

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THIS NOTICE IS FOR THE INFORMATION OF THE HOLDERS OF WARRANTS 2013/2023 IN DIGISTAR CORPORATION BERHAD ("DIGISTAR") ("WARRANT(S) B") ONLY ("NOTICE"). NO ACTION IS REQUIRED TO BE TAKEN IN RESPECT OF THIS NOTICE.

If you have sold or transferred all your Warrants B, you should at once hand this Notice to the purchaser or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee, respectively.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Notice prior to its issuance pursuant to Paragraph 2.1(a) of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities and takes no responsibility for the contents of this Notice, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or due to your reliance upon, the whole or any part of the contents of this Notice.



DIGISTAR CORPORATION BERHAD

(Registration No. 200301001232 (603652-K))

(Incorporated in Malaysia)

NOTICE TO HOLDERS OF THE WARRANTS B

IN RELATION TO THE

ADJUSTMENTS TO THE EXERCISE PRICE AND THE NUMBER OF THE OUTSTANDING WARRANTS B IN ACCORDANCE WITH THE PROVISIONS OF THE DEED POLL DATED 4 MARCH 2013 PURSUANT TO THE RENOUNCEABLE RIGHTS ISSUE OF UP TO 287,518,911 NEW ORDINARY SHARES IN DIGISTAR ("DIGISTAR SHARE(S)" OR "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 FREE DETACHABLE WARRANTS ("WARRANT(S) C") ON THE BASIS OF 1 WARRANT C FOR EVERY 1 RIGHTS SHARE SUBSCRIBED BY THE ENTITLED SHAREHOLDERS, AS AT 5.00 P.M. ON MONDAY, 3 MAY 2021 AT AN ISSUE PRICE OF RM0.05 PER RIGHTS SHARE

Prepared by

Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

(Registration No. 199001003423 (194990-K))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Notice is dated 31 May 2021

DEFINITIONS

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

- “Additional Warrants B” : Additional Warrants B to be issued to the existing Warrant B Holders arising from the Adjustments
- “Adjustments” : Adjustments to the Exercise Price and the number of Warrants B made in accordance with the provisions of the Deed Poll B as a result of the Rights Issue with Free Warrants
- “Board” : Board of Directors of Digistar
- “Bursa Depository” : Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
- “Bursa Securities” : Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
- “Deed Poll B” : The deed poll dated 4 March 2013 constituting the Warrants B
- “Digistar” or the “Company” : Digistar Corporation Berhad (Registration No. 200301001232 (603652-K))
- “Digistar Group” or the “Group” : Collectively, Digistar and its subsidiary companies
- “Digistar Share(s) or Share(s)” : Ordinary shares in Digistar
- “Director(s)” : The director(s) of Digistar having the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
- “EGM” : Extraordinary general meeting of the Company held at Platinum Hall, Level 3, Imperial Heritage Hotel Melaka, No 1, Jalan Merdeka 1, Taman Melaka Raya, 75000 Melaka on Monday, 29 March 2021 at 11.00 a.m. in relation to the Rights Issue with Free Warrants
- “Entitled Shareholder(s)” : The shareholders of Digistar whose names appear in the Company’s Record of Depositors on the Entitlement Date
- “Entitlement Date” : Monday, 3 May 2021 at 5.00 p.m. being the date and time on which the Entitled Shareholders of the Company must be registered in Digistar’s Record of Depositors in order to be entitled to the Rights Issue with Free Warrants
- “Exercise Price” : RM0.26, being the price at which 1 Warrant B is exercisable into 1 Digistar Share, subject to such adjustments as may be allowed under the Deed Poll B
- “Listing Requirements” : Main Market Listing Requirements of Bursa Securities, as amended and modified from time to time
- “Market Day(s)” : Any day(s) between Monday to Friday (inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading in securities
- “Notice” : This notice to Warrant B Holders dated 31 May 2021

DEFINITIONS (CONT'D)

“Official List”	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
“Record of Depositors”	:	A record consisting of names of depositors established by Bursa Depository under the Rules of Bursa Depository
“Rights Share(s)”	:	Up to 287,518,911 new Shares to be allotted and issued pursuant to the Rights Issue with Free Warrants
“Rights Issue with Free Warrants”	:	The renounceable rights issue of up to 287,518,911 Rights Shares 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 on the Entitlement Date at an issue price of RM0.05 per Rights Share
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“UHY” or the “Auditor”	:	UHY (Registration No. AF 1411), the auditor of the Company for the financial year ended 30 September 2020
“UOBKH” or the “Adviser”	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
“Warrant(s) B”	:	The outstanding Warrants 2013/2023 issued by the Company pursuant to the Deed Poll B and expiring on 4 April 2023
“Warrant(s) C”	:	Up to 287,518,911 free detachable warrants of Digistar to be allotted and issued pursuant to the Rights Issue with Free Warrants
“Warrant B Holder(s)”	:	Holder(s) of the Warrants B

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 Notice 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 Notice shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the amounts and percentage figures included herein have been subjected to rounding adjustments.

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DIGISTAR CORPORATION BERHAD

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

Registered Office

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

31 May 2021

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>(Senior 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 Warrant B Holders

Dear Sir/Madam,

ADJUSTMENTS TO THE EXERCISE PRICE AND NUMBER OF OUTSTANDING WARRANTS B IN ACCORDANCE WITH THE PROVISIONS OF THE DEED POLL B PURSUANT TO THE RIGHTS ISSUE WITH FREE WARRANTS

1. INTRODUCTION

On 10 February 2021, UOBKH had, on behalf of our Board, announced that our Company proposes to undertake the Rights Issue with Free Warrants.

Subsequently, on 11 March 2021, UOBKH had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated on even date, resolved to approve the following:-

- (i) admission of the Warrants C to the Official List of Bursa Securities;
- (ii) listing of and quotation for the Rights Shares, Warrants C and the new Digistar Shares to be issued arising from the exercise of the Warrants C on the Main Market of Bursa Securities;
- (iii) listing of and quotation for any Additional Warrants B to be issued arising from the Adjustments pursuant to the Rights Issue with Free Warrants on the Main Market of Bursa Securities; and
- (iv) listing of and quotation for the new Digistar Shares to be issued arising from the exercise of any Additional Warrants B on the Main Market of Bursa Securities,

subject to the following conditions:-

Condition(s)		Status of compliance
(i)	Digistar and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Free Warrants;	To be complied
(ii)	Digistar and UOBKH to inform Bursa Securities upon the completion of the Rights Issue with Free Warrants;	To be complied
(iii)	Digistar to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Free Warrants is completed; and	To be complied
(iv)	Digistar to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants C as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 29 March 2021, our shareholders had approved the Rights Issue with Free Warrants at our EGM.

On 16 April 2021, UOBKH had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.05 per Rights Share as well as the exercise price of Warrants C at RM0.10 per Warrant C.

On even date, UOBKH had, on behalf of our Board, announced that the Entitlement Date for the Rights Issue with Free Warrants had been fixed at 5.00 p.m. on Monday, 3 May 2021.

The Rights Shares together with the free Warrants C will be listed on the Main Market of Bursa Securities on 1 June 2021, therefore marking the completion of the Rights Issue with Free Warrants.

THE PURPOSE OF THIS NOTICE IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION PERTAINING TO THE ADJUSTMENTS. NO ACTION IS REQUIRED TO BE TAKEN BY YOU IN RESPECT OF THIS NOTICE.

2. RATIONALE FOR THE ADJUSTMENTS

Pursuant to the provisions of the Deed Poll B, the Exercise Price and number of the outstanding Warrants B will be adjusted if an offer or invitation to shareholders is made by the Company by way of rights whereunder they may acquire or subscribe for securities convertible into new Digistar Shares or rights to acquire or subscribe for Digistar Shares. In this regard, the Adjustments were made in order to ensure that the status of Warrant B Holders would not be prejudiced after the implementation of the Rights Issue with Free Warrants.

Further, the Adjustments were made in accordance with the provisions of the Schedule 4 of the Deed Poll B and in consultation with UOBKH.

Save for the adjustments to the Exercise Price and number of outstanding Warrants B, the rights and obligations of the Warrant B Holders will remain unchanged.

3. DETAILS OF THE ADJUSTMENTS

The Adjustments shall be based on the assumption that the Rights Issue with Free Warrants is undertaken on a full subscription basis (i.e. assuming all the Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Free Warrants). As at the Entitlement Date, there are 74,024,334 outstanding Warrants B in issue with the Exercise Price of RM0.26 per Warrant B.

3.1 Adjustments pursuant to the Rights Issue with Free Warrants

Given the Company is undertaking the Rights Issue with Free Warrants, Digistar is hence required to comply with Paragraph (e) of Schedule 4 of the Deed Poll B, the extract of which are set out below:-

If and whenever the Company makes any offer or invitation to its shareholders whereunder they may acquire or subscribe for Digistar Shares by way of rights together with an offer or invitation to its shareholders by ways of rights whereunder they may acquire or subscribe for securities convertible into Digistar Shares or rights to acquire or subscribe for Digistar Shares, the Exercise Price and the number of additional Warrants B which the holders of Warrants B may be entitled to be issued with shall be adjusted, calculated or determined in the following manner:-

$$(a) \text{ New exercise price of Warrants B} = S \times \frac{[(A \times C) + (Q \times F) + (U \times G)]}{[(A + Q + U) \times C]}$$

$$(b) \text{ Additional number of Warrants B to be issued} = T \times \frac{[(A + Q^*) \times C]}{[(A \times C) + (Q^* \times F^*)]} - T$$

where:-

- S : Existing exercise price, i.e. RM0.26 per Warrant B;
- T : Existing number of Warrants B held, i.e. 74,024,334;
- A : The aggregate number of Digistar Shares issued and fully paid-up on the Entitlement Date, i.e. 788,532,399 (including 7,372,808 treasury shares);
- C : The closing price of Digistar Shares on 9 February 2021, being a date preceding the date of announcement on the Rights Issue with Free Warrants, i.e. RM0.08
- Q : The aggregate number of Rights Shares to be issued pursuant to the Rights Issue with Free Warrants, i.e. 262,844,133
- Q* : The aggregate number of Rights Shares to be issued pursuant to the Rights Issue with Free Warrants, i.e. 262,844,133
- F : Issue Price of the Rights Shares, i.e. RM0.05
- F* : Issue Price of the Rights Shares, i.e. RM0.05
- U : The aggregate number of new Digistar Shares to be issued arising from the exercise of Warrants C, i.e. 262,844,133
- G : Exercise Price of Warrants C, i.e. RM0.10

Pursuant thereto, the Adjustments arising from the Rights Issue with Free Warrants are set out as follows:-

$$\begin{aligned} \text{New Exercise Price of Warrants B} &= \text{RM0.26} \times \frac{[(788,532,399 \times \text{RM0.08}) + (262,844,133 \times \text{RM0.05}) + (262,844,133 \times \text{RM0.10})]}{[(788,532,399 + 262,844,133 + 262,844,133) \times \text{RM0.08}]} \\ &= \text{RM0.25 (rounded down in accordance to the provisions of the Deed Poll B)} \end{aligned}$$

$$\begin{aligned}
\text{Additional number of Warrants B to be issued} &= 74,024,334 \times \frac{[(788,532,399 + 262,844,133) \times \text{RM}0.08]}{[(788,532,399 \times \text{RM}0.08) + (262,844,133 \times \text{RM}0.05)]} - 74,024,334 \\
&= 7,657,689 \text{ (rounded down in accordance to the provisions of the Deed Poll B)}
\end{aligned}$$

3.2 Summary of the Adjustments

The summary of the Adjustments to the Exercise Price and number of outstanding Warrants B pursuant to the Rights Issue with Free Warrants are as follows:-

(i) Exercise Price of the outstanding Warrants B prior to the Adjustments	Exercise Price of the outstanding Warrants B after the Adjustments
RM0.26	RM0.25
(ii) No. of the outstanding Warrants B prior to the Adjustments	No. of the outstanding Warrants B after the Adjustments
74,024,334	Up to 81,682,023

The Adjustments were made by the Board in consultation with UOBKH and certified by the auditors, UHY, in accordance with the provisions of the Deed Poll B.

3.3 Ranking of Additional Warrants B and new Digistar Shares to be issued arising from the exercise of Additional Warrants B

The Additional Warrants B arising from the Adjustments shall, upon allotment and issue, form part of the series of the existing Warrants B and shall be constituted by the Deed Poll B. As the Warrants B are prescribed securities, the Additional Warrants B shall be credited directly into the respective Central Depository System accounts of the entitled Warrant B holders and no physical warrant certificate will be issued.

The new Digistar Shares to be issued arising from the exercise of the Additional Warrants B will, upon allotment and issue, rank equally in all respects with the existing Digistar Shares, save and except that the new Digistar Shares to be issued arising from the exercise of the Additional Warrants B will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date of such dividends, rights, allotments and/or any other forms of distribution precedes the relevant date of allotment and issuance of such new Digistar Shares.

4. EFFECTIVE DATE OF THE ADJUSTMENTS

In accordance with the Paragraph (e) of Schedule 4 of the Deed Poll B, the Adjustments took effect on Tuesday, 4 May 2021, being the next Market Day following the Entitlement Date.

5. CONSENTS

UOBKH and UYH have given and have not subsequently withdrawn their written consents to the inclusion of their names in this Notice and all references thereto in the form and context in which they appear in this Notice.

6. DIRECTORS' RESPONSIBILITY STATEMENT

This Notice has been seen and approved by our Board, and the Directors individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Notice or other facts, the omission of which would make any statement in this Notice false or misleading.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, during normal business hours (except public holidays) from the date of this Notice up to and including the earlier of the date on which the last Warrant B is exercised or 4 April 2023, being the Market Day immediately preceding the date falling 10 years from the issue date of the Warrants B:-

- (i) the Deed Poll B;
- (ii) the certificate from the Board dated 28 May 2021 setting forth the brief particulars of the events giving rise to the Adjustments, together with the relevant computation and effective date of the Adjustments;
- (iii) certificate from UHY, dated 19 April 2021 certifying the Adjustments; and
- (iv) the letters of consent referred to in **Section 5** of this Notice.

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

MEJAR (K) DATUK WIRA LEE WAH CHONG
Group Managing Director