM)
<u>2023</u>		
November	0.020	0.015
December	0.020	0.020
<u>2024</u>		
January	0.025	0.020
February	0.020	0.015
March	0.015	0.010
April	0.015	0.015
May	0.020	0.010
June	0.015	0.015
July	0.020	0.015
August	0.020	0.015
September	0.020	0.010
October	0.010	0.010
Last transacted market price of Warrants C as at 23 September 2024, being the last trading date prior to the announcement of the Proposed Private Placement (RM)		0.010
Last transacted market price of Warrants C as at the LPD (RM)		0.010

(Source: Bloomberg)

The monthly highest and lowest transacted market prices of Warrants D as traded on Bursa Securities for the past 12 months preceding the date of this Circular from November 2023 to October 2024 are as follows:-

	High (RM)	Low (RM)
<u>2023</u>		
November	0.035	0.025
December	0.035	0.025
<u>2024</u>		
January	0.055	0.030
February	0.045	0.035
March	0.045	0.030
April	0.035	0.025
May	0.030	0.025
June	0.035	0.025
July	0.035	0.025
August	0.035	0.010
September	0.030	0.020
October	0.020	0.015
Last transacted market price of Warrants D as at 23 September 2024, being the last trading date prior to the announcement of the Proposed Private Placement (RM)		0.020
Last transacted market price of Warrants D as at the LPD (RM)		0.015

(Source: Bloomberg)

12. APPROVALS REQUIRED/OBTAINED AND CONDITIONALITY

The Proposed Private Placement is subject to and conditional upon the following approvals being obtained:-

- (i) Bursa Securities for the listing of and quotation for up to 169,986,774 Placement Shares on the Main Market of Bursa Securities.

The approval of Bursa Securities was obtained vide its letter dated 22 October 2024 and is subject to the following conditions:-

Condition(s)	Status of compliance
(a) confirmation by UOBKH on the compliance of at least 25% of the public shareholding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements upon the listing and quotation of the Placement Shares;	To be complied
(b) UOBKH and Digistar must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be complied
(c) Digistar to furnish Bursa Securities with the certified true copy of the resolution passed by the shareholders at the EGM approving the Proposed Private Placement;	To be complied
(d) UOBKH to inform Bursa Securities upon the completion of the Proposed Private Placement;	To be complied
(e) UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and	To be complied
(f) payment of additional 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.	To be complied

- (ii) our shareholders for the Proposed Private Placement and the proposed allocation of up to 56,662,258 Placement Shares to LWC Capital Sdn Bhd at the forthcoming EGM; and
- (iii) any other relevant authorities, if required.

The Proposed Private Placement is not conditional upon any other corporate exercises undertaken or to be undertaken by Digistar.

13. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

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

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

Save for the Interested Persons (as defined and disclosed below), none of the Directors, major shareholders, chief executive of our Company and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Private Placement:-

- (i) LWC Capital Sdn Bhd, our major shareholder is deemed interested in the Proposed Private Placement by virtue of it being the placee of the Proposed Private Placement;
- (ii) Mejar (K) Datuk Wira Lee Wah Chong, our Group Managing Director and major shareholder is deemed interested in the Proposed Private Placement by virtue of his directorship and shareholdings in LWC Capital Sdn Bhd. He is the father of Lee Jin Jean and Lee Chun Szen and the brother of Lee Mey Ling;
- (iii) Lee Jin Jean, our Executive Director and shareholder is deemed interested in the Proposed Private Placement by virtue of her directorship and shareholdings in LWC Capital Sdn Bhd. She is the daughter of Mejar (K) Datuk Wira Lee Wah Chong, sister of Lee Chun Szen and niece of Lee Mey Ling;
- (iv) Lee Chun Szen, our Executive Director and shareholder is deemed interested in the Proposed Private Placement by virtue of his shareholdings in LWC Capital Sdn Bhd. He is the son of Mejar (K) Datuk Wira Lee Wah Chong, brother of Lee Jin Jean and nephew of Lee Mey Ling; and
- (v) Lee Mey Ling, our Executive Director and shareholder is deemed interested in the Proposed Private Placement by virtue of her directorship in LWC Capital Sdn Bhd. She is the sister of Mejar (K) Datuk Wira Lee Wah Chong and aunt of Lee Jin Jean and Lee Chun Szen.

(LWC Capital Sdn Bhd, Mejar (K) Datuk Wira Lee Wah Chong, Lee Jin Jean, Lee Chun Szen and Lee Mey Ling are collectively referred to as the “**Interested Shareholders**”. Mejar (K) Datuk Wira Lee Wah Chong, Lee Jin Jean, Lee Chun Szen and Lee Mey Ling are collectively referred to as the “**Interested Directors**”. The Interested Shareholders and Interested Directors are collectively referred to as the “**Interested Parties**”).

The direct and indirect shareholdings of the Interested Parties in Digistar as at 30 October 2024 are as follows:-

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
LWC Capital Sdn Bhd	126,656,503	26.65	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	⁽¹⁾ 126,875,549	26.70
Lee Jin Jean	109,523	0.02	-	-
Lee Chun Szen	109,523	0.02	-	-
Lee Mey Ling	83,333	0.02	-	-

Note:-

- (1) *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.*

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings in relation to the Proposed Private Placement. The Interested Parties will also abstain from voting, in respect of their direct and/or indirect shareholdings in our Company on the resolutions pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

In addition, the Interested Parties have undertaken to ensure that all persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolutions pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

15. DIRECTORS' STATEMENT/RECOMMENDATION

Our Board (save for the Interested Directors), having considered all aspects of the Proposed Private Placement, including but not limited to the rationale and justification as well as the financial effects of the Proposed Private Placement as set out in **Section 3** and **Section 5** of this Circular respectively, is of the opinion that the Proposed Private Placement is in the best interest of our Company.

Accordingly, our Board (save for the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposed Private Placement to be tabled at the forthcoming EGM.

16. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Proposed Private Placement is expected to be completed by the 4th quarter of 2024.

17. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Imperial Heritage Hotel Melaka, No. 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia on Thursday, 21 November 2024 at 10.00 a.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without any modifications to the resolutions to give effect to the Proposed Private Placement.

If you are unable to attend, speak and vote in person at the EGM, please complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, which Proxy Form shall be deposited at our registered office at Unit No. EL-11-01, Amcorp Business Suite, Menara Melawangi, Pusat Perdagangan Amcorp, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, 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.

18. 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 the Board of
DIGISTAR CORPORATION BERHAD

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

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY OUR COMPANY

Our Company has undertaken the following equity fund-raising exercises since 2016 up to the LPD:-

1. 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) ("**Private Placement 2016**") 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	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Working capital ⁽¹⁾	Within 24 months from receipt of funds	3,613 (minimum scenario) and 6,727 (maximum scenario)	2,381	⁽³⁾ 2,452
Partial repayment of term loans ⁽²⁾	Within 12 months from receipt of funds	4,000	4,000	4,000
Estimated expenses in relation to the Private Placement 2016 ⁽³⁾	Upon the completion of the Private Placement 2016	140	140	69
Total		7,753 (minimum scenario) and 10,867 (maximum scenario)	6,521	6,521

Notes:-

- (1) The proceeds of approximately RM2.45 million has been fully utilised for the working capital requirements of our Group (all of which were channelled towards the repayment to trade and other creditors (which include payments to contractors, suppliers and consultants)).
- (2) The proceeds of RM4.00 million has been fully utilised for the partial repayment of our Group's 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 channelled 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.

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY OUR COMPANY (CONT'D)
2. 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) ("**Private Placement 2017**") 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 set out below:-

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 ⁽¹⁾	Within 3 months from receipt of funds	3,700	3,700	3,700
Expansion of central monitoring security services segment ⁽²⁾	Within 12 months from receipt of funds	4,485 (minimum scenario) and 5,625 (maximum scenario)	4,402	4,402
Estimated expenses in relation to the Private Placement 2017 ⁽³⁾	Upon the completion of the Private Placement 2017	100	100	100
Total		8,285 (minimum scenario) and 9,425 (maximum scenario)	8,202	8,202

Notes:-

- (1) The proceeds of RM3.70 million has been fully utilised for the partial repayment of our Group's 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 Group's 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)
(a)	Setup cost for additional sales and support centres	Up to 1,320	1,000	1,000
(b)	Purchase of inventory for central monitoring security systems	Up to 2,400	2,400	2,400
(c)	Installation of software and hardware for central monitoring station command centres and implementation of customer relationship management ("CRM") system	Up to 1,900	1,002	1,002
	Total	Up to 5,620	4,402	4,402

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY OUR COMPANY (CONT'D)

- (a) *The proceeds of 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 commenced operations in the same year.*
- (b) *The proceeds of RM2.40 million has been fully utilised to purchase inventory products of the security systems for our Group's additional sales and support centres upon full operation in 2018.*
- (c) *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 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.

3. 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 Digistar Shares (excluding treasury shares) ("**Private Placement 2020**") 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 set out below:-

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

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY OUR COMPANY (CONT'D)
Notes:-

- (1) The proceeds of approximately RM1.23 million has been utilised for our Group's central monitoring system ("CMS") business expansion in the following manner:-

Item	Details of utilisation	Proposed utilisation (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
(a)	Upgrading of CMS	1,500	300	300
(b)	Expansion of CMS command centre	1,200	331	331
(c)	Marketing and advertising	600	600	600
	Total	3,300	1,231	1,231

- (a) The proceeds of approximately RM0.30 million has been fully utilised to upgrade our Company's CMS (also commercially known as Panther 911) 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 by applying AI technology (i.e. data mining/sorting, predictive modelling and anomaly detection).
- (b) 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 operations and administrative expenses.
- (c) The proceeds of RM0.60 million has been fully utilised on 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 channelled towards the repayment to trade creditors and suppliers).
- (3) The proceeds of 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 issued to our shareholders dated 26 February 2020 for further details of the Private Placement 2020.

4. Rights Issue 2021

Our Company had, on 10 February 2021, announced to undertake the proposed rights issue of up to 287,518,911 new Digistar Shares ("**Rights Share(s)**") on the basis of 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 Rights Share subscribed by the entitled shareholders ("**Rights Issue 2021**"). A total of 260,384,403 Rights Shares were issued at the issue price of RM0.05 per Rights 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.

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY OUR COMPANY (CONT'D)

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 (RM'000)
Business expansion of the hospitality segment ⁽¹⁾	Within 24 months from receipt of funds	1,364 (minimum scenario) and 6,076 (maximum scenario)	4,719	⁽¹⁾ -
Working capital ⁽²⁾	Within 12 months from receipt of funds	1,600 (minimum scenario) and 5,800 (maximum scenario)	5,800	⁽¹⁾⁽⁴⁾ 10,709
Repayment of bank borrowings ⁽³⁾	Within 3 months from receipt of funds	Up to 2,000	2,000	2,000
Estimated expenses in relation to the Rights Issue 2021 ⁽⁴⁾	Within 1 month from receipt of funds	500	500	⁽⁴⁾ 310
Total		3,464 (minimum scenario) and 14,376 (maximum scenario)	13,019	13,019

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:-
- acquisition of suitable properties which are strategically located in Wilayah Persekutuan, Selangor, Melaka or such other locations that our Management deems strategic for our hospitality operations;
 - potential partnership/joint venture with strategic partners to jointly acquire, refurbish, rebrand and operate the new hotel; or
 - 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 our Group.
- However, our Management was unable to identify any strategic acquisitions or implement the 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). Our Management had 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 (which represents approximately 36.25% of the total proceeds raised) was hence subsequently channelled towards working capital (in accordance with the utilisation of proceeds as disclosed in the circular issued to our shareholders dated 12 March 2021) and was fully utilised in June 2023.
- (2) The proceeds of approximately RM10.71 million (which includes the balance unutilised proceeds of approximately RM4.72 million reallocated from the proceeds allocated for the Hospitality Business Expansion Plans) 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).
- (3) The proceeds of RM2.00 million has been fully utilised for the partial repayment of our Group's bank borrowings, resulting in interest savings of approximately RM0.12 million based on an interest rate of 5.81% per annum.

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY OUR COMPANY (CONT'D)

- (4) *The proceeds of approximately RM0.31 million has been utilised for the estimated expenses in relation to the Rights Issue 2021 which consist of professional fees (i.e. principal adviser, solicitors, company secretary and share registrar), fees payable to authorities and contingencies and other incidental expenses in relation to the Rights Issue 2021. Given that 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 channelled to working capital and was fully utilised.*

For clarification purposes, save for the proceeds of approximately RM4.72 million earmarked for the Hospitality Business Expansion Plans 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 issued to our shareholders dated 12 March 2021 and the abridged prospectus of Digistar dated 3 May 2021 for further details of the Rights Issue 2021.

5. Private Placement 2022

Our Company had, on 18 October 2022, announced to undertake the proposed private placement of up to 30% of the total number of issued Digistar Shares (excluding treasury shares) ("**Private Placement 2022**") and has placed out 104,153,806 new Digistar Shares at an issue price of RM0.063 per new Digistar 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 is set out below:-

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Working capital ⁽¹⁾	Within 12 months from receipt of funds	6,174 (minimum scenario) and 6,240 (maximum scenario)	3,362	3,389
Repayment of bank borrowings ⁽²⁾	Within 12 months from receipt of funds	3,000	3,000	3,068
Estimated expenses for the Private Placement 2022 ⁽³⁾	Within 1 month from receipt of funds	200	200	105
Total		9,374 (minimum scenario) and 9,440 (maximum scenario)	6,562	6,562

Notes:-

- (1) *The proceeds of approximately RM3.39 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).*
- (2) *The proceeds of approximately RM3.07 million has been fully utilised for the partial repayment of our Group's bank borrowings, resulting in interest savings of approximately RM0.18 million based on an interest rate of 5.81% per annum.*
- (3) *The proceeds of approximately RM0.11 million has been fully utilised for the estimated expenses in relation to the Private Placement 2022 which 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, 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 issued to our shareholders dated 25 November 2022 for further details of the Private Placement 2022.

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 Principal Adviser for the Proposed Private Placement, 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 Principal Adviser to our Company for the Proposed Private Placement.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither our Company nor our Group is engaged in any other material litigation, claims or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position or the business of our Group, and our Board does not have any knowledge 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.

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.

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
Unsecured:-	
Corporate guarantee given by our Company to our subsidiary's suppliers to guarantee payment primarily for the purchase of construction materials ⁽¹⁾	550,285
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	180,000
Total	730,285

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.*

FURTHER INFORMATION (CONT'D)

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Unit No. EL-11-01, Amcorp Business Suite, Menara Melawangi, Pusat Perdagangan Amcorp, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, 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 2023;
- (iii) the unaudited consolidated financial statements of our Group for the 9-month FPE 30 June 2024; and
- (iv) the letter of consent and declaration of conflict of interest referred to in **Sections 2 and 3** of this **Appendix II**.

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DIGISTAR CORPORATION BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) of Digistar Corporation Berhad (“**Digistar**” or the “**Company**”) will be held at Imperial Heritage Hotel Melaka, No. 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia on Thursday, 21 November 2024 at 10.00 a.m., or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED PRIVATE PLACEMENT OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF DIGISTAR (“PROPOSED PRIVATE PLACEMENT”)

“**THAT**, subject to all approvals being obtained from all relevant authorities and/or parties, if applicable, approval and authority are hereby given to the Board of Directors of the Company (“**Board**”) to issue and allot up to 169,986,774 new ordinary shares in Digistar (“**Digistar Share(s)**” or “**Share(s)**”) (“**Placement Share(s)**”), representing up to approximately 30% of the total number of issued Digistar Shares;

THAT, approval be and is hereby given to the Board to determine the issue price for each tranche of the Placement Shares at a later date based on a discount of not more than 10% to the 5-day volume weighted average market price (“**VWAP**”) of Digistar Shares up to and including the last trading day immediately prior to the price-fixing date for each tranche;

THAT, the Placement Shares shall, upon allotment and issuance, rank equally in all respects with the existing Digistar Shares, save and except that the holders of the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of the said Placement Shares;

THAT, the Board be and is hereby authorised to utilise the proceeds raised from the Proposed Private Placement for such purposes and in such manner as set out in **Section 2.6** of the circular to shareholders dated 6 November 2024 (“**Circular**”) and the Board be and is hereby 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, or in the best interest of the Company, subject to the approval of the relevant authorities (where required);

AND THAT, the Board be and is hereby authorised to take all necessary steps to give effect to the Proposed Private Placement 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 Private Placement.”

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION OF UP TO 56,662,258 PLACEMENT SHARES TO LWC CAPITAL SDN BHD (“PROPOSED ALLOCATION”)

“**THAT** subject to the passing of Ordinary Resolution 1 and approvals being obtained from all relevant authorities and/or parties (where required), approval and authority are hereby given to the Board (save for the interested Directors) at any time and from time to time to allot and issue up to 56,662,258 Placement Shares to LWC Capital Sdn Bhd, being the major shareholder of Digistar, at an issue price of not more than 10% discount to the 5-day VWAP of Digistar Shares immediately preceding the price-fixing date.”

By Order of the Board,
DIGISTAR CORPORATION BERHAD

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

Selangor Darul Ehsan
6 November 2024

Notes:-

1. For the purpose of determining a member who shall be entitled to attend and vote at the EGM, the Company shall be requesting the Record of Depositors as at 15 November 2024. Only a depositor whose name appears on the Record of Depositors as at 15 November 2024 shall be entitled to attend and vote at the said EGM as well as for appointment of proxy(ies) to attend and vote in his/her stead.
2. A member entitled to attend, speak and vote at the EGM 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 (1) 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 (1) 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 Unit No. EL-11-01, Amcorp Business Suite, Menara Melawangi, Pusat Perdagangan Amcorp, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan or alternatively, to submit the Proxy Form electronically via TIIH Online at <https://tiih.online> not less than twenty-four (24) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of Proxy Form.
7. If the appointer is a corporation, the Proxy Form shall be executed under its common seal or under the hand of its officer or attorney duly authorised. If you are a corporate member which has a common seal, this 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 two (2) authorised officers, of whom one (1) shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under 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. _____
(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. _____ Tel 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 (“EGM”) of the Company to be held at Imperial Heritage Hotel Melaka, No. 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka, Malaysia on Thursday, 21 November 2024, at 10.00 a.m. or any adjournment thereof.

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

		FOR	AGAINST
ORDINARY RESOLUTION 1	Proposed Private Placement		
ORDINARY RESOLUTION 2	Proposed Allocation		

(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 _____ 2024

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 EGM, the Company shall be requesting the Record of Depositors as at 15 November 2024. Only a depositor whose name appears on the Record of Depositors as at 15 November 2024 shall be entitled to attend and vote at the said EGM as well as for appointment of proxy(ies) to attend and vote in his/her stead.
- A member entitled to attend, speak and vote at the EGM 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 (1) 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 (1) 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 notarially certified copy of that power or authority shall be deposited at the registered office of the Company at Unit No. EL-11-01, Amcorp Business Suite, Menara Melawangi, Pusat Perdagangan Amcorp, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan or alternatively, to submit the Proxy Form electronically via TIH Online at <https://tih.online> not less than twenty-four (24) hours before the time appointed for holding the EGM or adjourned EGM at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. Please follow the procedures as set out in the Administrative Guide for the electronic lodgement of Proxy Form.
- If you are a corporate member which has a common seal, this 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 two (2) authorised officers, of whom one (1) shall be a director; or
(b) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.
- If this Proxy Form is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading “signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received”. If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading “signed under power of attorney which is still in force, no notice of revocation having been received”. A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Proxy Form.



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Then fold here

AFFIX
STAMP

DIGISTAR CORPORATION BERHAD

COMPANY SECRETARY

SYNERGY PROFESSIONALS GROUP SDN BHD
Unit No. EL-11-01, Amcorp Business Suite
Menara Melawangi, Pusat Perdagangan Amcorp
No. 18, Jalan Persiaran Barat
46050 Petaling Jaya, Selangor Darul Ehsan

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