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## **5. SUMMARY OF FIVE (5)-YEAR BUSINESS DEVELOPMENT PLAN**

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The following is a summary of the Five (5)-Year Business Development Plan of the Digistar Group:

### **5.1 EXPANSION INTO THE EDUCATION SECTOR**

In line with realising the Malaysian Government's Smart School initiatives as outlined under the 8th Malaysia Plan, the Group plans to expand its market further into the local education sector by introducing and implementing the Interactive Media Management System and electronic communication system in the local learning and teaching institutions and smart school multimedia teaching environment, with a full range of audio and visual systems, video projection systems, integrated control systems and media retrieval systems.

### **5.2 EXPANSION INTO THE HEALTHCARE SECTOR, CAPITALISING ON TELEMEDICINE AND COMMUNICATION SYSTEM**

As outlined under the 8MP, primary healthcare will remain the focus of national health development while concerted efforts will be continued to improve equity and quality in the provision of health services for the population. This will include further development and expansion of the scope of primary, secondary and tertiary healthcare, greater use of ICT in the delivery of health services as well as more emphasis on increasing the quantity, capacity, capability and quality of health personnel to meet the demand of the rapidly expanding health sector. As such, the use of information, telecommunication and multimedia technologies in providing healthcare, better known as Telemedicine, will provide the potential for the Group to tap into.

The Group also intends to ride on the potential growth by providing system integration for specialised technology work for the healthcare sector such as hospital communication system, LAN and integrated audio and visual system.

### **5.3 DIVERSIFYING INTO PROVISION OF MAINTENANCE SERVICES**

With the global trend pointing towards outsourcing practice as part of the organisation's cost control measures besides meeting business needs faster and smarter, the Group has identified the provision of maintenance services as one of its five (5)-year business plans.

As the provision of maintenance service in-house involves both technical skills capabilities and heavy overhead cost, organisations can no longer do everything they need to do internally. Management in most organisations are pressured to improve performance financially and to look at ways to improve its cost structure. Organisations make their decisions for technology and technical-based outsourcing based on technical skills, vendor experience, services features, timely delivery, reputation and price.

The Group, with over twenty (20) years of experience, and having had more than four hundred (400) specialist projects on record with a RM49 million in its order book as of 22 September 2003, believes such a business model will be highly profitable and will offer tremendous market opportunities to tap into. As part of its core business, the Group can offer its clients the relevant resources and technical know-how in the provision of outsourcing maintenance services for the ICT sector.

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## **5. SUMMARY OF FIVE (5)-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**

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### **5.4 NEW PRODUCT DEVELOPMENT**

#### **5.4.1 Forming alliances in R&D**

In order to stay competitive, in terms of pricing, products as well as services, greater cooperation between manufacturers and suppliers has become more necessary than ever. The Group had in January 2003 formed strategic alliances with its overseas principal and an individual to undertake R&D in the interactive media management system for local teaching and learning institutions via DRMSB. DRMSB successfully obtained the MSC status from Multimedia Development Corporation Sdn Bhd in July 2003.

#### **5.4.2 Software development for Smart-Home applications**

The Group plans to move up the value chain by venturing into the software development for the smart - home application whereby it is able to integrate all home components and appliances into a single remote control, and customising to the needs of the customers in order to meet constantly evolving trends in the ICT infrastructure industry.

### **5.5 MOVING DOWNSTREAM INTO THE RETAIL SEGMENT VIA SMART PARTNERSHIP ARRANGEMENT**

The Group intends to enter into "smart partnership" arrangements with identified entrepreneurs or small-medium sized enterprises for products suitable for the retailing market. Such agreements would provide mutual benefits for both the Group and the selected entrepreneurs or enterprises as it provides a diversification of business at economics of scale and enables the Group to tap the wider market whilst creating business opportunities for entrepreneurs or enterprises.

### **5.6 HUMAN RESOURCE POLICY**

In line with the Company's expansion plan, the Company will continue to employ additional staff to support the level of business and operations. The Company conducts in-house training for its technical staff and keeps them informed of the latest technology in the market through external courses and seminars. In recognition of the employees' contribution to the Company's success, the ESOS will be implemented in conjunction with the Company's listing on the MESDAQ Market.

Overall, it is the Group's strong commitment to innovation, developing its people, improving the Group's productivity and efficiency that will enable it to face the challenges ahead.

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## 6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

### 6.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 6.1.1 Promoters

The promoters of the Digistar Group and their shareholdings in Digistar after the Public Issue are as follows:

Name	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
YB Haji AB Karim Bin Sulaiman	Executive Chairman	Malaysian	3,637,019	4.36	48,809,397 <sup>(i)</sup>	58.50
Lee Wah Chong	Managing Director	Malaysian	6,884,951	8.25	48,809,397 <sup>(i)</sup>	58.50
Ong Fee Chong	Executive Director	Malaysian	1,479,055	1.78	-	-
KLSB	N/A	Malaysia	48,809,397	58.50	-	-

*Note:*

(i) Deemed interest by virtue of his interest in KLSB

#### 6.1.2 Substantial shareholders

The substantial shareholders (holding 5% or more in the share capital) of the Digistar Group and their shareholdings in Digistar after the Public Issue are as follows:

Name	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
YB Haji AB Karim Bin Sulaiman	Executive Chairman	Malaysian	3,637,019	4.36	48,809,397 <sup>(i)</sup>	58.50
Lee Wah Chong	Managing Director	Malaysian	6,884,951	8.25	48,809,397 <sup>(i)</sup>	58.50
KLSB	N/A	Malaysia	48,809,397	58.50	-	-

*Note:*

(i) Deemed interest by virtue of his interest in KLSB

#### 6.1.3 Background information on promoters and substantial shareholders

The promoters and substantial shareholders of Digistar are YB Haji AB Karim Bin Sulaiman, Lee Wah Chong and Ong Fee Chong. YB Haji AB Karim Bin Sulaiman, Lee Wah Chong and Ong Fee Chong are the Directors of Digistar and their profiles are set out in Section 6.2. A brief background on KLSB, the other substantial shareholder of Digistar, apart from those who are Directors of the Company, is as follows:

#### ***KLSB***

KLSB was incorporated on 28 April 2003 in Malaysia under the Act as a private limited company.

The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

The company is principally an investment holding company.

## 6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

The details of the Directors and the shareholders of KLSB and their shareholdings in KLSB as at 22 September 2003 are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	% held	No. of shares	% held
YB Haji AB Karim Bin Sulaiman	Malaysian	30,306	30.31	-	-
Lee Wah Chong	Malaysian	57,370	57.37	-	-
Ong Fee Chong	Malaysian	12,324	12.32	-	-

### 6.1.4 Promoters' and substantial shareholders' directorships and/or substantial shareholdings in other public companies for the past two (2) years

Save as disclosed in Section 6.2.3 of this Prospectus, none of the promoters and substantial shareholders has any directorships and/or substantial shareholdings (holding five percent (5%) shareholding or more) in other public companies incorporated in Malaysia for the past two (2) years.

### 6.1.5 Changes in the promoters' and substantial shareholders' shareholdings in Digistar for the past three (3) years

Save as disclosed below, there has been no changes in the promoters' and substantial shareholders' shareholdings in Digistar since incorporation.

	(I)		After (I) and the Rights Issue*	
	After the Acquisition of DHSB by Digistar#		After (I) and the Rights Issue*	
	No. of shares	%	No. of shares	%
YB Haji AB Karim Bin Sulaiman	14,743,320	29.4	3,637,019	5.8
Lee Wah Chong	27,909,401	55.8	6,884,951	11.0
Ong Fec Chong	5,995,617	12.0	1,479,055	2.4
KLSB	-	-	48,809,397	78.0

Notes:

# The Digistar Shares was allotted on 14 August 2003

\* The Digistar Shares was allotted on 26 September 2003

## 6.2 DIRECTORS

### 6.2.1 Profile

#### *Board of Directors of Digistar*

**YB Haji AB Karim Bin Sulaiman**, aged 55, was appointed to the Board of Directors of Digistar on 18 August 2003. YB Haji AB Karim was appointed to the Board of Directors of DHSB on 1999, and has been the Chairman since then. YB Haji AB Karim, graduated from Royal Military College in 1975. YB Haji AB Karim is mainly responsible for the group's strategic directions in the business development and corporate affairs. YB Haji AB Karim was a former director of Ikatan Relawan Rakyat Malaysia and Powertek Berhad. He is currently the Chairman of Pertam Properties Sdn Bhd, the State of Melaka property investment arm, and State Assemblyman of Sg. Udang Constituency, Melaka.

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6. **INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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**Lee Wah Chong**, aged 45, was appointed to the Board of Directors of Digistar on 18 August 2003. He was one of the founders of DHSB and has been on the Board of Directors since 1984. Mr Lee graduated with a diploma in Electronic Engineering from Institute of Further Technical Education in 1982. He continued to enhance his technical knowledge by attending courses on advanced system applications in the United States of America. As the Managing Director of the Group, Mr Lee has been the main driving force of the Group, which has recorded steady growth over the last twenty-one (21) years. His sound technical background and management have taken the Group to the fore-front of the system integration industry. He is actively involved in daily operations, corporate planning and execution of strategic business directions of the Group as sanctioned by the Board of Directors. Mr Lee currently holds directorships in several private limited companies.

**Ong Fee Chong**, aged 32, was appointed to the Board of Directors of Digistar on 18 August 2003. Mr Ong's responsibilities encompass overseeing projects and the technical aspects of Digistar's operations, which include ensuring smooth installation, testing and commissioning of projects, manpower allocation, contractual matters as well as after-sales service support functions. He is also actively involved in liaison with Digistar's suppliers overseas to solicit new dealership and transfer of technology. Mr Ong graduated with first class honours degree in Electrical and Electronic Engineering from the University of Glamorgan, United Kingdom in 1993. He started his career as a Project Engineer in 1994 with Theatre Project Sdn Bhd, a subsidiary of Lim Kim Hai Berhad. He joined DHSB in 1996 as Project Manager and was subsequently promoted to Project Director in 1997. Mr Ong has more than eight (8) years of experience in the system integration industry.

**Wa Siew Yam**, aged 44, was appointed to the Board of Directors of Digistar on 18 August 2003. A diploma holder in Commerce from College Tunku Abdul Rahman, Madam Wa was appointed to the Board of Directors of DHSB on 1997. Madam Wa's career started with her appointment as Account Assistant in 1978 with Chin Siew Fui Poultry Farm. Subsequently in 1981, she worked as a Leasing Executive with Lion Leasing Sdn Bhd for six (6) years. She joined Umatrac Insuran Sdn Bhd as an Insurance Claim Manager in 1987 and left the company in 1992.

**Lee Mely**, aged 42, was appointed to the Board of Directors of Digistar on 18 August 2003. She graduated with a Certificate in Business Studies from the Goon Institution, Petaling Jaya in 1981. She then joined Hagemeyer Industries (M) Sdn Bhd as an Assistant to an Accountant for two (2) years. Subsequently, she joined Segabina Sdn Bhd in 1986 as an Accounts Executive. She was promoted to the position of Administration Manager in 1992, a position she held for six (6) years before being promoted to the position of General Manager. She was registered as a Licensed Company Secretary under the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA) in 1997.

**YB Datuk Haji Hasan Bin Malek**, aged 57, was appointed to the Board of Directors of Digistar and Chairman of the Audit Committee on 18 August 2003. He graduated with a Bachelor of Arts (Hons.) degree in Sociology from University of Malaya in 1973 and obtained a Diploma in Development Administration from the University of Manchester, United Kingdom in 1978. He joined State Economic Development Corporation, Negeri Sembilan in 1973 where he last served as a Deputy General Manager. Since 1995, he has been the State Assemblyman for the Juasseh Constituency in Kuala Pilah. YB Datuk Haji Hasan is currently a director of AKN Messaging Technologies Berhad.

**Ir. Loh Khoo Hong**, aged 59, was appointed to the Board of Directors of Digistar on 18 August 2003. He obtained a Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Malaya in 1968. He is a Professional Engineer registered with the Board of Engineers in Malaysia and is a Fellow of the Institution of Engineers Malaysia and the Institution of Electrical Engineers United Kingdom. He is also a member of the Institution of Engineers Singapore and Chartered Institution of Building Services Engineer, United Kingdom.

## 6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

He has vast experience in the field of electrical engineering, having served in the Jabatan Kerja Raya, Malaysia for about twenty-seven (27) years having held various senior positions, amongst others, Electrical Engineer, Senior Electrical Engineer, Senior Assistant Director of Design and Senior Assistant Director of Maintenance Unit. He retired from the Jabatan Kerja Raya in 1996 to establish an electrical services firm, namely HPS Electrical Engineering.

### 6.2.2 Directors' shareholdings in Digistar

The shareholdings of the Directors in Digistar Group after the Public Issue are as follows:

Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
YB Haji AB Karim Bin Sulaiman	3,637,019	4.36	48,809,397 <sup>(i)</sup>	58.50
Lee Wah Chong	6,884,951	8.25	48,809,397 <sup>(i)</sup>	58.50
Ong Fee Chong	1,479,055	1.78	-	-
Wa Siew Yam	560,615	0.67	-	-
Lee Mely	-	-	-	-
YB Datuk Haji Hasan Bin Malek	-	-	-	-
Ir. Loh Khoo Hong	-	-	-	-

Note:

<sup>(i)</sup> Deemed interest by virtue of his interest in KLSB

### 6.2.3 Directors' directorships and/or substantial shareholdings in other public companies for the past two (2) years

Save as disclosed below, none of the directors has any directorships and/or substantial shareholdings (holding five percent (5%) shareholding or more) in other public companies incorporated in Malaysia for the past two (2) years:

Name	Company	No. of shares held as at 22 September 2003				Date of appointment	Date of resignation
		Direct	%	Indirect	%		
YB Haji AB Karim Bin Sulaiman	Powertek Berhad	-	-	-	-	29.11.2000	01.08.2003
YB Datuk Haji Hasan Bin Malek	AKN Messaging Technologies Berhad	-	-	-	-	03.12.2002	-

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## 6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

### 6.2.4 Directors' remuneration and benefits

The remuneration and benefits paid to the Directors of the Group for services rendered in all capacities to the Company and its subsidiaries for the financial year ended 30 September 2002 amounted to RM319,000. For the financial year ended 30 September 2003, the amount payable to the Directors of the Group is estimated at RM490,000. Details of the aggregate remuneration are as follows:

Range	Number of Directors	
	Financial year ended 30 September 2002	Financial year ended 30 September 2003
Below RM100,000	2	5
Above RM100,000	1	2

### 6.3 AUDIT COMMITTEE

The Committee comprises the following Board Members:

Name	Designation	Directorship
YB Datuk Haji Hasan Bin Malek	Chairman of Committee	Independent Non-Executive Director
Ir. Loh Khoon Hong	Member of Committee	Independent Non-Executive Director
Ong Fee Chong	Member of Committee	Executive Director

The Audit Committee, comprising two (2) independent non-executive directors and an executive director, is responsible for the recommendations to the Board of Directors regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Group's external auditors and reviews and evaluates the Group's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

### 6.4 KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

The management team is headed by Lee Wah Chong and other Executive Directors. They are supported by a team of experienced management and technically qualified personnel. The particulars of the key personnel are as follows:

#### 6.4.1 Profile

**Lim Soon Tat**, aged 35, is the Sales Director of DHSB. Mr Lim is responsible for securing projects, managing the sales team and portfolios of DHSB. He obtained a Bachelor of Science degree in Microelectronics with Computer Science from Campbell University, United States of America and Master in Business Administration from the University of Nottingham, United Kingdom in 1992 and 2002 respectively. Mr Lim has more than ten (10) years of working experience in electrical and ICT industries. Mr Lim started his career as Design Engineer in O'Connor's Engineering & Trading Bhd in 1992, being involved in system design, project management, implementation, testing and commissioning. Subsequently, he joined the sales and marketing department of Thorn Lighting Malaysia Sdn Bhd in 1995, LS Architectural Sdn Bhd in 1997 and SCS Cable.NET Sdn Bhd in 2002, where he was involved in selling through specification, managing of sales team as well as

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6. **INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL** *(Cont'd)*

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implementation of sales and marketing strategies. Mr Lim also gained vast experience in electrical and ICT industries through his continuous participation in various projects involving extra-low voltage systems, architectural lighting and ICT infrastructure.

**Lye Siang Long**, aged 33, is the Finance Manager. Mr Lye is principally in charge of accounting, treasury and cashflow management, credit control as well as tax planning functions of DHSB. He obtained his professional qualification from the Malaysian Institute of Certified Public Accountants as a Certified Public Accountant in 1999 and he has been a member of the Malaysian Institute of Accountants since 1999. Mr Lye spent the initial five years of his career with Messrs KPMG where he started working as an audit assistant and was promoted to audit supervisor in 1998. He was involved in audit, accountancy, taxation, due diligence and consultation exercises of public listed companies as well as medium-size organisations in various industries including manufacturing, trading, hospitality, construction and property development. Subsequently, in 1999, Mr Lye continued his employment with Planet Technology (M) Sdn Bhd, a computer peripheral distributor, as the Finance and Administration Manager. His main responsibilities included staff supervision, treasury management, preparation of financial and management accounts, tax planning, credit control, cashflow as well as budget and profit forecasts. He stayed with the company for three (3) years before joining DHSB in 2002.

**Yap Kwai Lin**, aged 34, is the Accounts and Purchasing Manager. Ms Yap is mainly in charge of all matters pertaining to purchasing, logistics, inventory and finance of DHSB. A LCCI Diploma holder since 1990, Ms Yap joined the Digistar Group in 1993 as an Accounts Assistant. She was subsequently promoted in 1997 as the Head of Accounts and Purchasing, overseeing the overall functions of accounting, credit control, purchasing, logistics, inventory control and product costing. In 2001, she was promoted to her present position. Ms Yap was with Pak Chun Construction Sdn Bhd as Accounts & Purchasing Executive from 1991 to 1992 before joining DHSB.

**Azhan bin Ahmad Lahury**, aged 32, is the Business Development Executive. He holds a Bachelor in Mass Communication (majoring in Public Relations) from Universiti Teknologi Mara. Encik Azhan's job scope covers business development of the Government Projects and the Audio Visual Divisions in DHSB. A degree holder in Mass Communication from Universiti Teknologi Mara in 1995, Encik Azhan underwent his internship programmes with IBM and Sime UEP Properties Sdn Bhd from 1995 to 1996. His public relations career started in 1996 when he joined the Lion Group of Companies as Junior Public Relations Officer. In 1997 to 2000, he was with Talam Corporation Berhad as Public Affairs and Media Communication Executive. Subsequently, for the next two (2) years, he worked at Syarikat Pengeluar Air Sungai Selangor Sdn Bhd as the Senior Public Relations Executive. He was the Operations Manager for West Wing Associates before joining DHSB in 2002.

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6. **INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL** *(Cont'd)*

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**Low Lye Seng**, aged 44, is the Sales Manager of the Audio Visual Division. Mr Low joined DHSB in 1983 as Electronic Technician having started his career as a Sales Executive with Hock Seng Leong Sdn Bhd in 1983. Mr Low is mainly responsible for sales and business development, design and tender functions of audio visual projects. During his twenty (20) years with the group, Mr Low has worked in various capacities, namely as Project Engineer in 1988, as Sales Manager in 1998 and as Assistant Project Director in 2001 before assuming his current position. A diploma holder in Electronic Engineering from Federal Institute of Technology, Mr Low's past projects experience in DIHSB includes successfully implementing IAV, PSS and TC systems for MPPJ Civic Hall in Petaling Jaya, Institut Kefahaman Islam Malaysia and Pusat Sains Negara in Kuala Lumpur and Pahang Outdoor Stadium.

**Mohd Nobeli bin Karim**, aged 34, is the Sales Manager of the Government Project Division. Encik Mohd Nobeli is primarily responsible for the sales and business development, design and tender functions of government projects. He has gained vast experience in designing for Integrated Professional Sound Reinforcement, Integrated Audio and Visual Systems and Extra Low Voltage Systems. Encik Nobeli's past experiences include successfully engineering the design which led to the ultimate acceptance and adoption of Institut Kefahaman Islam Malaysia and Jabatan Perkhidmatan Awam Audio Visual. His other notable projects include the National Science Centre and Memorial Tunku Abdul Rahman. Encik Nobeli holds a certificate in Electrical Engineering from Malaysian Vocational College in 1986. He was also trained by Rauland-Borg Corporation in United States of America for Healthcare Communication Systems in 1997. Encik Nobeli joined DHSB in 1992 as a Technical Support Assistant. He was promoted in 1994 to the Sales Co-ordinator before assuming his current position in 2001.

**Saw Siang Yih**, aged 29, is the Sales Manager of the Healthcare Division. A Diploma in Electrical & Electronic Engineering holder from Institute Technology of Linton in 1995, he joined Theatre Project Sdn Bhd as an Assistant Engineer in 1995, assisting in implementation and supervision of the Kuala Lumpur Tower project and the New Renaissance Hotel both in Kuala Lumpur. He joined DHSB as an Assistant Project Engineer in 1996 to implement and work closely with the Project Manager for the latest technology in Audio Visual and Tele-communication Systems for the Universiti Tenaga Nasional and the MATRADE Centre in Kuala Lumpur. Subsequently, he was transferred to the Sales Department as a Sales Manager in 2001 to lead the sales team for the Healthcare Division and provide technical support and system solutions for Hospital Projects. Some of the notable project references handled by Mr Saw include the design, supply, installation and integration of mainly Hospital Communication Systems and Integrated Audio Visual for Putrajaya and Selayang Paperless Hospitals, Pandan Hospital in Johor Bahru, Hospital Temerloh in Pahang, Hospital Alor Setar Hospital in Kedah Darul Aman, Hospital Sungai Buloh in Selangor, and Hospital Jasin in Melaka.

**Tan Chong Kiem**, aged 35, is the Assistant Manager of System Design and Application. Mr Tan is mainly responsible for the technical support of project installations and after-sales support for DHSB. A Bachelor of Science degree holder in Electrical and Electronic Engineering from The Robert Gordon University, United Kingdom, Mr Tan's success in the Digistar Group includes the Audio Visual integration, LAN and distant learning labs work projects in Universiti Tenaga Nasional and Multimedia University, Cyberjaya, which led to DHSB being accredited by AMX Control Systems Pte Ltd, United States of America in 1999 for the dedication and ability shown in the mentioned integration works in AMX Control Systems. His other notable projects include the Audio Visual integration work in Matrade, Arkib Negara, Bomba Training Centre, Smart School projects, Multimedia University, Putrajaya meeting room, Putrajaya Hospital, Bangunan Gunasama Persekutuan and Institute Social Malaysia.

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## **6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

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**Chong Chee Woon**, aged 34, is the Service and Maintenance Manager. Mr Chong's responsibilities encompass overseeing the Service and Maintenance Division of DHSB. Prior to joining the Group in 1996, Mr Chong was with Perkhidmatan Elektronik Sentul as Maintenance and Servicing Technician for five (5) years and with Top Unison Electrical Enterprise in the same capacity for another year. Having obtained his certificate in Technical and Practical Course in Electronics Equipment from Siong Fong Institute of Electronics in 1989, Mr Chong's notable projects undertaken with DHSB include implementing IAV, PSS, LAN and TC systems for Universiti Tenaga Nasional, Selayang Paperless Hospital, Putrajaya Paperless Hospital and JPA Putrajaya.

### **6.4.2 Key management and key technical personnel's shareholdings in Digistar**

Save as disclosed in Section 1.2 of this Prospectus, none of the members of the key management and key technical personnel has any shareholding in Digistar after the Public Issue.

### **6.5 DECLARATIONS OF DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL**

None of the Directors, key management or key technical personnel is or was involved in the following events (whether inside or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws filed (and not struck out) or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) the subject of any order, judgement or ruling of any court of competent jurisdiction enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

### **6.6 FAMILY RELATIONSHIPS**

Save for Lee Wah Chong and Wa Siew Yam who are husband and wife, and Lee Mely who is the sister of Lee Wah Chong, there are no family relationships or associations amongst the substantial shareholders, promoters, Directors, key management or key technical personnel.

### **6.7 EXISTING OR PROPOSED SERVICE AGREEMENTS BETWEEN DIGISTAR OR ANY OF ITS SUBSIDIARIES AND ITS DIRECTORS, KEY MANAGEMENT OR KEY TECHNICAL PERSONNEL**

Save for Lee Wah Chong and Ong Fee Chong, none of the Directors, key management or key technical personnel of the Group has any existing or proposed service agreement with the Company or any of its subsidiaries. The salient features of the service agreements for Lee Wah Chong and Ong Fee Chong are as follows:

- (i) the director will be provided with a new company car complete with a chauffeur and will also be given an option to purchase the said car at a fraction of the original purchase price depending on the length of service of the Director with DHSB which may be exercised once in every five (5) years;

**6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

- (ii) the director is entitled to thirty (30) days of annual leave for each calendar year of service by giving at least one (1) week's prior notice;
- (iii) either party may terminate the service agreement by giving not less than six (6) months' prior written notice or pay in lieu and the termination notice cannot be offset with unutilised annual leave; and
- (iv) the director shall be entitled to all benefits expressly provided for in the service agreement including personal insurance coverage not exceeding RM1,000,000, full reimbursement of entertainment expenses incurred, annual family overseas trip and family medical benefit.

**6.8 INVOLVEMENT OF EXECUTIVE DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL IN OTHER BUSINESSES/CORPORATIONS**

Save as disclosed below, none of the executive directors, key management and key technical personnel of the Group is involved in other businesses or corporations.

	<b>Average time allocated to the Digistar Group per week</b>
	%
YB Haji AB Karim Bin Sulaiman	30
Lee Wah Chong	80

YB Haji AB Karim Bin Sulaiman is currently involved as the State of Assemblymen.

Lee Wah Chong is also currently involved in the following corporations:

<b>Companies</b>	<b>Position</b>
Dusun Tropika Sdn Bhd	Director
Kelanaman Bersekutu Sdn Bhd	Director
KLSB	Director

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## 7. APPROVALS AND CONDITIONS

The Public Issue under the terms of this Prospectus was approved by the KLSE, the SC, the FIC and the MITI on 4 July 2003, 3 July 2003, 26 March 2003 and 26 March 2003 respectively, subject to the following conditions:

Authority	Details of conditions imposed	Status of compliance
SC (letter dated 3 July 2003)	1. Digistar is required to disclose the status of utilisation of proceeds raised from the Public Issue in the quarterly report and annual report of Digistar until the proceeds are fully utilised.	To be complied.
KLSE (letter dated 4 July 2003)	<p>1. YB Haji AB Karim Bin Sulaiman and Ong Fee Chong to relinquish their directorship in Gala Antena Sdn Bhd and dispose of their equity interest in the same to independent parties prior to the issuance of prospectus. The completion of the disposal and relinquishment should be confirmed by the Advisers to the Exchange.</p> <p>2. Digistar to seek shareholders' approval of the proposed ESOS and to furnish the final copy of the Byc-Laws and a confirmation letter from its Advisers pursuant to Rule 6.12 of Guidance Note 6 of the Listing Requirements of KLSE for the MESDAQ Market.</p> <p>3. Digistar to submit to the Exchange letters in conformity with Appendix 2H, 2I and 2J of the Listing Requirements of the Exchange.</p> <p>4. Digistar to notify the Exchange on the appointment of independent directors and provide the necessary confirmations that they qualify as independent directors pursuant to the Listing Requirements.</p> <p>5. Digistar to include a negative statement in its Prospectus on the exclusion of profit forecast and projections from the Prospectus and the reasons thereof.</p>	<p>Complied. The letter of confirmation was furnished to the KLSE on 29 September 2003.</p> <p>Complied. Digistar has obtained its shareholders approval for the Proposed ESOS on 15 August 2003. The final copy of the Byc-Laws and the letter of confirmation from Alliance will be furnished to the KLSE by the time the Company is listed on the MESDAQ Market.</p> <p>Complied. The letters were furnished to the KLSE on 29 September 2003.</p> <p>Complied. The confirmation was furnished to the KLSE on 29 September 2003.</p> <p>Not applicable as the profit forecast is included in the Prospectus.</p>
FIC (letter dated 26 March 2003)	Digistar is required to comply with Bumiputera shareholding of 30% within five (5) years after admission of the listing of securities or within one (1) year after it has achieved the profit record for the listing on the Second Board of the Exchange, whichever is the earlier.	To be complied.

**7. APPROVALS AND CONDITIONS (Cont'd)**

<b>Authority</b>	<b>Details of conditions imposed</b>	<b>Status of compliance</b>
MITI (letter dated 26 March 2003)	1. Digistar is required to increase the Bumiputera shareholding of 30% based on the enlarged share capital within five (5) years after admission or within one (1) year after it has achieved the profit record for the listing on the Second Board of the Exchange, whichever is the earlier.	To be complied.
	2. Digistar is required to obtain the approval of the SC.	Complied.
	3. Digistar is required to obtain the approval of the FIC.	Complied.
	4. Digistar is required to obtain the approval of the MESDAQ.	Complied.

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## **8. CONFLICT OF INTERESTS**

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### **8.1 INTEREST IN SIMILAR BUSINESS**

None of the Directors or substantial shareholders of Digistar and its subsidiaries has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiaries.

### **8.2 RELATED PARTY TRANSACTIONS AND/OR CONFLICT OF INTERESTS**

Save for the transactions pursuant to the restructuring and listing exercise as disclosed in Section 4.3 of this Prospectus, there are no on-going or potential related party transactions and/or conflicts of interests between the Digistar Group and its substantial shareholders and/or Directors and/or persons connected with the substantial shareholders or Directors as defined under Section 122A of the Act and/or its key management and/or key technical personnel.

There is no amount of outstanding loans (including guarantees) of any kind given by the Digistar Group to or for the benefit of the related parties.

### **8.3 PROMOTION OF ANY ASSETS ACQUIRED/TO BE ACQUIRED**

Save as disclosed in Section 4.3 and Section 8.2 of this Prospectus, none of the Directors or substantial shareholders in the Company had or has any interest, direct or indirect, in the promotion of any assets acquired or proposed to be acquired or disposed of or proposed to be disposed of or leased to or proposed to be leased to the Company or its subsidiaries within the two (2) years immediately preceding the date of this Prospectus.

### **8.4 DECLARATION BY EXPERTS**

Save as disclosed in Section 14.5 of this Prospectus, Alliance hereby confirms that there is no existing or potential conflict of interest in its capacity as the Adviser.

Messrs. Horwath confirms that there is no existing or potential conflict of interest in its capacity as the Auditors/Reporting Accountants.

Messrs. Jal & Lim confirms that there is no existing or potential conflict of interest in its capacity as the due diligence solicitors.

ACNielsen confirms that there is no existing or potential conflict of interest in its capacity as the Independent Market Research Company.

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**8. CONFLICT OF INTERESTS (Cont'd)**

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**8.5 MORATORIUM ON THE SALE OF SHARES**

The KLSE/SC in approving the flotation of Digistar on the MESDAQ Market of the KLSE has also imposed a moratorium on the disposal of shares held by substantial shareholders/promoters of Digistar.

It is also a condition of the KLSE/SC that such substantial shareholders/promoters of Digistar will not be allowed to sell, transfer or assign their shareholdings in Digistar amounting to 48,809,397 Digistar Shares, representing 58.5% of the enlarged issued and paid-up capital of Digistar within one (1) year from the date of admission of Digistar to the Official List of the MESDAQ Market of the KLSE. Thereafter, the substantial shareholders/promoters are permitted to sell, transfer or assign up to maximum of one-third of its shareholding in Digistar which is under moratorium each year on a straight line basis.

The restriction is specifically endorsed on the notices of allotment representing the respective shareholdings of the substantial shareholders/promoters which are under moratorium to ensure that trading of these shares is not allowed in compliance with the restriction imposed by the KLSE/SC. The restriction is fully accepted by the substantial shareholders/promoters and the public is deemed to have notice of this restriction.

The entire shareholding of KLSB amounting to 48,809,397 Digistar Shares, representing 58.5% of the enlarged issued and paid-up share capital of Digistar, are under moratorium as proposed by Digistar and approved by the KLSE/SC. The details of directors and substantial shareholders of KLSB is available in Section 6.1 of this Prospectus.

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9. OTHER INFORMATION CONCERNING THE GROUP

9.1 LICENCES AND PERMITS

The major licences and permits held by the Group required for the purposes of conducting its business are listed below:

Licences	Approving authority	Approval period	Salient conditions	Company	Status of compliance
Licence to supply and provide service for: - electrical appliances (for office and residential) - fire prevention system and equipment - safety attire and equipment - communication equipment - teaching aids - musical equipment - cable, accessories and conductors - small to large multi-user systems and services - workstations and related peripheral and services - software products and services - networking products and services	Kementerian Kewangan Malaysia	Commencing on 11 September 2003 until 10 September 2006	Any change in the information provided should be notified to the Ministry of Finance within 21 days. DHSB is to ensure that the fields registered for in this Licence do not overlap with fields which have been approved in other companies which have:- (i) owners or members of the board of directors of DHSB; or (ii) the same business premises. The Licence may be suspended or cancelled if:- (i) DHSB/owner/ partner/director is involved in any illegal/criminal activity for which he has been convicted and found guilty by a court in Malaysia or other jurisdiction; (ii) DHSB withdraws a bid before the tender is considered or refuses when an offer is made; (iii) DHSB fails to execute contract works which have been entered into with the Government; (iv) this Licence is amended with the intention to defraud or for other reasons; (v) DHSB allows this Licence to be misused by any individual or other companies; or (vi) DHSB is found to have made a price pact with other companies when bidding for Government tenders.	DHSB	Met
Licence to install electrical engineering systems / extra low voltage systems (such as detection alarm system and security system) and sound systems	Pusat Khidmat Kontraktor (PKK), Kementerian Pembangunan Usahawan	Commencing on 26 May 2002 and expiring on 25 May 2004	Any change in the information provided should be notified to PKK within 21 days. The Licence is terminated if the shareholders own more than 5% or RM50,000 in any company registered with PKK under the same field of work; or any management personnel or technical personnel is involved actively in any other company registered with PKK in the same field of work.	DHSB	Met



9. OTHER INFORMATION CONCERNING THE GROUP (Cont'd)

Licences	Approving authority	Approval period	Salient conditions	Company	Status of compliance
<p>Licence to install sound systems</p> <p>Licence under registration no. V804661 and serial no. KK2279/2003</p> <p>- to install electric system engineering/extra low voltage electronics such as detection and alarm system, security system and others and sound system for contract works below RM1,000,001</p>	<p>Lembaga Pembangunan Industri Pembinaan</p> <p>Tenaga Nasional Bhd</p>	<p>Commencing on 17 January 2002 and expiring on 2 April 2004</p> <p>Expiring on 25 May 2004</p>	<p>Registration may be cancelled, revoked or suspended if:</p> <p>(i) DHSB does not abide by any written laws;</p> <p>(ii) DHSB is made bankrupt;</p> <p>(iii) a winding-up petition is presented against DHSB;</p> <p>(iv) DHSB breaches or does not abide by any provisions of the Lembaga Pembinaan Industri Pembinaan Malaysia Act 1994;</p> <p>(v) DHSB is found to have made any admission or representation which is false or fraudulent whether in writing or by other means;</p> <p>(vi) DHSB abandons any work which has been contracted without reasonable cause;</p> <p>(vii) DHSB is found guilty of negligence by a court or any investigative body which has been established under any written law in relation to any building works which have been undertaken; or</p> <p>(viii) DHSB breaches any of the terms and conditions contained under the Contractor's Responsibility and Obligations as contained in the Licence.</p> <p>No conditions attached</p>	<p>DHSB</p> <p>DHSB</p>	<p>Met</p> <p>-</p>
<p>Licence to supply and service for computer / multimedia and equipment, audio-visual equipment and teaching aids equipment</p>	<p>Multimedia University</p>	<p>Commencing on 28 July 2003 and expiring on 28 July 2005</p>	<p>Any change in the information provided should be notified to the Multimedia University within fourteen (14) days.</p> <p>DHSB is to ensure that the fields registered for in this Licence do not overlap with fields which have been approved in other approvals by the Registrar of Companies/Pusat Khidmat Kontraktor or any relevant authorities.</p>	<p>DHSB</p>	<p>Met</p>

9. OTHER INFORMATION CONCERNING THE GROUP (Cont'd)

Licences	Approving authority	Approval period	Salient conditions	Company	Status of compliance
			<p>The Licence may be suspended or cancelled if:-</p> <ul style="list-style-type: none"> <li>(i) DHSB/owner/ partner/director is involved in any illegal/criminal activity which has been convicted and found guilty by a court in Malaysia or other jurisdiction;</li> <li>(ii) DHSB withdraws a bid before the tender is considered;</li> <li>(iii) DHSB fails to execute contract works which have been entered into with Multimedia University;</li> <li>(iv) this Licence is amended with the intention to defraud or for other reasons;</li> <li>(v) DILSB allows this Licence to be misused by any individual or other companies; or</li> <li>(vi) DHSB is found to have made a price pact with other companies.</li> </ul>		

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## 9. OTHER INFORMATION CONCERNING THE GROUP (Cont'd)

### 9.2 PROPERTIES

The details of the properties of the Digistar Group as at the date of this Prospectus are set out below:

Name of registered owner/ Location	Description/ Existing use	Land area (sq. ft.)	Built-up area (sq. ft.)	Approximate age of buildings	Tenure	Audited NBV as at 31.05.2003 RM	Encumbrance
<b>DHSB</b> Geran 10015/M1/5/42, Petak 42, Tingkat 5, Bangunan M1, Lot 150 Seksyen 58, Bandar Kuala Lumpur, Wilayah Persekutuan <u>Bearing postal address:</u> Lot 4, 119, 4th Floor, Wisma Central Jalan Ampang, 50450 Kuala Lumpur	Office unit	N/A	366	25 years	Freehold	67,760	Charge to United Overseas Bank (Malaysia) Bhd
<b>DPSB</b> A5/5/5, Storey No. 5, Block A5, One Ampang Business Avenue, Mukim Ampang, Selangor <u>Bearing postal address:</u> B5/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor	Office unit	N/A	1,864	8 years	Leasehold for 99 years expiring on 23 May 2089 <sup>^</sup>	472,315	Charge to United Overseas Bank (Malaysia) Bhd
A5/2/2, Storey No. 2, Block A5, One Ampang Business Avenue, Mukim Ampang, Selangor <u>Bearing postal address:</u> B5/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang 1/2, 68000 Ampang, Selangor	Office unit	N/A	1,864	8 years	Leasehold for 99 years expiring on 23 May 2089 <sup>^</sup>	535,077	Charge to United Overseas Bank (Malaysia) Bhd

## 9. OTHER INFORMATION CONCERNING THE GROUP (Cont'd)

Name of registered owner/ Location	Description/ Existing use	Land area (sq. ft.)	Built-up area (sq. ft.)	Approximate age of buildings	Tenure	Audited NBV as at 31.05.2003 RM	Encumbrance
A5/4/4, Storey No. 4, Block A5, One Ampang Business Avenue, Mukim Ampang, Selangor <u>Bearing postal address:</u> B5/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang ½, 68000 Ampang, Selangor	Office unit	N/A	1,864	8 years	Leasehold for 99 years expiring on 23 May 2089 <sup>^</sup>	381,670	Charge to United Overseas Bank (Malaysia) Bhd
A6/5/5, Storey No. 5, Block A6, One Ampang Business Avenue, Mukim Ampang, Selangor <u>Bearing postal address:</u> B6/5/5, 4th Floor, One Ampang Business Avenue, Jalan Ampang ½, 68000 Ampang, Selangor	Office unit	N/A	1,864	8 years	Leasehold for 99 years expiring on 23 May 2089 <sup>^</sup>	397,028	Charge to United Overseas Bank (Malaysia) Bhd
A6/3/3, Storey No. 3, Block A6, One Ampang Business Avenue, Mukim Ampang, Selangor <u>Bearing postal address:</u> B6/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang ½, 68000 Ampang, Selangor	Office unit	N/A	1,864	8 years	Leasehold for 99 years expiring on 23 May 2089 <sup>^</sup>	360,296	Charge to OCBC (Malaysia) Berhad
A5/3/3, Storey No. 3, Block A5, One Ampang Business Avenue, Mukim Ampang, Selangor <u>Bearing postal address:</u> B5/3/3, 2nd Floor, One Ampang Business Avenue, Jalan Ampang ½, 68000 Ampang, Selangor	Office unit	N/A	1,864	8 years	Leasehold for 99 years expiring on 23 May 2089 <sup>^</sup>	375,897	Charge to OCBC (Malaysia) Berhad
A6/4/4, Storey No. 4, Block A6, One Ampang Business Avenue, Mukim Ampang, Selangor <u>Bearing postal address:</u> B6/4/4, 3rd Floor, One Ampang Business Avenue, Jalan Ampang ½, 68000 Ampang, Selangor	Office unit	N/A	1,864	8 years	Leasehold for 99 years expiring on 23 May 2089 <sup>^</sup>	395,050	-

## 9. OTHER INFORMATION CONCERNING THE GROUP (Cont'd)

Name of registered owner/ Location	Description/ Existing use	Land area (sq. ft.)	Built-up area (sq. ft.)	Approximate age of buildings	Tenure	Audited NBV as at 31.05.2003 RM	Encumbrance
A6/2/2, Storey No. 2, Block A6, One Ampang Business Avenue, Mukim Ampang, Selangor	Office unit	N/A	1,864	8 years	Leasehold for 99 years expiring on 23 May 2089 <sup>^</sup>	565,000*	-
<u>Bearing postal address:</u> B6/2/2, 1st Floor, One Ampang Business Avenue, Jalan Ampang ½, 68000 Ampang, Selangor							
H.S.(M) 1935, P.T. No. 8170, Mukim Bukit Katil, Daerah Melaka Tengah, Melaka	Double-storey shophouse for office use	1,539	3,000	3 years	Leasehold for 99 years expiring on 29 March 2097	184,201	-
<u>Bearing postal address:</u> No. 3, Jalan TU-3, Taman Tasik Utama, Ayer Keroh, 75450 Melaka							
H.S.(M) 28377, PT30398, Bandar Indera Mahkota, Mukim Kuala Kuantan, Kuantan, Pahang	Land (vacant bungalow lot)	15,289	N/A	N/A	Leasehold for 99 years expiring on 10 September 2092	195,077	-
<u>Bearing postal address:</u> Lot 165, Mukim Kuala Kuantan, Pahang							

<sup>^</sup> These properties are pending issuance of strata title.

\* This property was acquired subsequent to the eight (8)-month financial period ended 31 May 2003. Pursuant to the Sale and Purchase Agreement dated 26 May 2003 entered into between DPSB and Lim Yee Soo, Melissa M Chen and Kan Kok Chee whereby DPSB agreed to purchase Parcel A6/2/2, Storey No. 2, (Level 2), Block A6 known as B6/2/2, One Ampang Business Avenue, Ampang, 68000 Selangor measuring in area of approximately 1,864 square feet together with car park Bay No. 55 erected on a piece of land held under HSM 26564, PT 17790 (Lot 34357), Mukim of Ampang, State of Selangor for a purchase consideration of RM565,000.

All the abovementioned buildings have been issued with the Certificate of Fitness. All the abovementioned properties do not have any restriction in interest and any breach of land use conditions in respect of the abovementioned properties.