

All terms and abbreviations used herein shall have the same meanings as those defined in the “Definitions” section of this Abridged Prospectus unless stated otherwise.

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

All inquiries concerning the Rights Issue with Free Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (Registration No.: 197101000970 (11324-H)) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Free Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue with Free Warrants. This Abridged Prospectus, and the accompanying NPA and RSF (collectively, the “Documents”), have also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

Approval has been obtained from our shareholders for the Rights Issue with Free Warrants at our EGM held on 29 March 2021. The approval from Bursa Securities had also been obtained vide its letter dated 11 March 2021 for the admission of the Warrants C to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants C, any additional new Warrants B to be issued arising from the adjustments pursuant to the Rights Issue with Free Warrants and the new Shares to be issued arising from the exercise of Warrants C and the additional new Warrants B to be issued arising from the adjustments pursuant to the Rights Issue with Free Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Free Warrants, and shall not be taken as an indication of the merits of the Rights Issue with Free Warrants. The admission of the Warrants C to the Official List and the listing of and quotation for all the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Free Warrants. The admission of the Warrants C to the Official List and the listing of and quotation for all the said new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

These Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Monday, 3 May 2021. These Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Free Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares would result in a contravention of any laws of such countries or jurisdictions. Neither we, UOBKH nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of the entitlements to the Rights Shares made by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.



DIGISTAR CORPORATION BERHAD

(Registration No.: 200301001232 (603652-K))

(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 287,518,911 NEW ORDINARY SHARES IN DIGISTAR CORPORATION BERHAD (“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

Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

(Registration No.: 199001003423 (194990-K))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	:	Monday, 3 May 2021 at 5.00 p.m.
Last date and time for:-		
Sale of provisional allotment of rights	:	Monday, 10 May 2021 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Wednesday, 12 May 2021 at 4.30 p.m.
Acceptance and Payment	:	Thursday, 20 May 2021 at 5.00 p.m.
Excess application and payment	:	Thursday, 20 May 2021 at 5.00 p.m.

This Abridged Prospectus is dated 3 May 2021

Unless stated otherwise, all terms and abbreviations used herein shall have the same meanings as those defined in the “Definitions” section of this Abridged Prospectus.

OUR BOARD HAS SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE WITH FREE WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

UOBKH, BEING OUR ADVISER FOR THE RIGHTS ISSUE WITH FREE WARRANTS, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE WITH FREE WARRANTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE WITH FREE WARRANTS AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS, INCLUDING ANY STATEMENT IN THIS ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY. SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH FREE WARRANTS, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THESE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH FREE WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

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

“Abridged Prospectus”	: This abridged prospectus dated 3 May 2021
“Act”	: Companies Act 2016
“Bloomberg”	: Bloomberg Finance Singapore L.P. and its affiliates
“Board”	: The Board of Directors of Digistar
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
“CDS”	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
“CDS Account(s)”	: Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of the Bursa Depository for the recording of deposits and dealing in securities by the depositor
“Closing Date”	: Thursday, 20 May 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Allotments and the application and payment for the Excess Rights Shares with Warrants C
“CMSA”	: Capital Markets and Services Act 2007
“COVID-19”	: Coronavirus disease 2019
“Deed Poll B”	: The deed poll dated 4 March 2013 constituting the Warrants B
“Deed Poll C”	: The deed poll dated 16 April 2021 constituting the Warrants C
“Digistar” or the “Company”	: Digistar Corporation Berhad (Registration No.: 200301001232 (603652-K))
“Digistar Group” or the “Group”	: Digistar and its subsidiary companies, collectively
“Digistar Share(s)” or “Share(s)”	: Ordinary share(s) in Digistar
“Director(s)”	: The director(s) of Digistar having the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
“Documents”	: This Abridged Prospectus together with the NPA and RSF, collectively
“e-NPA”	: Electronic NPA
“e-RSF”	: Electronic RSF

DEFINITIONS (Cont'd)

“e-Subscription”	: Electronic subscription via TIIH Online
“EGM”	: Extraordinary general meeting of the Company held on 29 March 2021 in relation to the Rights Issue with Free Warrants
“Entitled Shareholder(s)”	: The shareholder(s) of Digistar whose name(s) appear in the Record of Depositors of the Company on the Entitlement Date
“Entitlement Date”	: Monday, 3 May 2021 at 5.00 p.m. being the date and time on which the names of the Entitled Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue with Free Warrants
“Entitlement Undertaking”	: Irrevocable undertaking dated 1 April 2021 from the Undertaking Shareholder, who has irrevocably undertaken to apply and subscribe in full for its entitlements to the Rights Shares together with Warrants C
“EPS”	: Earnings per share
“Excess Application(s)”	: Application(s) for Excess Rights Shares with Warrants C as set out in Section 10.8 of this Abridged Prospectus
“Excess Rights Shares with Warrants C”	: Rights Shares with Warrants C which are not taken up or not validly taken up by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) by the Closing Date
“Foreign Entitled Shareholders”	: Entitled shareholders who have not provided us with a registered address in Malaysia for service of documents to be issued for the purposes of the Rights Issue with Free Warrants
“FPE”	: Financial period ended/ending
“FYE”	: Financial year ended/ending
“ICT”	: Information and communication technology
“LAT”	: Loss after tax
“LBT”	: Loss before tax
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 31 March 2021, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
“Market Day(s)”	: Any day between Monday to Friday (inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading of securities
“Maximum Scenario”	: Assuming all treasury shares are resold to the open market, all outstanding Warrants B are exercised prior to the implementation of the Rights Issue with Free Warrants and all Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Free Warrants
“MCO”	: Movement Control Order

DEFINITIONS (Cont'd)

“Minimum Scenario”	:	Assuming all treasury shares are retained, none of the outstanding Warrants B are exercised prior to the implementation of the Rights Issue with Free Warrants and the Rights Issue with Free Warrants is undertaken on the Minimum Subscription Level
“Minimum Subscription Level”	:	The minimum subscription level of 69,280,302 Rights Shares together with 69,280,302 Warrants C by the Undertaking Shareholder to raise the required minimum level of funds of RM3.46 million that Digistar intends to raise from the Rights Issue with Free Warrants
“NA”	:	Net assets
“NPA”	:	Notice of provisional allotment of Rights Shares with Warrants C in relation to the Rights Issue with Free Warrants
“Official List”	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“Price Fixing Date”	:	16 April 2021, being the date on which the issue price of the Rights Shares and exercise price of the Warrants C were fixed pursuant to the Rights Issue with Free Warrants
“Provisional Allotments”	:	Rights Shares with Warrants C to be provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue with Free Warrants
“Record of Depositors”	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“Registered Entitled Shareholders”	:	Entitled shareholders who are registered users of TIIH Online
“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
“Rights Share(s)”	:	Up to 287,518,911 new Shares to be allotted and issued pursuant to the Rights Issue with Free Warrants
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“RSF”	:	Rights Subscription Form in relation to the Rights Issue with Free Warrants
“Rules of Bursa Depository”	:	The rules of Bursa Depository as issued pursuant to the SICDA
“SC”	:	Securities Commission Malaysia
“SICDA”	:	Securities Industry (Central Depositories) Act 1991
“TERP”	:	Theoretical ex-rights price

DEFINITIONS (Cont'd)

“TIIH Online”	:	Tricor’s propriety-owned application to facilitate Entitled Shareholders to subscribe for the Provisional Allotments and to apply for Excess Rights Shares with Free Warrants electronically
“Tricor” or “Share Registrar”	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No.: 197101000970 (11324-H))
“Undertaking Shareholder”	:	The substantial shareholder of Digistar who has provided its Entitlement Undertaking, the details of which are set out in Section 3 of this Abridged Prospectus
“UOBKH” or the “Adviser”	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No.: 199001003423 (194990-K))
“VWAP”	:	Volume-weighted average market price
“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

All references to “our Company” and “Digistar” in this Abridged Prospectus are made to Digistar Corporation Berhad (Registration No.: 200301001232 (603652-K)) and references to “our Group” or “Digistar Group” are made to our Company and our subsidiary companies. All references to “we”, “us”, “our” and “ourselves” are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to “you” in this Abridged Prospectus are made to our Entitled Shareholders and/or, where the context otherwise requires, their renounee(s)/transferee(s) (if applicable).

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus 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 Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified. Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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ADVISER'S DIRECTORY

- COMPANY SECRETARY** : Wong Youn Kim
(MAICSA 7018778)
- Level 2, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur
- Tel : (03) 2241 5800
Fax : (03) 2282 5022
- SHARE REGISTRAR FOR THE RIGHTS ISSUE WITH FREE WARRANTS** : Tricor Investor & Issuing House Services Sdn Bhd
- Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
- Tel : (03) 2783 9299
Fax : (03) 2783 9222
- SOLICITORS FOR THE RIGHTS ISSUE WITH FREE WARRANTS** : Enolil Loo Advocates & Solicitors
- M-2-9 Plaza Damas
60 Jalan Sri Hartamas 1
Sri Hartamas
50480 Kuala Lumpur
- Tel : (03) 6203 2381
Fax : (03) 6203 2359
- ADVISER** : UOB Kay Hian Securities (M) Sdn Bhd
- Suite 19.03, 19th Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
- Tel : (03) 2147 1888
Fax : (03) 2147 1950
- STOCK EXCHANGE** : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE WITH FREE WARRANTS

THIS SUMMARY OF THE RIGHTS ISSUE WITH FREE WARRANTS ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE ABRIDGED PROSPECTUS.

Key Information	Summary
Basis of allotment and number of Rights Shares and Warrants C to be issued pursuant to the Rights Issue with Free Warrants	<p>Up to 287,518,911 Rights Shares together with up to 287,518,911 free Warrants C on the basis of 1 Rights Share for every 3 existing Digistar Shares held and 1 free 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. Any unsubscribed Rights Shares with Warrants C will be made available for excess applications by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable).</p> <p>Please refer to Section 2.1 of this Abridged Prospectus for further details of the basis of allotment and number of Rights Shares and Warrants C to be issued pursuant to the Rights Issue with Free Warrants.</p>
Issue price of the Rights Shares and the exercise price of the Warrants C	<p>The Board has fixed the issue price of the Rights Shares at RM0.05 and the exercise price of the Warrants C at RM0.10.</p> <p>Please refer to Sections 2.2 and 2.3 of this Abridged Prospectus for the basis and justification for the issue price of the Rights Shares and the exercise price of the Warrants C.</p>
Minimum Subscription Level and Entitlement Undertaking	<p>The substantial shareholder of the Company, LWC Capital Sdn Bhd has provided its Entitlement Undertaking to subscribe in full for its entitlement of 69,280,302 Rights Shares with 69,280,302 Warrants C under the Rights Issue with Free Warrants. The Rights Issue with Free Warrants will be undertaken on the Minimum Subscription Level.</p> <p>Please refer to Section 3 of this Abridged Prospectus for further details of the Minimum Subscription Level and Entitlement Undertaking.</p>
Rationale and justification for the Rights Issue with Free Warrants	<p>(i) The Rights Issue with Free Warrants will involve the issuance of new Digistar Shares without diluting the existing shareholders' respective shareholdings provided that all the Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue with Free Warrants;</p> <p>(ii) the Rights Issue with Free Warrants will provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro rata basis and ultimately, participate in the prospects and future growth of the Group by subscribing to the Rights Shares;</p> <p>(iii) the Rights Issue with Free Warrants will enable us to raise requisite funds without incurring interest expense as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs; and</p> <p>(iv) the Rights Issue with Free Warrants will strengthen Digistar Group's financial position with enhanced shareholders' funds and reduced gearing level as compared to bank borrowings which are expected to facilitate the continuous long-term growth and expansion plans of Digistar Group.</p> <p>Please refer to Section 5 of this Abridged Prospectus for further details of the rationale and justification for the Rights Issue with Free Warrants.</p>

SUMMARY OF THE RIGHTS ISSUE WITH FREE WARRANTS (Cont'd)

Key Information	Summary																																								
Utilisation of proceeds	<p>The gross proceeds to be raised from the Rights Issue with Free Warrants will be utilised in the following manner:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Details of utilisation</th> <th rowspan="2">Timeframe for utilisation from the completion of the Rights Issue with Free Warrants</th> <th colspan="2">Minimum Scenario</th> <th colspan="2">Maximum Scenario</th> </tr> <tr> <th>(RM'000)</th> <th>(%)</th> <th>(RM'000)</th> <th>(%)</th> </tr> </thead> <tbody> <tr> <td>(i) Business expansion of the hospitality segment</td> <td>Within 24 months</td> <td>1,364</td> <td>39.38</td> <td>6,076</td> <td>42.26</td> </tr> <tr> <td>(ii) Working capital</td> <td>Within 12 months</td> <td>1,600</td> <td>46.19</td> <td>5,800</td> <td>40.35</td> </tr> <tr> <td>(iii) Repayment of bank borrowings</td> <td>Within 3 months</td> <td>-</td> <td>-</td> <td>2,000</td> <td>13.91</td> </tr> <tr> <td>(iv) Estimated expenses for the Rights Issue with Free Warrants</td> <td>Within 1 month</td> <td>500</td> <td>14.43</td> <td>500</td> <td>3.48</td> </tr> <tr> <td>Total</td> <td></td> <td>3,464</td> <td>100.00</td> <td>14,376</td> <td>100.00</td> </tr> </tbody> </table> <p>Please refer to Section 4 of this Abridged Prospectus for further details of the utilisation of proceeds.</p>	Details of utilisation	Timeframe for utilisation from the completion of the Rights Issue with Free Warrants	Minimum Scenario		Maximum Scenario		(RM'000)	(%)	(RM'000)	(%)	(i) Business expansion of the hospitality segment	Within 24 months	1,364	39.38	6,076	42.26	(ii) Working capital	Within 12 months	1,600	46.19	5,800	40.35	(iii) Repayment of bank borrowings	Within 3 months	-	-	2,000	13.91	(iv) Estimated expenses for the Rights Issue with Free Warrants	Within 1 month	500	14.43	500	3.48	Total		3,464	100.00	14,376	100.00
Details of utilisation	Timeframe for utilisation from the completion of the Rights Issue with Free Warrants			Minimum Scenario		Maximum Scenario																																			
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(iv) Estimated expenses for the Rights Issue with Free Warrants	Within 1 month	500	14.43	500	3.48																																				
Total		3,464	100.00	14,376	100.00																																				
Risk factors	<p>You should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Free Warrants:-</p> <ol style="list-style-type: none"> our Group has been operating at a net loss for the past 3 financial years. The net losses from the past 3 financial years up to FYE 30 September 2020 were mainly due to the decline in progress billings and contracts secured for our system engineering and integration solutions segment; our businesses and financial performance are subject to risks relating to borrowing and restrictive covenants, the termination of our concession agreement to undertake property management services in respect of the Jabatan Kerja Raya Training Institute in Melaka, and inadequate insurance coverage; we operate in the system engineering and integration solutions industry, which is susceptible to technological obsolescence and competition risks; our hospitality segment has been materially affected by the COVID-19 pandemic; our construction and property development segment is dependent on the performance of the property market; and the market price of our Shares is influenced by the prevailing market sentiments and the volatility of the equity markets. Accordingly, there can be no assurance that the market price of the Rights Shares will be at a level that meets the specific investment objectives or targets of any holders of the Rights Shares. <p>Please refer to Section 6 of this Abridged Prospectus for further details of the risk factors.</p>																																								
Procedures for acceptance and payment	<p>Acceptance of and payment for the Provisional Allotments allotted to you and the Excess Application must be made by way of the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF or by way of e-Subscription via TIIH Online website at https://tiih.online and must conform with the terms and conditions of TIIH Online contained therein. The last day, date and time for acceptance of and payment for the Provisional Allotments and the application and payment for the Excess Rights Shares with Warrants C is on Thursday, 20 May 2021 at 5.00 p.m.</p> <p>Please refer to Section 10 of this Abridged Prospectus for further details of the procedures for acceptance and payment.</p>																																								



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

3 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: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 287,518,911 NEW ORDINARY SHARES IN DIGISTAR ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 3 EXISTING DIGISTAR SHARES HELD, TOGETHER WITH UP TO 287,518,911 FREE DETACHABLE WARRANTS 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

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, approved 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 new 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 new Warrants on the Main Market of Bursa Securities.

The approval of Bursa Securities is 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 our Board, announced that the issue price of the Rights Shares has been fixed at RM0.05 per Rights Share and the exercise price of the Warrants C has been fixed at RM0.10 per Warrant C. On the same date, UOBKH had also, on behalf of our Board, announced the Entitlement Date and other relevant dates pertaining to the Rights Issue with Free Warrants.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue with Free Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or UOBKH.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH FREE WARRANTS

2.1 Basis and number of Rights Shares and Warrants C to be issued

The Rights Issue with Free Warrants entails an issuance of up to 287,518,911 Rights Shares on the basis of 1 Rights Share for every 3 existing Digistar Shares held on the Entitlement Date, 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. The basis of 1 Rights Share together with 1 free Warrant C for every 3 existing Digistar Shares held on the Entitlement Date under the Rights Issue with Free Warrants was arrived at after taking into consideration, amongst others, the following:-

- (i) the minimum amount of proceeds to be raised from the Rights Issue with Free Warrants, details of which are set out in **Section 4** of this Abridged Prospectus;

- (ii) the issued share capital of our Company as at the LPD of RM104,936,629 comprising 788,532,399 Digistar Shares (including 7,372,808 treasury shares held as at the LPD); and
- (iii) the outstanding 74,024,334 Warrants B as at the LPD, all of which are constituted by the Deed Poll B. Each Warrant B carries the entitlement to subscribe for 1 new Digistar Share at an exercise price of RM0.26 per Warrant B during the 10-year exercise period up to 4 April 2023.

The Rights Issue with Free Warrants will be undertaken on a minimum subscription basis, after taking into consideration, amongst others, the following:-

- (i) the minimum level of funds that we intend to raise from the Rights Issue with Free Warrants amounting to RM3.46 million, which would entail a minimum subscription of 69,280,302 Rights Shares at an issue price of RM0.05 per Rights Share; and
- (ii) the irrevocable and unconditional undertaking of the Undertaking Shareholder of Digistar, LWC Capital Sdn Bhd, vide its letter dated 1 April 2021 to subscribe in full for its respective entitlements of the Rights Shares based on its shareholdings as at the Entitlement Date.

The actual number of Rights Shares to be issued will be determined based on the issued share capital of Digistar as at the Entitlement Date and the actual number of Warrants C to be issued would depend on the total number of Rights Shares subscribed by the Entitled Shareholders.

The maximum number of new Digistar Shares to be issued upon full exercise of the Warrants C is 69,280,302 new Digistar Shares (under the Minimum Scenario) and up to 287,518,911 new Digistar Shares (under the Maximum Scenario).

The Warrants C are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/or their renounees(s)/transferee(s) (if applicable) who subscribe for their entitled number of Rights Shares. The Warrants C will be immediately detached from the Rights Shares upon issuance and will be separately traded from the Rights Shares on the Main Market of Bursa Securities. The Warrants C will be issued in registered form and constituted by Deed Poll C. Please refer to **Section 2.5** of this Abridged Prospectus for the salient terms of Warrants C.

The Rights Shares and the free Warrants C will be provisionally allotted and issued to the Entitled Shareholders. In determining shareholders' entitlements under the Rights Issue with Free Warrants, fractional entitlements of the Rights Shares and Warrants C, if any, will be disregarded, and dealt with in such manner and on such terms and conditions as our Board in its absolute discretion deems fit or expedient and in the best interest of our Company.

The Rights Issue with Free Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares together with the free Warrants C in full or in part. For avoidance of doubt, the Rights Shares and Warrants C are not separately renounceable. Only Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who successfully subscribe for the Rights Shares will be entitled to Warrants C. The remaining Rights Shares which are unsubscribed, not taken up or not validly taken up shall be made available for excess applications by the other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable). It is the intention of our Board to allocate the Excess Rights Shares with Warrants C in a fair and equitable manner, and on a basis as set out in **Section 10.8** of this Abridged Prospectus.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such number of Provisional Allotment into your CDS Account, and the RSF to enable you to subscribe for such Provisional Allotments as well as to apply for the Excess Rights Shares with Free Warrants if you choose to do so.

Only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF. Further, an electronic notification on the Rights Issue with Free Warrants will also be sent to all Registered Entitled Shareholders on the date of despatch of the NPA and RSF.

2.2 Basis and justification for the issue price of the Rights Shares

The issue price of RM0.05 per Rights Share was determined and fixed by our Board on the Price Fixing Date after taking into consideration the following:-

- (i) the funding requirements of our Group for the proposed utilisation as set out in **Section 4** of this Abridged Prospectus;
- (ii) the prevailing market conditions, which includes, amongst others, the market sentiment and volatility of the Malaysian stock market, and the historical market prices of Digistar Shares since the first announcement of the Rights Issue with Free Warrants on 10 February 2021 up to the Price Fixing Date;
- (iii) the TERP of Digistar Shares based on the 5-day VWAP of Digistar Shares immediately preceding the Price Fixing Date; and
- (iv) a suitable issue price that is deemed attractive to encourage the subscription of Rights Shares with Warrants C by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable).

The issue price of RM0.05 per Rights Share represents a discount of RM0.02 or approximately 28.57% to the TERP of Digistar Shares of RM0.07, calculated based on the 5-day VWAP of Digistar Shares up to and including 15 April 2021, being the last trading day immediately preceding the Price Fixing Date of RM0.08.

2.3 Basis and justification for the exercise price of Warrants C

The exercise price of RM0.10 per Warrants C was determined and fixed by our Board on the Price Fixing Date after taking into consideration, amongst others, the following:-

- (i) the Warrants C will be issued at no cost to the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who successfully subscribed for the Rights Shares;
- (ii) the TERP of Digistar Shares based on the 5-day VWAP of Digistar Shares immediately preceding the Price Fixing Date; and
- (iii) the prevailing market conditions and the historical trading price of Digistar Shares.

The exercise price of RM0.10 per Warrant C represents a premium of RM0.03 or approximately 42.86% to the TERP of Digistar Shares of RM0.07, calculated based on the 5-day VWAP of Digistar Shares up to and including 15 April 2021, being the last trading day immediately preceding the Price Fixing Date of RM0.08.

2.4 Ranking of the Rights Shares and new Digistar Shares to be issued arising from the exercise of the Warrants C

The Rights Shares will, upon allotment and issuance, rank equally in all respects with the existing Shares, save and except that the Rights Shares 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 the Rights Shares.

The new Digistar Shares to be issued arising from the exercise of the Warrants C 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 Warrants C 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 the new Digistar Shares.

2.5 Salient terms of the Warrants C

The salient terms of the Warrants C are as follows:-

- Number of Warrants C** : Up to 287,518,911 Warrants C
- Form and denomination** : Warrants C which are issued with the Rights Shares are immediately detached upon issuance and will be separately traded on Bursa Securities. Warrants C will be issued in registered form and constituted by the Deed Poll C
- Exercise Period** : Warrants C may be exercised at any time within a period of 5 years, which shall commence from and including the date of issuance of Warrants C and ending on the Expiry Date ("**Exercise Period**")
- Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid
- Expiry Date** : A date being 5 years from and including the date of issuance of Warrants C, and if such a day is not a Market Day, on the immediate preceding Market Day ("**Expiry Date**")
- Exercise Rights** : Warrants C entitle the registered holders, at any time during the Exercise Period, to subscribe for new Shares on the basis of 1 new Digistar Share for 1 Warrant C at the exercise price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll C ("**Exercise Rights**")
- Tenure of Warrants C** : 5 years from the date of issuance of Warrants C
- Exercise price** : RM0.10 per Warrant C or such adjusted price as determined in the Deed Poll C
- Mode of exercise** : The registered holder of Warrant C is required to lodge a subscription form as set out in the Deed Poll C with our Company's registrar, duly completed and signed together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia or via online payment gateway for the Subscription Form lodged electronically in accordance with the provisions of the Deed Poll C
- Mode of transfer** : Warrants C are transferrable in the manner and according to the provisions of the Deed Poll, Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Depository

- Participating rights of the holders of Warrants C in any distribution and/or offer of further securities** : Warrant C holders are not entitled to any voting right or participation in any forms of distribution and/or offer of further securities in our Company until and unless such Warrant C holders exercise the Warrants C for the new Shares in accordance with the provisions of the Deed Poll C and such new Shares have been allotted and issued to the Warrant C holders. Each Warrant C holder shall be deemed to remain the registered holder of Warrants C credited in his/her securities account until the name of the transferee is entered in the Record of Depositors
- Ranking of new Shares arising from the exercise of the Warrants C** : The new Digistar Shares to be issued arising from the exercise of Warrants C will, upon allotment and issue, rank equally in all respects with the then existing Digistar Shares, save and except that the new Digistar Shares to be issued arising from the exercise of Warrants C 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 the new Digistar Shares
- Board lot** : For the purpose of trading in Bursa Securities, a board lot of Warrants C shall comprise 100 Warrants C carrying the right to subscribe for 100 new Digistar Shares at any time during the Exercise Period, or in such denomination as determined by Bursa Securities
- Listing status** : The Warrants C and new Digistar Shares to be issued pursuant to the exercise of the Warrants C will be listed and quoted on the Main Market of Bursa Securities
- Adjustments in the exercise price and/or number of Warrants C** : The exercise price and/or number of unexercised Warrants C may be adjusted, calculated or determined by the Board from time to time, at any time during the tenure of Warrants C in consultation with its professional advisers and/or auditors, in the event of alteration to the share capital of our Company, whether by way of, amongst others, rights issue, bonus issue, consolidation or subdivision or conversion of shares, reduction of capital, issuance of shares to our shareholders by way of capitalisation of profits or reserves or capital distribution or allotment of shares, offer or invitation to its shareholders or any other events in accordance with the provisions of the Deed Poll C
- Modification** : Save as expressly provided in the Deed Poll C, no modification, amendment, deletion or addition may be made to the provisions of the Deed Poll C without the sanction of a special resolution of the Warrant C holders unless the modifications, amendments, deletions or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of our Company, will not be materially prejudicial to the interests of the Warrant C holders

Any modification, amendment, deletion or addition to the Deed Poll C (including the form and content of the warrant certificate) may be effected only (i) by a supplemental deed poll executed by our Company and expressed to be supplemental thereof and (ii) approved or sanctioned by the Warrant C holders by way of a special resolution

- Rights in the event of winding-up, liquidation, compromise and/or arrangement** : Where a resolution has been passed for a member's voluntary winding-up of our Company, or where there is a compromise or arrangement whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of the Company with 1 or more companies, then:-
- (a) in the case of a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation), to which the Warrant C holders, or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant C holders;
- (b) in any other case, every Warrants C holder shall be entitled upon and subject to the provisions of the Deed Poll C at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or within 6 weeks after the granting of the court order approving the compromise or arrangement (whichever is later), by irrevocable surrender of his/her Warrants C to our Company, elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/her Warrants C to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of our Company which would be available in liquidation as if he/she had on such date been the holder of the new Digistar Shares to which he/she would have been entitled to pursuant to such exercise

All Exercise Rights which have not been exercised within the above 6 weeks of either the passing of such resolution for the members' voluntary winding up or the granting of the court order for the approval of such winding-up, compromise or arrangement, as the case may be, will lapse and all the unexercised Warrants C will cease to be valid for any purpose

Governing law : Laws and regulations of Malaysia

2.6 Details of other corporate exercise

We had, on 21 January 2020, announced a private placement of not more than 20% of the total number of Digistar Shares in accordance with the general mandate pursuant to Sections 75 and 76 of the Act ("**Private Placement**"). We have placed out 130,193,265 Shares ("**Placement Share(s)**") at an issue price of RM0.02 per Placement Share, raising a total gross proceeds of approximately RM2.60 million.

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

Details of utilisation	Timeframe for utilisation from completion of the Private Placement	Proposed utilisation (RM'000)
Business expansion	Within 12 months	2,000
Working capital	Within 12 months	404
Estimated expenses in relation to the Private Placement	Upon completion	200
Total		2,604

The Private Placement was completed on 7 April 2020 and the proceeds raised have been fully utilised by our Group as at the LPD. For further details on the Private Placement, please refer to the announcement of Digistar dated 21 January 2020.

Save for the Private Placement, we have not undertaken any other fundraising exercise in the past 12 months up to the LPD.

3. MINIMUM SUBSCRIPTION LEVEL AND ENTITLEMENT UNDERTAKING

Our Board has determined to undertake the Rights Issue with Free Warrants on the Minimum Subscription Level, after taking into consideration the minimum level of funds of approximately RM3.46 million that we intend to raise from the Rights Issue with Free Warrants which would entail a minimum subscription of 69,280,302 Rights Shares at an issue price of RM0.05 per Rights Share by the Undertaking Shareholder, that will be channelled towards the proposed utilisation as set out in **Section 4** of this Abridged Prospectus.

In order to meet the Minimum Subscription Level, the Undertaking Shareholder had, vide its letter dated 1 April 2021, provided its irrevocable and unconditional undertaking to subscribe in full for its entitlement of the Rights Shares with free Warrants C based on its shareholdings as at the Entitlement Date.

As at the LPD, the Undertaking Shareholder holds 207,840,907 Digistar Shares, representing approximately 26.61% of the issued share capital of Digistar. The details of the Entitlement Undertaking are set out below:-

Undertaking Shareholder	Direct shareholdings as at the LPD		Entitlement Undertaking		Direct shareholdings after the Rights Issue with Free Warrants		⁽⁴⁾ Funding required RM
	No. of Shares	⁽¹⁾ %	No. of Rights Shares	⁽²⁾ %	No. of Shares	⁽³⁾ %	
LWC Capital Sdn Bhd	207,840,907	26.61	69,280,302	24.10	277,121,209	32.59	3,464,015

Notes:-

- (1) Based on the total issued shares of Digistar as at the LPD comprising 781,159,591 Digistar Shares (excluding 7,372,808 treasury shares).
- (2) Based on up to 287,518,911 Rights Shares to be issued pursuant to the Rights Issue with Free Warrants under the Maximum Scenario.
- (3) Based on the enlarged share capital comprising 850,439,893 Shares (excluding 7,372,808 treasury shares) after the completion of the Rights Issue with Free Warrants under the Minimum Scenario.
- (4) Computed based on the issue price of RM0.05 per Rights Share.

Pursuant to the Entitlement Undertaking, the Undertaking Shareholder has:-

- (i) irrevocably and unconditionally undertaken to subscribe in full for its entitlements under the Rights Issue with Free Warrants calculated based on its shareholdings as at the date of the Entitlement Undertaking;
- (ii) irrevocably and unconditionally undertaken not to dispose of or transfer its existing interest in our Company or any part thereof during the period commencing from the date of the Entitlement Undertaking up to the Entitlement Date; and
- (iii) vide its letter dated 1 April 2021, confirmed that it has sufficient financial resources and has obtained all approvals and authorisations necessary to pay for and to take up its entitlements at any issue price that may be determined by Digistar.

The Entitlement Undertaking provided by the Undertaking Shareholder reflect its commitment and confidence in growing our business and driving the financial performance of our Group further under the current economic outlook.

UOBKH, being the Adviser for the Rights Issue with Free Warrants has also verified that the Undertaking Shareholder has sufficient financial resources to take up the number of Rights Shares as specified in the Entitlement Undertaking.

As the Rights Issue with Free Warrants will be undertaken on the Minimum Subscription Level, we do not intend to procure any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders and/or their renounee(s) pursuant to the Rights Issue with Free Warrants. Save for the Entitlement Undertaking, the open portion of the Rights Issue with Free Warrants not taken up by the Undertaking Shareholder will be up to 218,238,609 Rights Shares, representing approximately 75.90% of the maximum Rights Shares to be issued pursuant to the Rights Issue with Free Warrants under the Maximum Scenario.

Pursuant to Paragraphs 3.06(1) and 8.02(1) of the Listing Requirements, we must ensure that at least 25% of the total listed Digistar Shares (excluding treasury shares) are in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Digistar Shares each.

For illustration purposes, the pro forma effects of the Rights Issue with Free Warrants (under the Minimum Scenario) on our public shareholding spread are set out below:-

	As at the LPD		Pro forma I		Proforma II	
			After the Rights Issue with Warrants		After Proforma I and assuming full exercise of the Warrants C	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Share capital (excluding treasury shares)	781,159,591	100.00	850,439,893	100.00	919,720,195	100.00
Less: Shareholdings of Directors/ substantial shareholders/ associates	208,498,049	26.69	277,778,351	32.66	347,058,653	37.74
Public shareholdings	572,661,542	73.31	572,661,542	67.34	572,661,542	62.26

Based on the table above, under the Minimum Scenario, our public spread may potentially decrease from approximately 73.31% to 67.34%, upon completion of the Rights Issue with Free Warrants and may be reduced further to 62.26% on the assumption that the Undertaking Shareholder fully exercised its Warrants C. In respect thereof, we confirm that our public shareholding spread will not fall below 25% of our enlarged issued share capital after the completion of the Rights Issue with Free Warrants.

We also confirm that upon completion of the Rights Issue with Free Warrants, the resultant shareholdings of the Undertaking Shareholder will not give rise to any consequences of mandatory take-over obligation under the Malaysian Code on Take-overs and Mergers 2016 and the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC. However, should the Undertaking Shareholder and/or any persons acting in concert with it exercise their Warrants C, such that their shareholdings in Digistar increases to more than 33.0%, whether on an individual or collective basis, the Undertaking Shareholder and/or any of persons acting in concert with it are obliged to undertake a mandatory offer for all the remaining Digistar Shares not already held by them after the exercise of the Warrants C.

Notwithstanding the above, the Undertaking Shareholder and persons acting in concert with it may, at a later stage after the completion of the Rights Issue with Free Warrants, seek an exemption from the obligation to undertake a mandatory offer for all the remaining Digistar Shares not already held by them that may arise pursuant to their exercise of the Warrants C.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.05 per Rights Share, the gross proceeds to be raised from the Rights Issue with Free Warrants will be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation from the completion of the Rights Issue with Free Warrants	Minimum Scenario		Maximum Scenario	
		(RM'000)	(%)	(RM'000)	(%)
(i) Business expansion of the hospitality segment	Within 24 months	1,364	39.38	6,076	42.26
(ii) Working capital	Within 12 months	1,600	46.19	5,800	40.35
(iii) Repayment of bank borrowings	Within 3 months	-	-	2,000	13.91
(iv) Estimated expenses for the Rights Issue with Free Warrants	Within 1 month	500	14.43	500	3.48
Total		3,464	100.00	14,376	100.00

Notes:-

(i) Business expansion of the hospitality segment

Despite the current industry economic outlook, our management anticipates that the hospitality and tourism industry would recover and regain its pre-COVID-19 footing upon the re-opening of the international borders for tourism and the roll-out of the vaccination plans. In anticipation of the recovery of the hospitality and tourism industry, our management plans to expand our hospitality footprint as we only currently own and operate Imperial Heritage Hotel, located in Melaka town. The management intends to expand our hospitality footprint by way of, amongst others, the following:-

- (a) acquisition of suitable properties which are strategically located in Wilayah Persekutuan, Selangor, Melaka or such other locations that the management deems as strategic for our hospitality operations. The proposed acquisitions may involve acquisition of existing buildings suited for hotels/short stay accommodations ("**Existing Properties**") or vacant lands located in strategic locations suited for hotels/short stay accommodations ("**Hotel Land**") ("**Property Acquisition**"); or
- (b) potential partnership/joint venture with strategic partners to jointly acquire, refurbish, rebrand and operate the Existing Properties, or to jointly acquire the Hotel Land, construct and operate the new hotel ("**JV**").

We anticipate that the process to identify and acquire the Existing Properties, Hotel Land and/or JV will be carried out in stages over a period of 2 years from the completion of the Rights Issue with Free Warrants. Our indicative timeframe to acquire the Existing Properties and/or Hotel Land is set out as follows:-

No.	Stage(s)	Indicative Timeframe
1.	Identify potential Existing Properties and Hotel Land located in Wilayah Persekutuan, Selangor and Melaka	June 2021 to January 2022
2.	Conduct preliminary feasibility studies on the potential Existing Properties and the potential development projects in respect of the identified Hotel Land	February to May 2022
3.	Commence discussion with the owners of the Existing Properties and/or Hotel Land to negotiate on the terms of the acquisition, refurbishment, rebranding and operation of Existing Properties or potential JV	June to December 2022
4.	Execution of the relevant agreement for the acquisition of the Existing Properties/development rights or potential JV to develop the Existing Properties and the completion of the transaction(s)	January to May 2023
	Total	Up to 24 months

We will make the necessary announcement(s) in accordance to the Listing Requirements, as and when, we have entered into any agreement in relation to the acquisition of any new properties or potential joint venture. In the event such transactions require shareholders' approval and/or other regulatory approvals, we will obtain the necessary approval(s) to undertake the said transactions.

As at this juncture, our management is in the midst of identifying suitable properties located in Wilayah Persekutuan, Selangor and Melaka that will enable the Company to embark on either option (a) or (b) above.

Our management is confident that we would be able to embark on the Property Acquisition or the JV as we may be in a better position to negotiate on the purchase price of the suitable properties in view of the current slowdown in the property market. However, in the event the management is unable to pursue the business expansion under option either (a) or (b) above, we will explore to construct the hotel on our existing vacant land bank, which are primarily located in Selangor and Melaka, subject to feasibility studies to be undertaken by our Group.

Hence, for the purposes of the above business expansion, we intend to allocate up to RM6.08 million of the proceeds from the Rights Issue with Free Warrants to part finance our hospitality business expansion plans. The proceeds will potentially be channelled towards, amongst others, payment of upfront deposits for the acquisition/joint venture and the associated costs to undertake feasibility studies as well as hotel construction costs. The balance/shortfall required to fund the hospitality business expansion will be financed through our internally generated funds and/or bank borrowings, the breakdown of which has yet to be determined by our management at this juncture.

In the event that we are unable to undertake the above business expansion within 2 years from the completion of the Rights Issue with Free Warrants, the proceeds earmarked for such purposes will be reallocated to our working capital as disclosed in item (ii) below.

(ii) Working Capital

The hospitality industry was one of the hardest-hit sectors during the COVID-19 pandemic. This was mainly due to the restrictions placed on international and domestic travel throughout the MCO period. The occupancy rates and the revenue of our hotel, Imperial Heritage Hotel located in Melaka, were significantly affected during this period whilst our Group had to incur an average monthly operating expenses of approximately RM0.60 million. The current occupancy rate of our Imperial Heritage Hotel is at a low of approximately 35.30% as at LPD. Our management envisage that the hospitality and tourism industry will remain challenging in the near term in view of the recent resurgence of the COVID-19 infections.

As such, we have earmarked up to RM5.80 million of the proceeds from the Rights Issue with Free Warrants to support and strengthen the cash flows of our hospitality operations in the near term given the current economic uncertainty. The proceeds will be utilised to fund the working capital requirements of our hospitality segment, which includes, but are not limited to, payment to our suppliers/trade creditors, general administrative and daily operational expenses such as staff-related costs, utilities, statutory payments and any other overhead expenditures. The breakdown of such proceeds have not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

Notwithstanding that, and on a best estimate basis, the percentage of the allocation of the proceeds to be utilised for each component of the working capital are as follows:-

	Estimated allocation of proceeds (%)
Payment to suppliers/ trade creditors of our Group	50.00
General administrative expenses and other operating expenses such as staff-related costs, utilities, statutory payments and any other overhead expenditures	50.00
Total	100.00

Any surplus or shortfall of proceeds for this purpose will be adjusted to/from the proceeds allocated for our business expansion of the hospitality segment.

(iii) Repayment of bank borrowings

As at the LPD, our total borrowings stood at RM272.84 million, comprising bonds and bank borrowings such as term loans, bankers acceptance and overdraft facilities. The bonds were previously issued mainly to finance the construction and completion of the Jabatan Kerja Raya (“JKR”) Training Institute in Melaka under an 18-year concession agreement with the Government of Malaysia (“JKR Project”) and also to finance the expansion and refurbishment of our Imperial Heritage Hotel in Melaka. The coupon rates for the bonds ranges from 4.00% to 16.00% per annum with a fixed repayment schedule.

It is our intention to utilise up to RM2.0 million from the proceeds of the Rights Issue with Free Warrants towards partial repayment of our existing bank borrowings facilities. As at the LPD, our total bank borrowings stood at approximately RM6.02 million, of which RM3.14 million are long term borrowings and RM2.88 million are short term borrowings. We have earmarked up to RM2.00 million for the partial repayment of our existing facility, as set out below:-

Facility	Bank	Total amount outstanding as at the LPD (RM'000)	Proposed repayment (RM'000)	Interest rate (% per annum)	Purpose of borrowing
Term loan	Affin Bank Berhad	3,443	2,000	7.06	To finance the acquisition of freehold land

For illustrative purposes, the repayment of the bank borrowings set out in the table above amounting to RM2.0 million is expected to result in interest savings of approximately RM0.14 million per annum assuming an interest rate of 7.06% per annum.

(iv) Estimated expenses for the Rights Issue with Free Warrants

The proceeds earmarked for the estimated expenses relating to the Rights Issue with Free Warrants shall be utilised in the following manner:-

	(RM'000)
Professional fees (i.e. principal adviser, solicitors, company secretary and share registrar)	285
Regulatory fees	115
Contingencies and other incidental expenses in relation to the Rights Issue with Free Warrants (i.e. convening of EGM, printing and advertisement expenses)	100
Total	500

If the actual expenses are higher than budgeted, the deficit will be funded from the portion allocated for working capital. Conversely, any surplus of funds following the payment of expenses will be utilised for working capital requirements of our Group.

Pending utilisation of proceeds from the Rights Issue with Free Warrants for the above purposes, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used to fund our working capital requirements. Any variance to the total gross proceeds raised from the Rights Issue with Free Warrants will be adjusted against the proceeds earmarked for working capital.

The exact quantum of proceeds that may be raised from the exercise of Warrants C will depend upon the actual number of Warrants C as and when exercised during the tenure of Warrants C. As such, the exact timeframe for utilisation of such proceeds arising from the exercise of Warrants C is not determinable at this juncture. Notwithstanding thereof, our Company will utilise the proceeds within 3 months from the date of receipt of the proceeds (arising from the exercise of Warrants C) and such proceeds shall be utilised to fund our working capital requirements, which includes, amongst others, payment to our suppliers/trade creditors, general administrative and daily operational expenses (i.e. staff-related costs, utilities, statutory payments and any other overhead expenditures), the breakdown of which has yet to be determined by the management at this juncture.

5. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH FREE WARRANTS

The Rights Issue with Free Warrants is undertaken to raise proceeds to be utilised in the manner as set out in **Section 4** of this Abridged Prospectus. After due consideration of the various options available as well as our capital structure, our Board is of the opinion that the Rights Issue with Free Warrants is the most appropriate means of raising funds for the following reasons:-

- (i) the Rights Issue with Free Warrants will involve the issuance of new Digistar Shares without diluting the existing shareholders' respective shareholdings provided that all the Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue with Free Warrants;
- (ii) the Rights Issue with Free Warrants will provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro rata basis and ultimately, participate in the prospects and future growth of Group by subscribing to the Rights Shares;
- (iii) the Rights Issue with Free Warrants will enable us to raise requisite funds without incurring interest expense as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs; and
- (iv) the Rights Issue with Free Warrants will strengthen Digistar Group's financial position with enhanced shareholders' funds and reduced gearing level as compared to bank borrowings which are expected to facilitate the continuous long-term growth and expansion plans of Digistar Group.

Further, the free Warrants C attached to the Rights Shares is intended to reward and provide the Entitled Shareholders with an option to further increase their equity participation in our Company by exercising their Warrants C at a predetermined price over the tenure of Warrants C. The exercise of Warrants C will also strengthen our capital base and provide additional funds to Digistar Group. In addition, Warrants C will be listed and traded separately from the Digistar Shares on the Main Market of Bursa Securities, thereby providing the holders of Warrants C with an avenue to monetise Warrants C should they choose to do so.

6. RISK FACTORS

We are primarily involved in the following:-

- (a) system engineering and integration solutions segment, which involves the provision of design, supply, installation and integration of audio-visual, broadcasting and security surveillance and monitoring systems;
- (b) hospitality segment, which involves the operation of Imperial Heritage Hotel in Melaka;
- (c) concession segment, which involves the provision of asset management services in respect of the JKR Training Institute in Melaka pursuant to a concession agreement⁽¹⁾ dated 29 July 2016 between Indera Persada Sdn Bhd ("**IPSB**"), a subsidiary of our Company, and the Government of Malaysia ("**Concession Agreement**"); and
- (d) construction and property development ⁽²⁾.

Notes:-

- (1) *For information purposes, the concession period for the property management services in respect of the JKR Training Institute is 15 years from the commencement date on 1 September 2016 to 31 August 2030. Under the Concession Agreement, IPSB will charge a monthly fee of RM3,012,066 for the asset maintenance/property management services ("**Property Management Fees**").*
- (2) *Our Group has not undertaken any construction or property development projects since the completion of the construction of the JKR Training Institute in 2016.*

You should consider carefully, in addition to other information contained elsewhere in this Abridged Prospectus, the following risk factors which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue with Free Warrants.

6.1 Risks relating to our Group

6.1.1 Our Group has been incurring losses since the FYE 30 September 2018

For the past 3 financial years up to the FYE 30 September 2020, our Group has been operating at a net loss, which was mainly attributed to, amongst others, the decline in progress billings and contracts secured for our system engineering and integration solutions segment. Our net losses in the latest FYE 30 September 2020 amounted to approximately RM1.01 million. Further details on our financial performance for the past 3 financial years up to the FYE 30 September 2020 and the latest unaudited 3-month FPE 31 December 2020 are set out in **Section 9.1, Appendix I** of this Abridged Prospectus.

In view of our weak financial performance, we have undertaken several strategic initiatives to improve our earnings, which includes, amongst others, our sales and marketing campaign to increase the subscriber base for our security surveillance and monitoring systems and our ongoing efforts to procure and develop innovative products to enhance the competitiveness of our security surveillance and monitoring services. Our Board also envisages that the utilisation of proceeds to be raised from the Rights Issue with Free Warrants for our hospitality segment and part repayment of our bank borrowings will also assist to strengthen the financial position of our Group and potentially enhance our earning streams.

Notwithstanding the prospects of the industries we operate in as set out in **Section 7** of this Abridged Prospectus and our Group's future plans, there is no assurance that these future plans will successfully turnaround the financial performance of our Group in the future.

6.1.2 Borrowing risks and restrictive covenants

Our total borrowings as at the LPD amounted to approximately RM272.84 million, most of which relates to the bonds previously issued to mainly finance the construction and completion of the JKR Project as well as to finance the expansion and refurbishment of our Imperial Heritage Hotel located in Melaka. Based on our total borrowings, our gearing ratio is 3.55 times as at the LPD. Any additional borrowings and/or increase in interest rates may result in a higher interest expense, which in turn may materially affect our profitability.

In addition, certain covenants set out in our bond subscription agreements and/or facility agreements may limit our operating and financial flexibility. Hence, it is pertinent to note that any breaches of such covenants may adversely affect our financial position.

Although we endeavour to monitor our compliances with such covenants, there can be no assurance that our performance will not be adversely affected in the event that we breach such covenants set out in our bond subscription agreements and/or facility agreements. For information purposes, we have not breach such covenants to-date.

6.1.3 Termination of the Concession Agreement

Pursuant to the Concession Agreement, our subsidiary, IPSB, is required to provide asset maintenance/property management services in respect of the JKR Training Institute for a period of 15 years from the commencement date on 1 September 2016 to 31 August 2030. It is pertinent to note that an event of default under the Concession Agreement will occur in the event IPSB:-

- (i) fails to provide property management services for a continuous period of 7 days;
- (ii) fails to carry out the property management services programme as set out in the Concession Agreement;
- (iii) fails to achieve the agreed key performance indicators in respect of property management services and that the Government of Malaysia had penalised and deducted more than 25% of IPSB's Property Management Fees for 3 consecutive months;
- (iv) causes the lease agreement and sublease agreement under the Concession Agreement to be terminated; or
- (v) is in breach of any of its obligations or fails to comply with any of the provisions set out in the Concession Agreement.

Under such circumstances, the Government of Malaysia will be entitled to give notice to IPSB to remedy the event of default within a stipulated period, failure of which will hence potentially result in the termination of the Concession Agreement.

To-date, we have not experience any breach resulting in an event of default under the Concession Agreement. However, it should be noted that the termination of the Concession Agreement will adversely affect our financial performance given that the concession business provides a yearly revenue of approximately RM36.14 million to our Group.

6.1.4 Our insurance coverage

We maintain general insurance policies covering both our assets and employees in line with general business practices in the industries we operate in, where practicable, with policy specifications and insured limits which we believe are reasonable. Under our system engineering and integration solutions segment, our Group maintains, amongst others, the following insurance policies:-

- (i) erection all risk (EAR) insurance policy, which provides protection against all the risks involved in the installation of our systems as well as third party claims in respect of installation works;
- (ii) workmen's compensation insurance policy, which provides cover for our employees against death or injuries by accident arising out of and in the course of their employment; and
- (iii) public liability insurance policy, which provides protection against our legal liability to pay compensation for accidental bodily injury to or accidental damage to the property to our customers caused by or through our or our employees' negligence or by any defect in the premises of our customers.

We have also maintain, amongst others, an all risk and fire insurance policies under our hospitality segment in respect of our Imperial Heritage Hotel in Melaka.

Notwithstanding the above, there can be no assurance that our insurance coverage would be adequate to cover the replacement costs of the assets or any potential losses arising thereof. Further, in the event that the amount of such claims exceeds our insurance coverage, we may be liable for the said shortfalls in the claims, which in turn may potentially adversely affect our financial position. For information purposes, our Group have not made any insurance claims to-date.

6.1.5 Availability of commercially viable land bank for our property development business

Our property development business relies on our ability to identify and acquire suitable and sizeable land bank at strategic locations with development potential to deliver growth and profitability. However, we face competition in identifying and acquiring strategically located land bank at commercially viable prices. The competition among industry players has, to a certain extent, resulted in scarcity of sizeable and strategically located land bank. This may lead to higher land acquisition cost, which will potentially affect our profitability and prospects.

There can be no assurance that we will be able to identify new land bank on commercially viable prices and on suitable terms to increase our land bank.

6.1.6 Political, economic and regulatory risks in Malaysia and the occurrence of force majeure events

As we derive our revenue solely from Malaysia, any adverse changes or uncertainties in regulation, political and economic condition and investment sentiments in Malaysia as well as any force majeure events, such as terrorist acts, war, riots, epidemics (including but not limited to the COVID-19) and natural disasters globally or locally could adversely affect our business operations and financial prospects. The political, economic and regulatory risks which may affect us include unfavourable changes in inflation rates, foreign exchange rates, expropriations, adverse changes in political leadership, and unfavourable changes in government policies or regulations.

The occurrence of any abovementioned events is beyond our control and may have an adverse impact on the demand of our Group's services or cause reduction in our Group's revenue. As a result, our Group may not be able to overturn our loss-making position or recover from such adverse impact to our financial performance in near term. As at the LPD, save for the COVID-19 pandemic, we have not experienced any adverse political, economic and regulatory changes or force majeure events which has a direct impact on our business operations. Please refer to **Section 7.5** of this Abridged Prospectus for further details relating to the impact of COVID-19 pandemic on our business operations.

6.2 Risks relating to the system engineering and integration solutions industry

6.2.1 Technological obsolescence

We are subject to inherent risks associated with the rapid advancement of technology as the industry moves towards the Internet of things ("IoT") era. Our products and services are characterised by rapid changes in technology, evolving market trends and practices as well as customer requirements. Hence, our future depends substantially upon our ability to address the technology and technical requirements of our existing and potential customers.

We seek to minimise such risk by actively and continuously pursuing technological advancement through our participation at technology related conferences and seminars with the aim of keeping abreast with the latest technology and identifying new industry best practices and market trends.

We will also provide continuous staff development to our technical staff with the aim of aligning their technical skill sets with the latest technology and/or technical practices.

Notwithstanding the above, there is no assurance that we will be able to continue to adapt to ongoing advances in technology and market needs.

6.2.2 Competition

We operate in the systems engineering and integration industry, which is highly fragmented and as such, we often face intense competition from the other industry players. Some of our competitors may have longer operating track record and more resources in terms of financial resources, equipment and manpower as compared to us. We also envisage that such competition will persist and increase further in the near future as we move towards the IoT era.

Due to the intense competition, we often compete with other systems engineering and integration companies by offering highly competitive pricing to bid and secure new projects, which in turn may adversely affect our financial performance. We also intend to enhance our competitiveness by sourcing for innovative products and develop new services for our security surveillance and monitoring systems business.

Notwithstanding the above, we cannot assure you that we will be able to compete effectively with the current and new entrants and that such competition will not become more intense in the future.

6.3 Risks relating to the hospitality industry

6.3.1 Lockdowns and travel restrictions as well as the uncertainty of hospitality industry

The hospitality industry was one of the hardest-hit sectors following the outbreak of the COVID-19 pandemic and the imposition of restrictions on international and domestic travel. With tourism (being the main driver of the hospitality business) halted abruptly for an unprecedented long period, the business operations and financial performance of most hotel operators were severely impacted with a major slump in their occupancy rate and revenue.

In response to the unprecedented disruptions to our hotel operations, our Group has since implemented cost control measures to manage our operating costs, which includes, amongst others, the resizing of the salary base of our hotel workforce and cost reduction exercise on our operating expenditure. However, it is pertinent to note that there is no assurance that these cost control measures will be adequate for our hospitality segment to weather the current business condition.

We have also implemented various procedures and practices in line with the directives issued by the Government of Malaysia to reduce the risks of the spread of COVID-19 and to safeguard our employees. However, there can be no assurance that the outbreak of COVID-19 pandemic can be effectively controlled or other pandemics will not happen in the future. Other outbreak or pandemics may occur in the future and could persist for a substantial period, and this may materially and adversely affect our business operations and financial performance. Please refer to **Section 7.5** of this Abridged Prospectus for further details on the impact of COVID-19 pandemic on the business operations of our Group.

6.4 Risks relating to the construction and property development industry

6.4.1 Dependence on the performance of the property market

The performance of our construction and property development businesses are dependent on the performance of the property market in Malaysia. The performance of the property market in Malaysia is generally affected by, amongst others, population growth, economic growth, government policies and regulations as well as demographic trends.

Any adverse development affecting the property market may result in adverse impact on the performance of our construction and property development businesses, which in turn may adversely affect our financial performance. Nevertheless, as at this juncture, our Group has not undertaken or bid for any construction or property development projects since the completion of the construction of the JKR Training Institute in 2016.

6.5 Risks relating to the Rights Issue with Free Warrants

6.5.1 Investment and market risks

The market price of the new securities arising from the Rights Issue with Free Warrants, like all other listed securities traded on Bursa Securities, are subject to fluctuation and will be influenced by, amongst others, prevailing market sentiment, volatility of the stock market, volatility of the Shares, movement of the interest rate, outlook of the industries in which we operate in and our financial performance. In view of this, there can be no assurance that the Shares will trade at or above the issue price of the Rights Shares after the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

Shareholders should also consider carefully that each Warrant C derives its value from giving its holder the right to subscribe for new Digistar Shares at a predetermined exercise price over the exercise period. The Warrants C have a finite lifespan during which tenure the holders can exercise the subscription rights comprised in the Warrant C. If the sum of the price of the Warrants C as quoted on Bursa Securities and the exercise price of the Warrants C is higher than the market price of Digistar Shares, the Warrants C are deemed to be "out-of-the-money". The value of the Warrants C is directly related to the market price of Digistar Shares. The higher the quantum by which the market price of Digistar Shares exceeds the exercise price of the Warrants C, the higher the value of the Warrants C will be.

As the Warrants C are new instruments issued by our Company, there can be no assurance that an active market for the Warrants C will develop upon listing on the Main Market of Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants will be "in-the-money" during the Exercise Period.

Accordingly, there can be no assurance that the market price of the Rights Shares and the Warrants C will be at a level that meets the specific investment objectives or targets of any holders of the Rights Shares and the Warrants C.

6.5.2 Delay in or abortion of the Rights Issue with Free Warrants

The Rights Issue with Free Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events or circumstances, unfavourable changes in the governments' policies as well as other force majeure events, which are beyond the control of our Company and UOBKH, arising prior to or during the implementation of the Rights Issue with Free Warrants.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares and the Warrants C. However, there can be no assurance that the above-mentioned events will not occur and cause a delay in or abortion of the Rights Issue with Free Warrants. In the event the Rights Issue with Free Warrants is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Rights Issue with Free Warrants and if such monies are not repaid within 14 days after we become liable to repay, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 245(7) of the CMSA.

In the event that the Rights Issue with Free Warrants is aborted/terminated, and the Rights Shares and the Warrants C have been allotted to the shareholders, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

6.5.3 Potential dilution

Entitled Shareholders who do not or are unable to subscribe fully for their entitlement pursuant to the Rights Issue with Free Warrants will have their proportionate percentage of shareholdings and voting interest in our Company reduced and the percentage of the enlarged issued share capital represented by their shareholdings in our Company will also be reduced accordingly. Consequently, their proportionate entitlement to any future distribution, rights and/or, allotment that our Company may make after completion of the Rights Issue with Free Warrants will correspondingly be diluted.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy experienced the full impact of the COVID-19 pandemic in the second quarter of 2020, with the real gross domestic product (GDP) contracting by 17.1%. The contraction was mainly attributed to the imposition of the Movement Control Order (MCO) to contain the outbreak. Though affecting all sectors in the economy, the move was necessary to flatten the COVID-19 curve and save lives. Hence, the Government of Malaysia has announced several stimulus packages totalling RM305 billion to support both households and businesses. Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, the Malaysian economy is expected to rebound from a GDP of 4.3% in 2019 to a GDP between 6.5% – 7.5% in 2021.

Although domestic demand is expected to remain soft throughout 2020, there are signs of recovery in the second half of the year, particularly in private consumption. On the external front, the collapse in global demand and world trade led to a decline in exports during the year. However, current account of the balance of payments is expected to remain in surplus. On the supply side, all sectors are expected to contract, affected by the unprecedented crisis. Nevertheless, the pace of improvement gathered momentum in the third quarter, especially in the services and manufacturing sectors, with the resumption of economic activities.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

7.2 Overview and outlook of the ICT industry in Malaysia

The information and communication subsector expanded by 5.8% in the first half of 2020, primarily supported by higher usage of internet, particularly online transactions, entertainments, educational and work from home (“WFH”) activities. The subsector is projected to expand further by 7.1% in the second half of the year buoyed by various Government initiatives. The initiatives include a tax exemption of up to RM5,000 for ICT equipment to support WFH activities and individual income tax relief of up to RM2,500 on the purchase of digital devices.

The subsector GDP contracted slightly from 6.6% in 2019 to an estimated 6.4%, and is anticipated to accelerate and expand to 7.9% in 2021 as WFH activities, virtual communication and online businesses become the new normal. The roll-out of the National Fourth Industrial Revolution (4IR) Policy and Digital Economy Blueprint in the fourth quarter of 2020 is expected to enhance the productivity and competitiveness of the subsector.

The formation of the Malaysian Digital Economy Task Force, which focusses on digital technology, cybersecurity, trade and digital content is expected to support the acceleration of the subsector.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

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

Activity in the services sector recovered substantially, with growth recording a smaller contraction of 4.0% (2Q 2020: -16.2%). The wholesale and retail trade subsector showed a marked improvement, with accelerated sales in the motor vehicles segment following the Sales and Services Tax (SST) exemptions, as well as better performance of the retail trade segment, supported by higher demand for necessities. The recovery, however, was weighed down by subdued spending on non-essential retail goods, such as durable goods and recreational activities. In addition, tourism activity remained weak due to continued closure of international borders, affecting key sub-sectors such as food and beverage and accommodation, as well as transport and storage.

Nevertheless, relaxation on movement restrictions enabled resumption of domestic travel activity and facilitated an incipient restoration of activity in these sub-sectors. Meanwhile, the finance and insurance sub-sector registered positive growth, supported by higher capital market activity, particularly from domestic retail participants, as well as higher net interest and fee income. In addition, growth in the information and communication sub-sector continued to improve amid higher demand for data communication services, particularly driven by the rise of remote working arrangements.

While still remaining negative, private sector wage growth recorded a smaller decline (-2.6%; 2Q 2020: -5.6%). Wages for the private services sector registered a smaller contraction of 2.5% (2Q 2020: -6.4%). This improvement was driven by tourism-related services subsectors, such as wholesale and retail trade; food and beverage and accommodation; transport and storage; as well as health; education; and arts and entertainment. In the manufacturing sector, wages recorded a lower contraction of 2.7% (2Q 2020: -4.0%), attributable to the E&E, primary-related, and construction-related clusters.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, Bank Negara Malaysia)

The third wave of pandemic was prolonged in November 2020 and the Conditional Movement Control Order (CMCO) had been implemented in phases to curb a drastic spike of COVID-19 along with to balance between healthcare system and economy requirements. The implementation of CMCO started with Wilayah Persekutuan Kuala Lumpur, Putrajaya and Selangor on 14 October 2020 and subsequently expanded to all states except Perlis, Pahang and Kelantan. During the CMCO, inter-state travels were not allowed, while economic activities continued to operate with adherence to strict standard operating procedures. Nevertheless, as the spread of the pandemic grew in the recent months, the labour market was also affected. Based on the Loss of Employment (LOE) statistics reported by Social Security Organisation (SOCSSO), it was recorded that 9,086 persons lost their jobs as against 7,416 persons registered in October 2020. In addition, Employment Insurance System (EIS) through MYFuture Jobs, reported a higher number of jobseekers with 185,236 persons (October 2020: 57,733 persons) as compared to 68,555 job vacancies (October 2020: 98,568 vacancies) in November 2020.

Hence, in November 2020 the employment saw a small decrease whereas the unemployment rate was slightly higher as compared to the previous month. Among others, this may be due to job losses and cancellation or freezing of new hires. In the meantime, during the month, the small businesses were the most affected following a slower demand. Thus, the number of labour force showed a little positive change in November 2020.

Employed persons dropped 0.1 per cent month-on-month or 11.0 thousand persons to 15.20 million persons in November 2020 after recording an upward trend for five consecutive months. Year-on-year comparison, the indicator continued with a decreasing trend for eight consecutive months whereby the number of employed persons declined 0.8 per cent during the month (November 2019: 15.32 million persons).

Meanwhile, by economic sector, employed persons in Services continued to increase mainly in Wholesale & retail trade; Communication & information, Human health & social work and Education activities. However, the employment in tourism related industry such as accommodation and food & beverages; transports & storage; and arts, entertainment & recreational activities still seemed to be adversely affected as a consequence of the pandemic. In the meantime, employment in the Agriculture and Mining & Quarrying sectors remained in the negative trend since August 2020, while Manufacturing and Construction sectors posted an increase month-on-month.

(Source: Key Statistics of Labour Force in Malaysia November 2020, Department Of Statistics Malaysia)

The tourism industry, with a share of 15.9% of GDP, is one of the main contributors to the services sector in 2019. Domestic tourists contributed RM92.6 billion while international tourists spent RM89.4 billion in 2019. The implementation of the MCO in Malaysia and the closure of international borders to contain the virus outbreak have affected people's movements and activities, particularly in tourism-related sub-sectors. According to Malaysia Association of Hotels, hotel booking cancellations from January 2020 to 20 March 2020 breached over 193,000 rooms, which translates into RM76 million losses in revenue for the industry. At the same time, the hotel occupancy rate dropped from 61.6% in January 2020 to 25% in March 2020. With the gradual recovery of the economy, the accommodation industry started to pick-up with the occupancy reaching 42.1% from 30 August to 5 September 2020. In addition, the Malaysian aviation industry is projected to lose RM13 billion in 2020 as air travel plummeted following international travel restrictions. As it is still uncertain when a vaccine for COVID-19 will be available and made accessible to all, the tourism industry is facing a bleak near term future.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

7.4 Overview and outlook of the construction industry in Malaysia

Activity in the construction sector improved, contracting by a smaller rate of 12.4% (2Q 2020: -44.5%). Activity resumed across all sub-sectors supported by on-going large transportation projects in the civil engineering sub-sector and affordable housing projects in the residential sub-sector.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, Bank Negara Malaysia)

The value of construction work done advanced 58.6 per cent as compared to second quarter 2020, amounting to RM31.4 billion (Q2 2020: RM19.8 billion).

On year-on-year comparison, the value of construction work done improved -13.1 per cent (Q2 2020: -44.9%) in the third quarter 2020. Special trades activities sub-sector registered a growth of 1.6 per cent. Meanwhile, the three sub-sectors namely Residential buildings, Civil engineering and Non-residential sub-sector uptrend by -12.0 per cent, -13.6 per cent and -16.0 per cent respectively, as compared with the same quarter 2019.

The Civil engineering sub-sector remained dominant as the main contributor to the value of construction work done with 45.8 per cent share. Residential buildings contributed 24.5 per cent, Non-residential buildings (24.0%) and Special trades activities (5.7%).

The private sector continued to propel the construction activity with 50.7 per cent share of value of construction work done (RM15.9 billion) as compared to the public sector with 49.3 per cent share of value of construction work done (RM15.5 billion).

(Source: Quarterly Construction Statistics third quarter 2020, Department of Statistics Malaysia)

The construction sector contracted by 25.9% in the first half of 2020 and is expected to shrink by 11.8% in the second half with all segments declining significantly. At the same time, prolonged property overhangs continue to weigh down the performance of the sector. However, civil engineering and specialized construction activities subsectors are expected to improve gradually, cushioned by various measures under the economic stimulus packages. Overall, for the year, the sector is projected to contract by 18.7%.

The GDP of the construction sector has contracted from 0.1% in 2019 to an estimated -18.9% in 2020. The GDP of the construction sector is expected to rebound by 13.9% in 2021 on account of the acceleration and revival of major infrastructure projects, coupled with affordable housing projects.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

7.5 Impact of COVID-19 to our Group

On 16 March 2020, the Government of Malaysia announced the imposition of the MCO, which took effect from 18 March 2020 until 3 May 2020, in an effort to contain the COVID-19 outbreak in Malaysia. The enforcement of the MCO resulted in the mandatory closure of all Government and private premises (except those involved in providing essential services). Our business operations were suspended during this period as they were deemed as non-essential services under the MCO. Despite the suspension of our hotel operations during this period, our hotel remained open as a quarantine centre to support the Government of Malaysia's precautionary measures of ensuring all Malaysians returning from overseas are quarantined.

The restrictions under the MCO were gradually eased and relaxed, and extended under a CMCO from 4 May 2020 to 9 June 2020. During this period, we resumed all of our business operations. The Government of Malaysia had subsequently announced that the CMCO was replaced with the RMCO, which took effect from 10 June 2020 until 31 December 2020. On 1 July 2020, the restrictions on our hotel's amenities have been uplifted allowing us to recommence our hotel operations in full capacity.

On 12 October 2020, the Government of Malaysia had announced the enforcement of CMCO ("CMCO 2") in Klang Valley, which came into effect on 14 October 2020 until 6 November 2020, entailing, amongst others, the restriction of inter district movements and the closure of schools, public parks, recreational centres, and entertainment centres. The CMCO 2 was subsequently extended to most states in Malaysia and took effect from 9 November 2020 to 14 January 2021. In view of the surge of COVID-19 infections, the Government of Malaysia had announced the imposition of MCO on 11 January 2021, which remain in force from 13 January 2021 until 26 January 2021, and further extended to 4 March 2021, in order to contain the COVID-19 pandemic. The conditional MCO was subsequently imposed and extended to 28 April 2021 for Johor, Wilayah Persekutuan, Selangor, Kelantan and Pulau Pinang.

In line with the directives issued by the Government of Malaysia and since the resumption of our business operations, we have implemented several procedures in our business conduct to safeguard and protect our employees and customers. These procedures include, amongst others, the following:-

- (i) prohibiting visitors from visiting our offices unless absolutely necessary;
- (ii) all our visitors are required to register/record their details upon entry or fill up our self-declaration application prior to their visit to our business premises and only visitors who have a quick response (QR) code generated upon filling up the application are allowed to enter the business premises; and
- (iii) all our visitors are required to wear face masks, undergo temperature measurement, register their attendance and to sanitise their hands before entering our business premises.

During the MCO and CMCO, our employees were mostly required to work remotely while some of our employees were required to be on site based on work shifts. As at the LPD, majority of our employees have resumed to work in our offices and on site. We have also been monitoring our operations closely in an attempt to mitigate disruptions to our businesses, as well as proactively and regularly communicating with our customers, our suppliers and contractors. We have not been in breach of any directives/restrictions issued by the Government of Malaysia as at LPD, which may lead to penalties and fines imposed by the regulatory authorities. We will continue to strictly adhere to the COVID-19 directives and restrictions as may be imposed by the regulatory authorities from time to time.

The outbreak of COVID-19 pandemic and implementation of the various forms of MCO, have materially impacted our business operations, financial condition and performance in particular, our hospitality segment. During the temporary suspension of our hotel operations from 18 March 2020 to 15 June 2020, our hospitality segment suffered an estimated loss of revenue of approximately RM0.27 million per month whilst incurring an average operating expenses of approximately RM0.60 million per month (which include salary and other operational expenses). Although we resumed our hotel operations under the Conditional MCO, our hospitality segment continued to incur a loss of revenue of more than RM0.20 million monthly during the Conditional MCO and recovery MCO. Under the latest MCO, the loss of revenue incurred by our hospitality segment had decreased to approximately RM0.15 million monthly.

In view of the above, it is pertinent to note that there can be no assurance that any prolonged adverse development arising from the recent MCO, COVID-19 and/or any other external factors will not have material adverse effect on our financial performance and operations.

7.6 Prospects of our Group

The outbreak of COVID-19 had brought significant impact to our operations, in particular, our hospitality segment. The ongoing international border closure (for leisure and holiday travelling) and the recent re-imposition of COVID-19 travelling restrictions in Malaysia continues to dampen the business conditions of our hospitality business. This coupled with fear from the spread of COVID-19 had severely impacted the occupancy rates of our hotel operations. As such, our management envisage that the travel, tourism and hotel industry will remain uncertain in the near term until the roll-out of COVID-19 vaccination worldwide.

Despite the current economic outlook, we have been expanding our presence and market share in the security surveillance and monitoring market, whereby we are involve in the designing, supplying, and installation and integration of security monitoring systems, which is also commercially known as Panther 911. This system provides 24-hour real-time monitoring services to the users in residential, commercial, industrial, business premises and public properties which cover a wide range of surveillance including alarm systems for amongst others, the elderly, children and vehicle. Our Group intends to further enhance our competitiveness to grow this segment and to increase our subscriber base as well as to develop more innovative products and services for this security surveillance and monitoring systems segment.

Our Board envisages that the economic outlook for 2021 will continue to be challenging with the recent surge of new COVID-19 infections and the re-imposition of COVID-19 travelling restrictions in Malaysia. Disruption from the COVID-19 pandemic is expected to continue with businesses operating under a 'new normal' environment. Our Board is hence cautiously optimistic of the prospects of our Group's financial performance in the near term.

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8. EFFECTS OF THE RIGHTS ISSUE WITH FREE WARRANTS

8.1 Issued share capital

The pro forma effects of the Rights Issue with Free Warrants on the issued share capital of Digistar are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	788,532,399	104,936,629	788,532,399	104,936,629
Less: Treasury shares, at cost	(7,372,808)	(3,248,747)	-	-
	781,159,591	101,687,882	788,532,399	104,936,629
Assuming full exercise of Warrants B	-	-	74,024,334	⁽⁵⁾ 19,246,327
Reversal of warrants reserve pursuant to the full exercise of Warrants B	-	-	-	6,004,487
	781,159,591	101,687,882	862,556,733	130,187,443
Rights Shares to be issued pursuant to the Rights Issue with Free Warrants	69,280,302	⁽¹⁾ 2,964,015	287,518,911	⁽¹⁾ 13,875,946
Reversal of Warrants C reserve	-	⁽²⁾ (4,156,818)	-	⁽²⁾ (17,251,135)
	850,439,893	100,495,079	1,150,075,644	126,812,254
Assuming full exercise of Warrants C	69,280,302	⁽³⁾ 6,928,030	287,518,911	⁽³⁾ 28,751,891
Reversal of warrants reserve pursuant to the full exercise of Warrants C	-	⁽⁴⁾ 4,156,818	-	⁽⁴⁾ 17,251,135
Enlarged issued share capital	919,720,195	111,579,927	1,437,594,555	172,815,280

Notes:-

- (1) Computed based on the issue price of RM0.05 per Rights Share after deducting the estimated expenses pertaining to the Rights Issue with Free Warrants amounting to RM0.50 million.
- (2) Accounting for the creation of warrants reserve at an allocated fair value of RM0.06 per Warrant C (computed based on the Trinomial option pricing model as extracted from Bloomberg).
- (3) Computed based on the exercise price of RM0.10 per Warrant C.
- (4) Computed based on the number of Warrants C multiplied by the theoretical fair value of RM0.06 per Warrant C based on the Trinomial option pricing model as extracted from Bloomberg.
- (5) Computed based on the exercise price of RM0.26 per Warrant B.

8.2 NA per share and gearing

Based on the latest unaudited consolidated financial statements of Digistar Group for the 3-month FPE 31 December 2020 and on the assumption that the Rights Issue with Free Warrants had been effected on that date, the pro forma effects of the Rights Issue with Free Warrants on the consolidated NA per Share and gearing of Digistar Group are set out below:-

Minimum Scenario

	Unaudited 3-month FPE 31 December 2020 (RM'000)	Pro forma I After the Rights Issue with Free Warrants (RM'000)	Pro forma II After Pro forma I and assuming full exercise of Warrants C (RM'000)
Share capital	104,937	⁽¹⁾ 103,744	⁽⁴⁾ 114,829
Treasury shares	(3,249)	(3,249)	(3,249)
Warrants reserves	6,004	⁽²⁾ 10,161	6,004
Accumulated losses	(50,749)	(50,749)	(50,749)
Shareholders' equity/ NA	56,943	59,907	66,835
Non-controlling interest	(3,235)	(3,235)	(3,235)
Total equity	53,708	56,672	63,600
No. of Shares in issue [^] ('000)	781,159	850,439	919,720
NA per Share (RM)	0.07	0.07	0.07
Total borrowings* (RM'000)	266,341	266,341	266,341
Deposits, cash and bank balances (RM'000)	63,942	⁽³⁾ 66,906	⁽⁵⁾ 73,834
Net borrowings (RM'000)	202,399	199,435	192,507
Net gearing ratio (times)	3.55	3.33	2.88

Notes:-

[^] Excluding treasury shares.

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

(1) Computed based on the issuance of 69,280,302 Rights Shares at an issue price of RM0.05 per Rights Share after adjusting for the apportionment of its allocated fair value for 69,280,302 Warrants C at RM0.06 per Warrant C based on the Trinomial option pricing model as extracted from Bloomberg and deducting the estimated expenses pertaining to the Rights Issue with Free Warrants amounting to RM0.50 million.

(2) The Warrants C are assumed to have a theoretical fair value of RM0.06 each derived from the Trinomial option pricing model as extracted from Bloomberg.

(3) Proceeds from the Rights Issue with Free Warrants (after deducting the estimated expenses pertaining to the Rights Issue with Free Warrants amounting to RM0.50 million), all of which will be utilised in the manner as set out in **Section 4** of this Abridged Prospectus.

(4) Computed based on the exercise price of RM0.10 per Warrant C and after accounting for the reversal of warrant reserve account.

(5) Proceeds from the full exercise of the Warrants C, all of which will be utilised to fund our working capital requirements.

Maximum Scenario

	Unaudited 3-month FPE 31 December 2020 (RM'000)	Pro forma I (¹)Assuming all treasury shares are resold (RM'000)	Pro forma II After Pro forma I and assuming full exercise of Warrants B (RM'000)	Pro forma III After Pro forma II and the Rights Issue with Free Warrants (RM'000)	Pro forma IV After Pro forma III and assuming full exercise of Warrants C (RM'000)
Share capital	104,937	104,937	(²)130,187	(³)126,812	(⁶)172,815
Treasury shares	(3,249)	-	-	-	-
Warrants reserves	6,004	6,004	(²)-	(⁴)17,251	(⁶)-
Accumulated losses	(50,749)	(50,749)	(50,749)	(50,749)	(50,749)
Shareholders' equity/ NA	56,943	60,192	79,438	93,314	122,066
Non-controlling interest	(3,235)	(3,235)	(3,235)	(3,235)	(3,235)
Total equity	53,708	56,957	76,203	90,079	118,831
No. of Shares in issue^ ('000)	781,159	788,532	862,556	1,150,075	1,437,594
NA per Share (RM)	0.07	0.08	0.09	0.08	0.08
Total borrowings* (RM'000)	266,341	266,341	266,341	(⁵)264,341	264,341
Deposits, cash and bank balances (RM'000)	63,942	67,191	86,437	(⁵)98,313	127,065
Net borrowings (RM'000)	202,399	199,150	179,904	166,028	137,276
Net gearing ratio (times)	3.55	3.31	2.26	1.78	1.12

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Notes:-

- ^ Excluding treasury shares.
- * Mainly comprising bonds issued for the (i) financing of the JKR Project, i.e. construction and completion of the JKR Training Institute in Melaka under an 18-year concession agreement with the Government of Malaysia; and (ii) financing for amongst others, the expansion and refurbishment of the hotel in Melaka, the design and construction of Wisma Digistar, the expansion of JKR Project, as well as the working capital of our Group.
- (1) Assuming all 7,372,808 treasury shares are resold to the open market at cost prior to the implementation of the Rights Issue with Free Warrants.
- (2) Assuming all 74,024,334 Warrants B are exercised at the exercise price of RM0.26 per Warrant B and after accounting for the reversal of warrant reserve account.
- (3) Computed based on the issuance of 287,518,911 Rights Shares at an issue price of RM0.05 per Rights Share after adjusting for the apportionment of its allocated fair value for 287,518,911 Warrants C at RM0.06 per Warrant C based on the Trinomial option pricing model as extracted from Bloomberg and deducting the estimated expenses pertaining to the Rights Issue with Free Warrants amounting to RM0.50 million.
- (4) Warrants C are assumed to have a theoretical fair value of RM0.06 each derived from the Trinomial option pricing model as extracted from Bloomberg.
- (5) After adjusting for the utilisation of proceeds pursuant to the Rights Issue with Free Warrants of which RM2.0 million is earmarked for the partial repayment of bank borrowings.
- (6) Computed based on the exercise price of RM0.10 per Warrant C and after accounting for the reversal of warrant reserve account.

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8.3 Losses and LPS

The Rights Issue with Free Warrants, which is expected to be completed in the 2nd quarter of 2021, is not expected to have any material effect on the earnings of our Group for the FYE 30 September 2021. However, the LPS of our Group may be diluted as a result of the increase in the number of Digistar Shares arising from the issuance of the Rights Shares and as and when Warrants C are exercised into new Digistar Shares during the tenure of Warrants C. Notwithstanding that, the proceeds from the Rights Issue with Free Warrants are expected to contribute positively to our earnings for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

For illustrative purpose only, based on the latest unaudited financial performance of our Group for the 3-month FPE 31 December 2020, the pro forma dilution effect of the Rights Issue with Free Warrants on the basic LPS of our Group is set out below:-

Minimum Scenario

	Unaudited 3-month FPE 31 December 2020	Pro forma I After the Rights Issue with Free Warrants	Pro forma II After Pro forma I and assuming full exercise of Warrants C
LAT attributable to the shareholders of our Company (RM'000)	(4,324)	(4,324)	(4,324)
No. of shares ('000)	781,159	850,439	919,720
Basic LPS (sen)	(0.55)	(0.51)	(0.47)

Maximum Scenario

	Unaudited 3-month FPE 31 December 2020	Pro forma I Assuming all treasury shares are resold	Pro forma II After Pro forma I and assuming full exercise of Warrants B	Pro forma III After Pro forma II and the Rights Issue with Free Warrants	Pro forma IV After Pro forma III and assuming full exercise of Warrants C
LAT attributable to the shareholders of our Company (RM'000)	(4,324)	(4,324)	(4,324)	(4,324)	(4,324)
No. of shares ('000)	781,159	788,532	862,556	1,150,075	1,437,594
Basic LPS (sen)	(0.55)	(0.55)	(0.50)	(0.38)	(0.30)

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS AND MATERIAL TRANSACTIONS

9.1 Working Capital

Our Group's working capital is funded through cash generated from operating activities as well as our Group's existing cash and bank balances.

As at the LPD, our Group has cash and bank balances of RM12.49 million as well as deposits with licensed banks of RM51.45 million.

Our Board is of the opinion that, our Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus as well as to cater for any further potential impact arising from the COVID-19 pandemic, after taking into consideration the funds generated from our Group's operations, our cash and bank balances and the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue with Free Warrants.

Apart from the sources of liquidity described above, our Group does not have access to other material unused sources of liquidity.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM272.84 million. All our borrowings are interest-bearing and denominated in RM, further details of which are set out as follows:-

	Short Term (RM'000)	Long Term (RM'000)	Total (RM'000)
Secured:-			
Bonds	46,019	220,051	266,070
Bank overdraft	2,623	-	2,623
Hire purchase payables	-	-	-
Lease Liability	248	495	743
Bridging Loan/Term Loan	262	3,145	3,407
Total	49,152	223,691	272,843

There has not been any default on payment of either interest and/or principal sums in respect of any borrowings throughout the FYE 30 September 2020 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, save as disclosed below, our Board confirms that there are no contingent liabilities 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:-

	(RM)
Unsecured:-	
Guarantee given to our subsidiary's supplier for credit facility	115,000
Guarantee given to our subsidiary's customer for due performance of works by our subsidiary	190,641
Total	305,641

9.4 Material commitments

As at the LPD, our Board confirms that there are no material commitments for capital expenditure 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.

9.5 Material transactions

Save for the Rights Issue with Free Warrants, our Board confirms that there are no other material transactions which may have a material effect on our Group's operations, financial position and results since our Group's most recently announced audited consolidated financial statement for the FYE 30 September 2020 and the most recently announced unaudited consolidated financial statements for the 3-month FPE 31 December 2020.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH FREE WARRANTS

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, EXCESS RIGHTS SHARES WITH WARRANTS C AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Free Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants C provisionally allotted to you, as well as to apply for Excess Rights Shares with Warrants C if you choose to do so.

We shall make an announcement to Bursa Securities on the outcome of the Rights Issue with Free Warrants after the Closing Date.

10.2 NPA

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotments will be by book entries through the CDS Accounts and will be governed by the SICDA and the rules of Bursa Depository. You and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess Rights Shares with Warrants C, if you choose to do so, using either of the following methods:-

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

10.4 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Allotments is at **5.00 p.m.** on **Thursday, 20 May 2021**.

10.5 Procedure for acceptance and payment

10.5.1 By way of RSF

Acceptance of and payment for the Provisional Allotments to you as an Entitled Shareholder and/or your renounee(s)/transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Board.

Renounee(s)/transferee(s) who wishes to accept the Provisional Allotments must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at <https://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedures for acceptance and payment applicable to the Entitled Shareholders also apply to renounee(s)/transferee(s) who wishes to accept the Provisional Allotments.

If you and/or your renounee(s)/transferee(s) (if applicable) wish to accept either in full or in part of the Provisional Allotments of your entitlement, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar using the envelope provided (at your own risk) by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** at the address stated below:-

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
 Vertical Business Suite, Avenue 3, Bangsar South
 No. 8, Jalan Kerinchi 59200 Kuala Lumpur
 Tel: +603 2783 9299
 Fax: +603 2783 9222

Or

Customer Service Centre

Unit G-3 Ground Floor
 Vertical Podium, Avenue 3
 Bangsar South
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur

so as to arrive **not later than 5.00 p.m.** on **Thursday, 20 May 2021**, being the last date and time for acceptance and payment.

If you and/or your renouncee(s)/transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/or your renouncee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our Registered Office or the website of Bursa Securities (<https://www.bursamalaysia.com>).

1 RSF can only be used for acceptance of Provisional Allotments standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account(s). If successful, the Rights Shares that you have subscribed for will be credited into the respective CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

You and/or your renouncee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares and Warrants C comprises 100 Rights Shares and 100 Warrants C, respectively. Successful applicants of the Rights Shares will be given free attached Warrants C on the basis of 1 Warrant C for every 1 Rights Share successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is 1 Rights Share for every 3 existing Digistar Shares held. However, the Warrants C will be issued in the proportion of 1 Warrant C for every 1 Rights Share subscribed. Any fractional entitlements arising from the Rights Issue with Free Warrants shall be disregarded and the aggregate of such fractions shall be dealt with in a fair and equitable manner as our Board in its discretion deems fit and in the best interest of our Company.

If acceptance of and payment for the Provisional Allotments is not received by our Share Registrar on Thursday, 20 May 2021 by 5.00 p.m., being the last date and time for acceptance and payment, you and/or your renouncee(s)/transferee(s) (if applicable) will be deemed to have declined the provisional allotments made to you and/or your renouncee(s)/transferee(s) (if applicable) and it will be cancelled.

In the event that the Rights Shares with Warrants C are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants C to the applicants who have applied for the Excess Rights Shares with Warrants C in the manner as sets out in **Section 10.8** of this Abridged Prospectus. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS C ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "DIGISTAR RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH FREE WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST OR ELECTRONIC NOTICES OF ALLOTMENT WILL BE SENT VIA EMAIL TO THE POSTAL ADDRESS OR EMAIL ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS C OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE POSTAL ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS C.

ALL RIGHTS SHARES AND WARRANTS C TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH FREE WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES AND THE WARRANTS C INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

10.5.2 By way of e-Subscription

You and/or your renounee(s)/transferee(s) (if applicable) can have the option to accept your or their entitlement to the Provisional Allotments and payment for the Provisional Allotments through e-Subscription available on TIIH Online website at <https://tiih.online>. The e-Subscription is available to all Entitled Shareholders including individuals, corporation or institutional shareholders.

Subsequent to the Entitlement Date, the Company will, at its discretion, authorise the Share Registrar to send an electronic notification to the Registered Entitled Shareholders. If you are a Registered Entitled Shareholder, you will be notified on the availability of the e-Subscription for the Rights Issue with free Warrants C on TIIH Online website.

The e-NPA and the e-RSF are available to you upon your login to TIIH Online. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

Registered Entitled Shareholders who wish to subscribe for the Provisional Allotments and apply for Excess Rights Shares with Warrants C by way of e-Subscription shall take note of the following:-

- (a) any e-Subscription received by the Share Registrar after the Closing Date for Acceptance, Excess Application and Payment shall be regarded as null and void and of no legal effect unless the Board in its absolute discretion determines otherwise. Any e-Subscription, once received by the Share Registrar, is irrevocable and shall be binding on you;
- (b) you will receive an email notification to login to TIIH Online in respect of your Provisional Allotment in your CDS Account(s) and you can choose to accept the Provisional Allotment which you are entitled to in whole or part thereof as stipulated in this Abridged Prospectus;
- (c) the e-Subscription made must be in accordance with the procedures of e-Subscription using TIIH Online, the terms and conditions of TIIH Online, this Abridged Prospectus and the e-RSF. Any e-Subscription submitted that does not conform to the terms and conditions of TIIH Online, this Abridged Prospectus and the e-RSF may not be accepted at the sole discretion of the Company. The Company reserves the right at its absolute discretion to reject any e-Subscription which are incomplete or incorrectly completed or with excess or insufficient remittances;
- (d) the number of Provisional Allotments you are entitled to under the Rights Issue with Free Warrants is set out in the e-NPA. You are required to indicate the number of Provisional Allotments you wish to accept and number of Excess Rights Shares with Warrants C you wish to apply in the e-RSF;
- (e) the e-Subscription must be accompanied by remittance in RM which is to be made through online payment gateway or telegraphic transfer;
- (f) a handling fee is payable should you make e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and
- (g) the new shares and Warrants C arising from the Provisional Allotment accepted and Excess Rights Shares with Warrants C applied (if successful pursuant to Procedures for the Excess Application as stated in this Abridged Prospectus) will be issued and credited into your CDS Account as stated in the Record of Depositors as at the last date for transfer of Provisional Allotments.

All Entitled Shareholders who wish to opt for e-Subscription, either in full or in part of your Provisional Allotments, please read and follow the procedures set below:-

(i) Sign up as a user of TIIH Online

- (a) Access TIIH Online website at <https://tiih.online>.
- (b) Under e-Services, select "Sign Up" – "Create Account by Individual Holder" which is applicable for individual shareholders. For corporation or institutional shareholders, its authorised or nominated representative is to select "Create Account by Representative of Corporate Holder". You may refer to the tutorial guide posted on the homepage for assistance.

- (c) Registration will be verified and you will be notified by email within 1 to 2 Market Days.
- (d) Proceed to activate your account with the temporary password sent to you via your registered email and re-set your own password.

Note: An email address is allowed to be used only once to register as a new user account, and the same email address cannot be used to register for another user account. If you are already a user of TIIH Online, you are not required to sign up again. If you are signing up to represent Corporate Holder Account(s), please contact our Share Registrar for further details and requirements.

(ii) Procedures for e-Subscription

Individual Registered Entitled Shareholder

- (a) Login to TIIH Online website at <https://tiih.online>.
- (b) Select the corporate exercise name: Digistar Rights Issue.
- (c) Read and agree to the Terms & Conditions and confirm the Declaration.
- (d) Preview your CDS Account details and your Provisional Allotments.
- (e) Select the relevant CDS Account and insert the number of Rights Shares to subscribe for and the number of Excess Rights Shares to apply (if applicable) in the e-RSF.
- (f) Review and confirm the number of Rights Shares which you are subscribing and the number of Excess Rights Shares you are applying (if applicable) and the total amount payable for the Rights Shares and Excess Rights Shares (if applicable).
- (g) Review the payment of stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF which is included in the total amount payable.
- (h) Proceed to pay via online payment gateway either through Maybank2U or any Financial Process Exchange (FPX) participating bank which you have an internet banking account.
- (i) As soon as the online payment is completed, a confirmation message with details of your subscription and payment from TIIH Online and the relevant payment gateway will be sent to your registered e-mail address.
- (j) Print the payment receipt and your e-RSF for your record.

Corporation or Institutional Registered Entitled Shareholder

- (a) Login to TIIH Online website at <https://tiih.online>.
- (b) Select the corporate exercise name: Digistar Rights Issue.
- (c) Read and agree to the Terms & Conditions and confirm the Declaration.
- (d) Proceed to download the "e-RSF file of Provisional Allotments".

- (e) Preview the CDS Account details and the Provisional Allotments.
- (f) Prepare the submission of the e-RSF file on the acceptance of the Provisional Allotments and the Excess Rights Shares by completing with the required information.
- (g) Arrange to pay for the subscription of Rights Shares and Excess Rights Shares (if applicable) via telegraphic transfer into our designated bank account as follows:-

Account Name:	DIGISTAR RIGHTS ISSUE ACCOUNT	DIGISTAR EXCESS RIGHTS ISSUE ACCOUNT
Bank:	Malayan Banking Berhad	Malayan Banking Berhad
Bank Account No.:	514012440523	514012440530

- (h) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM2.00 for each e-RSF into the Share Registrar's bank account as follows:-

Account Name:	TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Bank:	Malayan Banking Berhad
Bank Account No.:	514012025081

- (i) Once payments are completed, login to TIIH Online, select corporate exercise name: "Digistar Rights Issue" and proceed to upload the duly completed "e-RSF file on the Provisional Allotments".
- (j) Select "Submit" to complete your submission.
- (k) Print the confirmation report of your submission for your record.

(iii) Terms and conditions for e-Subscription

The e-Subscription of Rights Shares with Warrants C and Excess Rights Shares with Warrants C (if successful), shall be made on and subject to the terms and conditions appearing herein:-

- (a) After login to TIIH Online, you are required to confirm and declare the information given are true and correct:-
 - (i) you have attained 18 years of age as at the last day for subscription and payment;
 - (ii) you have, prior to making the e-Subscription, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at www.bursamalaysia.com, the contents of which you have read and understood;

- (iii) you agree to all the terms and conditions for the e-Subscription and have carefully considered the risk factors as set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the e-Subscription application;
- (b) you agree and undertake to subscribe for and to accept the number of Rights Shares with Warrants C and Excess Rights Shares with Warrants C applied for (if applicable) for as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Rights Shares with Warrants C that may be allotted to you;
- (c) by making and completing your e-Subscription, you, if successful, request and authorise the Share Registrar or the Company to credit the Rights Shares with Warrants C and Excess Rights Shares with Warrants C (if applicable) allotted to you into your CDS Account;
- (d) you acknowledge that your e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of the Company or the Share Registrar and irrevocably agree that if:-
 - (i) the Company or the Share Registrar does not receive your e-Subscription; or
 - (ii) data relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Share Registrar, you will be deemed not to have made an e-Subscription and you may not make any claim whatsoever against the Company or the Share Registrar for the Rights Shares with Warrants C accepted and/or Excess Rights Shares with Warrants C applied for or for any compensation, loss or damage relating to the e-Subscription.
- (e) you will ensure that your personal particulars recorded with TIIH Online and Bursa Depository are correct. Otherwise, your e-Subscription may be rejected; you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository.
- (f) by making and completing an e-Subscription, you agree that:-
 - (i) in consideration of the Company agreeing to allow and accept your e-Subscription for the Rights Shares and Excess Rights Shares applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and
 - (ii) the Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control.

- (g) the Share Registrar, on the authority of the Company, reserves the right to reject applications which do not conform to these instructions or the terms and conditions of TIH Online, this Abridged Prospectus and the e-RSF.
- (h) notification on the outcome of your e-Subscription for the Rights Shares with Warrants C and Excess Rights Shares with Warrants C will be despatched to you by ordinary post to the postal address or by electronic mail to the email address as shown in the Record of Depositors of the Company at your own risk within the timelines as follows:-
 - (i) successful application - a notice of allotment or electronic notice of allotment will be despatched or sent within 8 Market Days from the Closing Date; or
 - (ii) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account if you have registered such bank account information with Bursa Depository for the purposes of cash dividend/distribution. If you have not registered such bank account information with Bursa Depository the refund will be by issuance of cheque and shall be despatched to you within 15 market days from the Closing Date by ordinary mail to your last postal address maintained with Bursa Depository at your own risk.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by the Share Registrar by **5.00 p.m. on Thursday, 20 May 2021**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any Rights Shares with Warrants C not validly taken up to applicants applying for the Excess Rights Shares with Warrants C in the manner as set out in **Section 10.8** of this Abridged Prospectus.

10.6 Procedure for part acceptance

If you do not wish to accept the Rights Shares with Warrants C provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed/applied for. The minimum number of Rights Shares that may be subscribed or accepted is 1 Rights Share. Fractions of a Rights Share and/or Warrants C arising from the Rights Issue with Free Warrants will be disregarded and the aggregate of such fractions shall be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interests of our Company. Applicants should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants C respectively.

You must complete the e-RSF or both Part I(A) and Part II of the RSF by specifying the number of the Provisional Allotments which you are accepting and submit the e-RSF or deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manners as set out in **Section 10.5** of this Abridged Prospectus.

The portion of the Provisional Allotments that have not been accepted will be made available to applicants for Excess Applications.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

10.7 Procedure for sale or transfer of the Provisional Allotments

As the Provisional Allotments are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more person(s) through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit of your CDS accounts. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement in the open market of Bursa Securities or transfer such entitlement to such person(s) as may be allowed pursuant to the Rules of Bursa Depository.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by submitting the e-RSF or by completing Part I(A) and Part II of the respective RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares with Warrants C applied for to the Share Registrar. Please refer to **Section 10.5** of this Abridged Prospectus for the procedures for acceptance and payment.

In selling or transferring all or part of your Provisional Allotments, you need not deliver any document, including the RSF, to any stockbroker. However, you must ensure that you have sufficient Provisional Allotments standing to the credit of your CDS account before selling or transferring.

10.8 Procedure for application of Excess Rights Shares with Warrants C

10.8.1 By way of RSF

You and/or your renounee(s)/transferee(s) (if applicable) may apply for the Excess Rights Shares with Warrants C in excess of your entitlement by completing Part I(B) of the RSF (in addition to Parts I(a) and II of the RSF) and forward it (together with a **separate remittance made in RM** for the full amount payable in respect of the Excess Rights Shares with Warrants C applied for) to our Share Registrar **not later than 5.00 p.m. on Thursday, 20 May 2021**, being the last date and time for acceptance and payment for Excess Rights Shares with Warrants C.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C APPLIED FOR SHOULD BE MADE IN THE SAME MANNERS AS DESCRIBED IN SECTION 10.5 OF THIS ABRIDGED PROSPECTUS, EXCEPT THAT THE BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" MUST BE MADE PAYABLE TO "DIGISTAR EXCESS RIGHTS ISSUE ACCOUNT" FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE CLOSING DATE.

It is the intention of our Board to allot the Excess Rights Shares with Warrants C, if any, on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants C, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants C applied for; and
- (iv) finally, for allocation to renounee(s)/transferee(s) who have applied for Excess Rights Shares with Warrants C, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants C applied for.

In the event there is any remaining balance of the Excess Rights Shares with Warrants C applied for by the Entitled Shareholders and/or renounee(s)/transferee(s) who have applied for the Excess Rights Shares with Warrants C after carrying out steps (i) to (iv) as set out above, steps (ii) to (iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess Rights Shares with Warrants C to the Entitled Shareholders and/or renounee(s)/transferee(s) who have applied for the Excess Rights Shares with Warrants C until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants C applied for via the e-RSF or under Part I(B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in steps (i)-(iv) above are achieved. Our Board also reserves the rights at its absolute discretion to accept in full or in part any application for the Excess Rights Shares with Warrants C without assigning any reason thereof.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNERS STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST OR ELECTRONIC NOTICE OF ALLOTMENT WILL BE SENT VIA EMAIL WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

THE EXCESS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

WHERE AN EXCESS APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST.

THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE POSTAL ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C.

10.8.2 By way of e-Subscription

If you are an Entitled Shareholder and/or a renounee(s)/transferee(s) (if applicable), you may apply for the Excess Rights Shares via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares by following the same steps as set out in **Section 10.5.2** of this Abridged Prospectus. The e-Subscription for Excess Rights Shares will be made on, and subject to, the same terms and conditions appearing in **Section 10.5.2** of this Abridged Prospectus.

Any Provisional Allotments which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s), if applicable, shall be made available for Excess Applications. It is the intention of the Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the priority and basis as detailed in **Section 10.8.1** above.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE POSTAL ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.9 Procedures to be followed by renounees(s)/transferee(s)

As a renounee/transferee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants C and/or payment is the same as that which is applicable to the Entitled Shareholders as described in **Sections 10.3 to 10.8** of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of the Company, the Share Registrar or Bursa Securities' website (<https://www.bursamalaysia.com>).

RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.10 Notice of allotment or an electronic notice of allotment

Within 5 Market Days after the Closing Date, the Company will make the relevant announcements in relation to the subscription rate of the Rights Issue with Free Warrants.

Upon allotment of the Rights Shares with Warrants C in respect of your acceptance and/or your renouncee's/transferee's acceptance (if applicable) and Excess Rights Shares with Warrants C application (if any), the Rights Shares with Warrants C shall be credited directly into the respective CDS account. No physical share certificate or warrant certificate will be issued in respect of the Rights Shares with Warrants C. However, a notice of allotment or an electronic notice of allotment will be despatched or sent to you and/or your renouncee(s)/transferee(s) (if applicable), by ordinary post or by email to the postal address or email address shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date, or such other period as may be prescribed by Bursa Securities, at the address shown in the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants C is not accepted due to non-compliance with the terms of the Rights Issue or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest. The refund will be credited directly into your bank account if you have registered such bank account information with Bursa Depository for the purposes of cash dividend/distribution. If you have not registered such bank account information with Bursa Depository the refund will be by issuance of cheque and sent by ordinary mail to your last postal address maintained with Bursa Depository at your own risk within 15 Market Days from the Closing Date at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar cannot be withdrawn subsequently.

10.11 CDS Account

Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Allotments are prescribed securities and as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants C. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants C shall signify your consent to receiving such Rights Shares with Warrants C as deposited securities which will be credited directly into your CDS account. No physical share certificate or warrant certificate will be issued to you.

Any person who has purchased the Provisional Allotments or to whom the Provisional Allotments have been transferred and intends to subscribe for the Rights Shares with Warrants C will have his/her Rights Shares with Warrants C credited directly as prescribed securities into his/her CDS Account.

All Excess Rights Shares with Warrants C, if allotted to the successful applicant who applies for Excess Rights Shares with Warrants C, will be credited directly into the CDS account of the successful applicant.

10.12 Laws of foreign jurisdiction

These Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) for subscription of any foreign jurisdiction. The Rights Issue with Free Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, these Documents will not be sent to the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may collect these Documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue with Free Warrants.

The Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Free Warrants only to the extent that it would be lawful to do so. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue with Free Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/or renounee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) for any such issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against us and/or UOBKH in respect of their rights and entitlements under the Rights Issue with Free Warrants. Such Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Free Warrants.

By signing the RSF, the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers that:-

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Free Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or renounee(s)/transferee(s) (if applicable) are or may be subject to;

- (ii) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;
- (iii) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are aware that the Rights Shares and the Warrants C can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and
- (vi) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and the Warrants C.

Persons receiving these Documents (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If these Documents are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward these Documents to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any such application by Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants C as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares with Warrants C available for Excess Application by the other Entitled Shareholders. You and/or your renouncee(s)/transferee(s) (if applicable) will have no claims whatsoever against the Parties in respect of your and/or your renouncee(s)'s/transferee(s)'s entitlement under the Rights Issue or to any net proceeds thereof.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants C pursuant to the Rights Issue with Free Warrants is governed by the terms and conditions as set out in these Documents as well as the Deed Poll C.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

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



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

INFORMATION ON OUR COMPANY**1. SHARE CAPITAL**

As at the LPD, the issued share capital of Digistar is RM104,936,629 comprising 788,532,399 Digistar Shares (including 7,372,808 treasury shares held as at the LPD).

2. BOARD OF DIRECTORS

The details of our Board as at the LPD are set out as follows:-

Name / Designation	Age	Address	Nationality
Tan Sri Dato' Ir. Hj Zaini Bin Omar <i>(Independent Non-Executive Chairman)</i>	72	637, Jalan 10 Taman Ampang Utama 68000 Ampang, Selangor	Malaysian
Mejar (K) Datuk Wira Lee Wah Chong <i>(Group Managing Director)</i>	63	No. 28, Jalan Satu Taman Tun Abdul Razak 68000 Ampang Selangor Darul Ehsan	Malaysian
Dato' Haji Ishak Bin Haji Mohamed <i>(Senior Independent Non-Executive Director)</i>	68	No. 11, Jalan Pulai Height 14 Pulai Heights, Simpang Pulai 31300 Ipoh Perak Darul Ridzuan	Malaysian
Thee Kok Chuan <i>(Independent Non-Executive Director)</i>	45	S/B-27-11, Scenaria @ North Kiara Hills No.6, Jalan 6/38A 51200 Kuala Lumpur	Malaysian
Lee Mey Ling <i>(Executive Director)</i>	48	472, Kg Tehel 77200 Bemban, Melaka	Malaysian
Lee Jin Jean <i>(Executive Director)</i>	34	No. 28, Jalan Satu Taman Tun Abdul Razak 68000 Ampang Selangor Darul Ehsan	Malaysian
Lee Chun Szen <i>(Executive Director)</i>	30	No. 28, Jalan Satu Taman Tun Abdul Razak 68000 Ampang Selangor Darul Ehsan	Malaysian

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INFORMATION ON OUR COMPANY (Cont'd)**3. DIRECTORS' SHAREHOLDINGS**

The issuance of the Warrants C will not have any effect on the shareholdings of our Directors in our Company until and unless the holders of the Warrants C exercise their Warrants C into new Shares. Save for those disclosed below, none of the other Directors have any direct and/or indirect shareholding in our Company as at the LPD. The pro forma effects of the Rights Issue with Free Warrants on the shareholdings of our Directors in our Company based on their shareholdings as per the Record of Depositors as at the LPD are as follows:-

Minimum Scenario

Name of Director	As at the LPD				Pro forma I				Pro forma II			
					After the Rights Issue with Free Warrants				After Pro forma I and assuming full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Mejar (K) Datuk Wira Lee Wah Chong	-	-	⁽²⁾ 208,498,049	26.69	-	-	⁽²⁾ 277,778,351	32.66	-	-	⁽²⁾ 347,058,653	37.74
Lee Jin Jean	328,571	0.04	-	-	328,571	0.04	-	-	328,571	0.04	-	-
Lee Chun Szen	328,571	0.04	-	-	328,571	0.04	-	-	328,571	0.04	-	-

Notes:-

- (1) Based on the existing share capital comprising 781,159,591 shares (excluding 7,372,808 treasury shares) as at the LPD.
- (2) Deemed interest 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.
- (3) Based on the enlarged share capital comprising 850,439,893 shares (excluding 7,372,808 treasury shares) after the Rights Issue with Free Warrants.
- (4) Based on the enlarged share capital comprising 919,720,195 shares (excluding 7,372,808 treasury shares) assuming full exercise of Warrants C.

INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

Name of Director	As at the LPD				Pro forma I				Pro forma II			
					Assuming all treasury shares are resold				After Pro forma I and assuming full exercise of Warrants B			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Mejar (K) Datuk Wira Lee Wah Chong	-	-	⁽²⁾ 208,498,049	26.69	-	-	⁽²⁾ 208,498,049	26.44	-	-	⁽²⁾⁽⁵⁾ 226,877,049	26.30
Lee Jin Jean	328,571	0.04	-	-	328,571	0.04	-	-	328,571	0.04	-	-
Lee Chun Szen	328,571	0.04	-	-	328,571	0.04	-	-	328,571	0.04	-	-

Name of Director	Pro forma III				Pro forma IV			
	After Pro forma II and the Rights Issue with Free Warrants				After Pro forma III and assuming full exercise of Warrants C			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(6)%	No. of Shares	(6)%	No. of Shares	(7)%	No. of Shares	(7)%
Mejar (K) Datuk Wira Lee Wah Chong	-	-	⁽²⁾ 302,502,732	26.30	-	-	⁽²⁾ 378,128,415	26.30
Lee Jin Jean	438,094	0.04	-	-	547,617	0.04	-	-
Lee Chun Szen	438,094	0.04	-	-	547,617	0.04	-	-

INFORMATION ON OUR COMPANY (Cont'd)**Notes:-**

- (1) Based on the existing share capital comprising 781,159,591 shares (excluding 7,372,808 treasury shares) as at the LPD.
- (2) Deemed interest 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.
- (3) Based on the enlarged share capital comprising 788,532,399 shares assuming all 7,372,808 treasury shares are resold to the open market.
- (4) Based on the enlarged share capital comprising 862,556,733 shares assuming all 74,024,334 outstanding Warrants B are fully exercised.
- (5) The warrant holdings of the Directors as at the LPD are set out below:-

Directors	Direct (No. of Shares)	Indirect (No. of Shares)
Tan Sri Dato' Ir. Hj Zaini Bin Omar	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	18,379,000
Dato' Haji Ishak Bin Haji Mohamed	-	-
Thee Kok Chuan	-	-
Lee Mey Ling	-	-
Lee Jin Jean	-	-
Lee Chun Szen	-	-

- (6) Based on the enlarged share capital comprising 1,150,075,644 shares after the Rights Issue with Free Warrants.
- (7) Based on the enlarged share capital comprising 1,437,594,555 shares assuming full exercise of Warrants C.

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INFORMATION ON OUR COMPANY (Cont'd)**4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue with Free Warrants on the substantial shareholders' shareholdings as at the LPD are set out below:-

Minimum Scenario

Substantial shareholders	As at the LPD				Pro forma I After the Rights Issue with Free Warrants				Pro forma II After Pro forma I and assuming full exercise of Warrants C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
LWC Capital Sdn Bhd	207,840,907	26.61	-	-	277,121,209	32.59	-	-	346,401,511	37.66	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(2)208,498,049	26.69	-	-	(2)277,778,351	32.66	-	-	(2)347,058,653	37.74

Notes:-

- (1) Based on the existing share capital comprising 781,159,591 shares (excluding 7,372,808 treasury shares) as at the LPD.
- (2) Deemed interest 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.
- (3) Based on the enlarged share capital comprising 850,439,893 shares (excluding 7,372,808 treasury shares) after the Rights Issue with Free Warrants.
- (4) Based on the enlarged share capital comprising 919,720,195 shares (excluding 7,372,808 treasury shares) assuming full exercise of Warrants C.

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INFORMATION ON OUR COMPANY (Cont'd)

Maximum Scenario

Substantial shareholders	As at the LPD				Pro forma I Assuming all treasury shares are resold				Pro forma II After Pro forma I and assuming full exercise of Warrants B			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
LWC Capital Sdn Bhd	207,840,907	26.61	-	-	207,840,907	26.36	-	-	(5)226,219,907	26.23	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(2)208,498,049	26.69	-	-	(2)208,498,049	26.44	-	-	(5)(2)226,877,049	26.30

Substantial shareholders	Pro forma III After Pro forma II and the Rights Issue with Free Warrants				Pro forma IV After Pro forma III and assuming full exercise of Warrants C			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(6)%	No. of Shares	(6)%	No. of Shares	(7)%	No. of Shares	(7)%
LWC Capital Sdn Bhd	301,626,542	26.23	-	-	377,033,177	26.23	-	-
Mejar (K) Datuk Wira Lee Wah Chong	-	-	(1)302,502,732	26.30	-	-	(1)378,128,415	26.30

INFORMATION ON OUR COMPANY (Cont'd)**Notes:-**

- (1) Based on the existing share capital comprising 781,159,591 shares (excluding 7,372,808 treasury shares) as at the LPD.
- (2) Deemed interest 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.
- (3) Based on the enlarged share capital comprising 788,532,399 shares assuming all 7,372,808 treasury shares are resold to the open market.
- (4) Based on the enlarged share capital comprising 862,556,733 shares assuming all 74,024,334 outstanding Warrants B are fully exercised.
- (5) The warrant holdings of the substantial shareholders as at the LPD are set out below:-

Substantial shareholders	No. of Warrants B
LWC Capital Sdn Bhd	18,379,000
Mejar (K) Datuk Wira Lee Wah Chong	-

- (6) Based on the enlarged share capital comprising 1,150,075,644 shares after the Rights Issue with Free Warrants.
- (7) Based on the enlarged share capital comprising 1,437,594,555 shares assuming full exercise of Warrants C.

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INFORMATION ON OUR COMPANY (Cont'd)**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest transacted market prices of Digistar Shares traded on Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus from April 2020 to March 2021 are as follows:-

	High (RM)	Low (RM)
<u>2020</u>		
April	0.04	0.02
May	0.07	0.04
June	0.08	0.05
July	0.09	0.06
August	0.21	0.07
September	0.14	0.06
October	0.08	0.06
November	0.11	0.06
December	0.12	0.08
<u>2021</u>		
January	0.10	0.08
February	0.12	0.07
March	0.09	0.07
The last transacted price of Digistar Shares as at 9 February 2021, being the last trading date prior to the announcement of the Rights Issue with Free Warrants on 10 February 2021		0.08
Last transacted market price of Digistar Shares as at the LPD		0.08
Last transacted market price on 28 April 2021, being the last Market Day immediately preceding the ex-date for the Rights Issue with Free Warrants on 30 April 2021		0.06

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR DIGISTAR SHARES

As at the LPD, save for the Warrants B and the Provisional Allotments as well as the Excess Rights Shares with Warrants C, no option to subscribe for Digistar Shares has been granted or is entitled to be granted to anyone.

There are 74,024,334 outstanding Warrants B which entitle the Warrants B holders to subscribe for 1 new Share at an exercise price of RM0.26 per Warrant B at any time until the maturity of the Warrants B on 4 April 2023, subject to the provision of the Deed Poll B.

7. MATERIAL CONTRACTS

As at the LPD, our Board confirms that there are no material contracts (not being contracts in the ordinary course of business) which have been entered into by our Group during the past 2 years preceding the date of this Abridged Prospectus.

INFORMATION ON OUR COMPANY (Cont'd)**8. MATERIAL LITIGATION**

As at the LPD, our Board confirms that 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 the Board confirms that there are no 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.

9. HISTORICAL FINANCIAL INFORMATION

The following table sets out a summary of our Group's key financial information based on the past 3 FYEs up to the FYE 30 September 2020 and the latest unaudited 3-month FPE 31 December 2020 of comprehensive income, statements of financial position and statement of cash flows for the financial years and period under review:-

9.1 Historical financial performance

	Audited			Unaudited	
	FYE 30 September			3-month FPE 31 December	
	2018	2019	2020	2019	2020
	⁽¹⁾ (Restated)				
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	57,289	⁽²⁾ 32,495	26,261	6,850	3,780
Costs of sales	(22,226)	(16,752)	(14,596)	(5,134)	(1,875)
Gross profit	35,063	15,743	11,666	1,716	1,905
Other income	5,734	⁽²⁾ 27,377	27,991	8,987	5,970
Administrative expenses	(18,069)	(13,637)	(14,389)	(3,238)	(3,419)
Selling and distribution expenses	(3,087)	(2,845)	(1,375)	-	-
Other expenses	(10,185)	(7,744)	(6,072)	(1,075)	(3,524)
Net gains on impairment of financial instruments	-	3,467	1,787	-	-
Finance costs	(20,993)	(20,486)	(18,978)	(4,865)	(4,541)
Share of result in associate	141	-	-	-	-
PBT/LBT	(11,395)	1,875	629	1,525	(3,609)
Income tax expense	(3,524)	(3,285)	(1,636)	-	(85)
PAT/LAT	(14,919)	(1,410)	(1,007)	1,525	(3,694)
Profit/(Loss) attributable to:-					
- Owners of the Company	(17,993)	(2,849)	(2,750)	430	(4,324)
- Non-controlling interests	3,074	1,439	1,743	1,095	630
PAT/LAT margin (%)	(26.04)	(4.34)	(3.84)	22.26	(97.72)

Notes:-

(1) The restatement was mainly due to the reclassification of inventory, trade receivables and other payables.

(2) The reclassification of the revenue derived from our concession assets to other income in the FYE 2019.

INFORMATION ON OUR COMPANY (Cont'd)

Commentary on past performance:-**(i) Audited FYE 30 September 2019 (“FYE 2019”)**

We recorded a lower revenue of approximately RM32.50 million for the FYE 2019, representing a decrease of approximately 43.27% or RM24.79 million, as compared to the revenue of approximately RM57.29 million for the FYE 2018. The decrease in revenue was mainly attributed to the reclassification of the interest income from our concession assets from revenue to other income in the FYE 2019. Had the concession income been recognised as revenue, we would record a revenue of RM56.77 million for the financial period under review, which is consistent with the revenue of RM57.29 million recorded in the previous financial year.

We recorded a PBT of approximately RM1.88 million for the FYE 2019 as compared to the LBT of RM11.40 million recorded in the previous financial year. The increase in profits was mainly due to decrease in staff costs as well as the increase in write back of impairment losses on trade and other receivables. During the financial year under review, we recorded a higher write back of impairment losses on trade and other receivables of RM5.16 million as compared to approximately RM1.73 million recorded in the FYE 2018. This was mainly due to the successful collection of the outstanding billings of RM1.08 million in respect of system engineering and integration segment in the FYE 2019.

(ii) Audited FYE 30 September 2020 (“FYE 2020”)

We recorded a lower revenue of approximately RM26.26 million for the FYE 2020, representing a decrease of approximately 19.2% or RM6.24 million, as compared to the revenue of approximately RM32.50 million for the FYE 2019. The decrease in revenue was mainly attributed to the impact of the COVID-19 and the MCO on the business segments of our Group, in particular, the system engineering and integration, and the hospitality segments.

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

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

(iii) Unaudited 3-month FPE 31 December 2020 (“FPE 2020”)

We recorded a lower revenue of approximately RM3.78 million for the FPE 2020, representing a decrease of approximately 44.82% or RM3.07 million, as compared to the revenue of approximately RM6.85 million recorded in the corresponding period in the preceding financial year. The decrease in revenue was mainly attributed to the substantial decline in revenue of our hospitality segment following the CMCO, which took effect in most states in Malaysia from 9 November 2020 to 14 January 2021.

INFORMATION ON OUR COMPANY (Cont'd)

Due to the decline in revenue, we recorded a LBT of approximately RM3.61 million for the FPE 2020 as compared to the PBT of approximately RM1.53 million recorded in the corresponding period in the preceding financial year. The LBT was mainly due to the following:-

- (a) decrease in other income from approximately RM8.99 million in the corresponding period in the preceding financial year to approximately RM5.97 million in the FPE 2020 as we recorded:-
- (i) an allowance for doubtful debt of approximately RM1.03 million recorded in the financial period under review; and
- (ii) lower interest income from concession receivables recorded in FPE 2020 of RM5.66 million as compared to RM7.43 million recorded in the corresponding period;
- (b) the impairment on goodwill and inventory of approximately RM1.32 million incurred in FPE 2020.

9.2 Historical financial position

	Audited			Unaudited
	FYE 30 September			3-month FPE 31 December 2020
	2018 (Restated)	2019	2020	
	RM'000	RM'000	RM'000	RM'000
Non-current assets	199,734	261,046	259,536	261,173
Current assets	194,200	104,994	95,525	85,552
Total assets	393,934	366,040	355,061	346,725
Share capital	102,333	102,333	104,937	104,937
Treasury shares	(3,249)	(3,249)	(3,249)	(3,249)
Reserves	(35,620)	(38,469)	(41,219)	(44,745)
Shareholders' equity/ NA	63,464	60,615	60,469	56,943
Non-controlling interest	(6,947)	(5,508)	(3,765)	(3,235)
Total equity	56,517	55,107	56,704	53,708
Non-current liabilities	281,564	266,704	227,676	231,808
Current liabilities	55,853	44,229	70,681	61,209
Total liabilities	337,417	310,933	298,357	293,017
Total equity and liabilities	393,934	366,040	355,061	346,725

INFORMATION ON OUR COMPANY (Cont'd)

9.3 Historical cash flow

	Audited			Unaudited
	FYE 30 September			3-month FPE 31 December 2020
	2018 (Restated)	2019	2020	
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	20,119	27,710	35,175	11,001
Net cash from/(used in) investing activities	(4,400)	(13,727)	75	(11,735)
Net cash from/(used in) financing activities	12,393	(46,315)	(43,286)	(2,790)
Net increase/(decrease) in cash and cash equivalents	28,112	(32,332)	(8,036)	(3,524)
Cash and cash equivalents in beginning of financial year	26,010	54,122	21,789	13,753
Cash and cash equivalents at the end of financial year	54,122	21,790	13,753	10,229

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ADDITIONAL INFORMATION

1. CONSENTS

- (i) The written consents of the Adviser, Company Secretary, Solicitors and Share Registrar for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently withdrawn.
- (ii) The written consents of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, during normal business hours between Mondays and Fridays (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) the Entitlement Undertaking provided by the Undertaking Shareholder;
- (ii) the letters of consent referred to in **Section 1** of this **Appendix II**; and
- (iii) the Deed Poll C.

3. RESPONSIBILITY STATEMENT

Our Board has seen and approved these Documents. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, they confirms that there is no false or misleading statement or other facts which if omitted, would make any statement in these Documents false or misleading.

UOBKH, being the Adviser for the Rights Issue with Free Warrants, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Free Warrants.

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