



# DIGISTAR CORPORATION BERHAD

(Company No.: 803652-K)

(Incorporated in Malaysia under the Companies Act, 1965)

## SYSTEM INTEGRATOR

- Telecommunication
- Communication
- ICT

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CORPORATION  
BERHAD** (Company No.: 603652-K)  
(Incorporated in Malaysia under the Companies Act, 1965)

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# NOTICE OF ANNUAL GENERAL MEETING



**DIGISTAR  
CORPORATION  
BERHAD** (Company No.: 603652-K)  
(Incorporated in Malaysia under the Companies Act, 1965)

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of DIGISTAR CORPORATION BERHAD will be held at Embassy 1, 12th Floor, Crown Princess Kuala Lumpur, City-Square Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Thursday, 25 March 2004 at 10.00 a.m. for the following purposes:

### AGENDA

1. To receive the Financial Statements for the financial period from 15 January 2003 (date of incorporation) to 30 September 2003 together with the Reports of the Directors and Auditors thereon. Ordinary Resolution 1
2. To re-elect the following directors who are retiring under Article 86 of the Articles of Association of the Company:  
(i) Datuk Haji AB Karim bin Sulaiman; and Ordinary Resolution 2  
(ii) Wa Siew Yam. Ordinary Resolution 3
3. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 4
4. **Special Business**

To consider and if thought fit, pass the following resolution:

#### **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

Ordinary Resolution 5

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Malaysia Securities Exchange Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)  
LEE MING LEONG (MAICSA 7006926)

COMPANY SECRETARIES

Kuala Lumpur  
3 March 2004



**Notes :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. If a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney or if such appointor is a corporation under its common seal or the hands of its attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at C15-1, Level 15, Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof.

**Explanatory Note on the Special Business**

**Ordinary Resolution 5**

**Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965**

The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company, from the date of the First Annual General Meeting, to issue shares (other than bonus or rights issue) of the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purpose as they considered would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.





**BOARD OF DIRECTORS**

Datuk Haji AB Karim Bin Sulaiman	(Executive Chairman)
Lee Wah Chong	(Managing Director)
Ong Fee Chong	(Executive Director)
Wa Siew Yam	(Executive Director)
Lee Mely	(Non-Independent Non-Executive Director)
Datuk Haji Hasan Bin Malek	(Independent Non-Executive Director)
Ir. Loh Khoon Hong	(Independent Non-Executive Director)

**AUDIT COMMITTEE**

**Chairman**

Datuk Haji Hasan Bin Malek	(Independent Non-Executive Director)
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**Members**

Ir. Loh Khoon Hong	(Independent Non-Executive Director)
Ong Fee Chong	(Executive Director)

**COMPANY SECRETARIES**

Mah Li Chen	(MAICSA 7022751)
Lee Ming Leong	(MAICSA 7006926)

**REGISTERED OFFICE**

C15-1, Level 15, Tower C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : 03-2166 2000 Fax : 03-2166 3000

**CORPORATE OFFICE**

B6/4/4, 3rd Floor  
One Ampang Business Avenue  
Jalan Ampang Utama 1/2  
68000 Ampang  
Selangor Darul Ehsan  
Tel : 03-4253 4319 Fax : 03-4257 2168

**AUDITORS**

Horwath  
Chartered Accountants  
Level 16, Tower C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

**SHARE REGISTRAR**

PFA Registration Services Sdn Bhd  
Level 13, Uptown 1  
No. 1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7725 4888 Fax: 03-7722 2311



### SPONSOR

Alliance Merchant Bank Berhad  
Level 29, Menara Multi-Purpose  
Capital Square, 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel: 03-2692 7788 Fax : 03-2691 9028

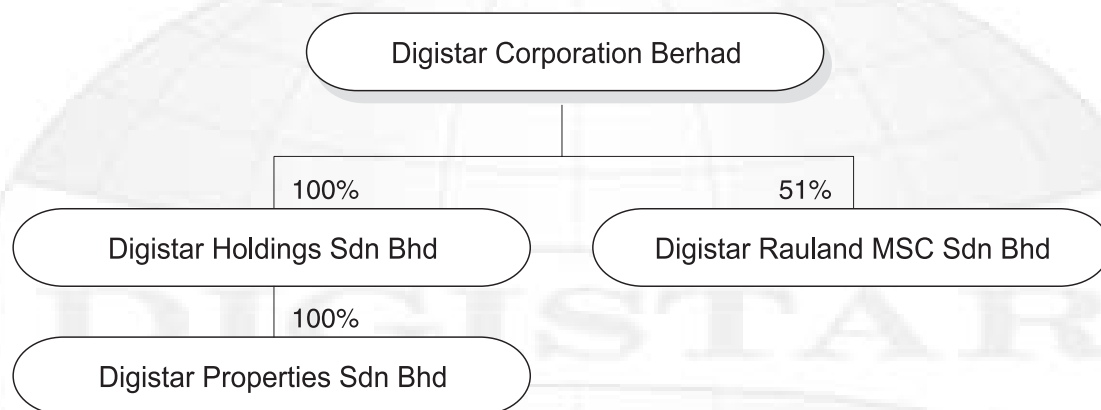
### PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad  
OCBC Bank (Malaysia) Berhad  
Affin Bank Berhad

### STOCK EXCHANGE LISTING

MESDAQ Market of the Malaysia Securities Exchange Berhad ("MSEB") (Previously operated under the name of Kuala Lumpur Stock Exchange)

### GROUP STRUCTURE AS AT 28 FEBRUARY 2004



**CHAIRMAN'S STATEMENT**

On behalf of the Board of Directors, I am pleased to present the First Annual Report and Audited Financial Statements of Digistar Corporation Berhad ("Digistar or Company") for the financial period ended 30 September 2003.

**ECONOMIC REVIEW**

Despite the Severe Acute Respiratory Syndrome ("SARS") epidemic in Asia Regions, the Iraq War and the on-going war on global terrorism, the Malaysian economy appeared to have weathered their impact and registered a remarkable growth of 4.7% in the first nine months of 2003. The Malaysian Government's quick response and timely policy initiatives and measures, particularly the introduction of the Package of New Strategies in May 2003, have contributed substantially towards the rapid expansion in the domestic economic activity.

The higher growth achieved amid an environment of low inflation and interest rate as well as increased international reserves further reinforced the strength of our macroeconomic fundamentals. With these in place, the nation is posed to achieve the growth target of 4.5% in 2003.

**FINANCIAL AND OPERATIONAL REVIEW**

This has been a good year for the Group. For the financial period ended 30 September 2003, Digistar registered an 89% growth in revenue to RM41.1 million from RM21.7 million in the previous financial year. Profit before tax increased three fold to RM6.5 million from RM1.6 million in the previous financial year. Whilst, profit after tax increased 3.6 times to RM4.6 million (including pre-acquisition profit of RM4.0 million) from RM1.0 million in the previous financial year.

These improved results were attributable to the success of the execution and completion of a number of projects with large contract values during the financial period.

During the financial period, the Group had completed or substantially completed a number of projects which include projects with Putrajaya Convention Centre, University Malaysia Sabah, Institute Social Malaysia, Hospital Kepala Batas and Hospital Serdang.

The Group has constantly focused on its core competency in the provision of design, supply, installation and integration of information technology infrastructure, tele-conferencing, local area networks, interactive media management systems, radio and television news automation, telecommunication systems, integrated audio and visual systems and other related electronic systems.

Digistar Rauland MSC Sdn Bhd ("DRMSB"), a joint venture company between Digistar and Rauland-Borg Corporation, USA was established in June 2003. This subsidiary will spearhead the Group's research and development ("R&D") programme in the interactive media management system for local teaching and learning institutions. A premise to be used as the R&D centre has been secured at UPM-MTDC Technology Incubation Centre One, Serdang, Selangor.

**CORPORATE DEVELOPMENT**

Digistar was incorporated in Malaysia as a public company on 15 January 2003 under the Companies Act, 1965 with an authorised share capital of RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each ("Digistar Shares"), of which 83,343,325 Digistar Shares have been issued and fully paid-up as at the date of this report.

Digistar was established to be the investment holding company of the Digistar Group in conjunction with its listing on the MESDAQ Market of the Malaysia Securities Exchange Berhad ("MSEB").

As an integral part of the listing of and quotation for the entire issued and paid-up capital of the Company on the MESDAQ Market of the MSEB, the Company undertook a restructuring scheme which included the acquisition of subsidiary companies, the rights issue and the public issue. The acquisition of subsidiary companies was completed on 14 August 2003 whilst the rights issue and the public issue were completed on 26 September 2003 and 29 October 2003 respectively.

The perseverance, commitment and dedication of the management team and staff of the Group since its inception enables the Company to achieve a successful listing of the Company's entire issued and paid-up share capital of 83,343,325 Digistar Shares on the MESDAQ Market of the MSEB on 7 November 2003. The listing of Digistar underscores the Group's capabilities and reputation whilst demonstrating the confidence of its business associates, customers, suppliers, financial institutions and investors in its core competencies.





## DIVIDENDS

The directors do not recommend any payment of dividend for the financial period ended 30 September 2003.

## PROSPECTS

Prospects for the year ahead are encouraging with the expected recovery of global economies and boosts from the Malaysian Budget 2004 in healthcare, ICT infrastructure and education sectors.

The government's allocation of RM9 billion to upgrade the existing healthcare system to cater for the ongoing construction of new hospitals and upgrading of existing hospitals to improve healthcare standards would possibly generate increased demand for ICT related infrastructure in hospital systems.

At the same time the Budget 2004 is facilitating a favourable business climate that is suitable for local companies to thrive by providing financing for small-medium enterprises (SME), giving more incentives to researchers and making Malaysia External Trade Development Corporation (MATRADE) the body to help with overseas market access.

With the growing population in Malaysia and the government initiatives under the Eighth Malaysian Plan to transform itself into a developed nation with a knowledge-based society, the demand for education and healthcare will increase over time. These shall provide further expansion opportunity to Digistar, particularly in education and healthcare sectors. Barring any unforeseen circumstances, the Board is optimistic toward maintaining the forecast growth for the coming year.

## UTILISATION OF PROCEEDS

As at 31 December 2003, the status of the utilisation of the proceeds raised from the Public Issue pursuant to the listing of the Company on the MESDAQ Market of MSEC on 7 November 2003 amounting to RM12.72 million is as follows:

	<i>As approved by the Securities Commission &amp; MSEC</i>	<b>Actual Utilisation</b>	<b>Balance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Investment in DRMSB	1,000	19	981
Capital expenditure for office expansion	3,100	984	2,116
Future business expansion	1,000	-	1,000
Renovation and upgrading of showroom	200	58	142
Purchase of fixed assets	1,000	252	748
Repayment of term loan	753	753	-
Working capital	4,472	4,472	-
Estimated listing expenses	1,200	993	207
<b>Total</b>	<b>12,725</b>	<b>7,531</b>	<b>5,194</b>

## ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to extend my sincere gratitude and appreciation to the management team and staff for their commitment and contribution to the Group's success; our customers, business associates and most importantly, our shareholders for their continuing support of the Group. I also wish to extend my sincere gratitude and appreciation to the Securities Commission, MSEC, Ministry of International Trade and Industry and Foreign Investment Committee for approving Digistar's listing exercise. I would also like to thank all our advisors for their guidance and hard work which lead to the successful listing of Digistar on the MESDAQ Market of the MSEC.

Finally, I would like to express my sincere appreciation and gratitude to my fellow directors for their invaluable contributions and support throughout the years.

Datuk Haji Ab Karim Bin Sulaiman  
Chairman  
15 January 2004



**DATUK HAJI AB KARIM BIN SULAIMAN**

Datuk Haji AB Karim Bin Sulaiman, aged 56, was appointed to the Board of Directors of Digistar Corporation Berhad ("Company") on 18 August 2003. Datuk Haji AB Karim, graduated from Royal Military College in 1975. He was a former director of Ikatan Relawan Rakyat Malaysia and Powertek Berhad. Currently, he is also the Chairman of Pertam Properties Sdn Bhd, the property investment arm of the Melaka State Government and the elected State Assemblyman of Sungai Udang Constituency, Melaka.



**LEE WAH CHONG**

Lee Wah Chong, aged 46, was appointed to the Board of Directors of the Company on 18 August 2003. He was one of the founders of its subsidiary company, Digistar Holdings Sdn Bhd. Mr Lee graduated with a diploma in Electronic Engineering from the Federal Institute of Technology in 1982. He continued to enhance his technical knowledge by attending courses on advanced system applications in the United States of America. As the Managing Director of the Group, Mr Lee has been the main driving force of the Group, which has recorded steady growth over the last twenty-one (21) years. His sound technical background and management have taken the Group to the forefront of the system integration industry.



**ONG FEE CHONG**

Ong Fee Chong, aged 33, was appointed to the Board of Directors of the Company on 18 August 2003. Mr Ong graduated with first class honours degree in Electrical and Electronic Engineering from the University of Glamorgan, United Kingdom in 1993. He started his career as a Project Engineer in 1994 with Theatre Project Sdn Bhd, a subsidiary of Lim Kim Hai Berhad. He joined Digistar Holdings Sdn Bhd in 1996 as Project Manager and was subsequently promoted to Project Director in 1997. Mr Ong has more than eight (8) years of experience in the system integration industry.



**WA SIEW YAM**

Wa Siew Yam, aged 45, was appointed to the Board of Directors of the Company on 18 August 2003. A diploma holder in Commerce from College Tunku Abdul Rahman, she began her professional career as Accounts Assistant with Chin Siew Fui Poultry Farm in 1978. Subsequently in 1981, she was a Leasing Executive with Lion Leasing Sdn Bhd for six (6) years. After which, she joined Umatrac Insuran Sdn Bhd as an Insurance Claim Manager in 1987.

**LEE MELY**

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

**DATUK HAJI HASAN BIN MALEK**

Datuk Haji Hasan Bin Malek, aged 58, was appointed as an Independent Non-Executive Director of the Company on 18 August 2003 and is the Chairman of the Audit Committee of Digistar Corporation Berhad. He graduated with a Bachelor of Arts (Hons.) degree in Sociology from University of Malaya in 1973 and obtained a Diploma in Development Administration from the University of Manchester, United Kingdom in 1978. He joined the State Economic Development Corporation, Negeri Sembilan in 1973 where he last served as a Deputy General Manager. Since 1995, he has been the elected State Assemblyman for the Juasseh Constituency in Kuala Pilah. Currently, Datuk Haji Hasan is also a director of AKN Messaging Technologies Berhad.

**IR. LOH KHOON HONG**

Ir. Loh Khoon Hong, aged 60, was appointed as an Independent Non-Executive Director of the Company on 18 August 2003. He was awarded a Bachelor of Engineering (Hons.) degree in Electrical Engineering from the University of Malaya in 1968. He is a Professional Engineer registered with the Board of Engineers in Malaysia and is a Fellow of the Institute of Engineers Malaysia and the Institute of Electrical Engineers United Kingdom. He is also a member of the Institute of Engineers Singapore and Chartered Institute of Building Services Engineer, United Kingdom.

He has served the Public Works Department ("Jabatan Kerja Raya"), Malaysia for twenty-seven (27) years during which he held various senior positions as Electrical Engineer, Senior Electrical Engineer, Senior Deputy Director of Design and Senior Assistant Director of Maintenance Unit. He retired from the Public Works Department in 1996 to establish an electrical services consultancy, HPS Electrical Engineering.



## 1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee currently comprises the following members:-

Chairman	: Datuk Haji Hasan Bin Malek	<i>(Independent Non-Executive Director)</i>
Members	: Loh Khoon Hong	<i>(Independent Non-Executive Director)</i>
	Ong Fee Chong	<i>(Executive Director)</i>

## 2. TERMS OF REFERENCE

### a) Composition of Audit Committee

The Committee shall be appointed from amongst the Board of Directors and shall comprise at least three (3) members, a majority of whom shall be independent directors. The chief executive officer of the Company shall not be a member of the Audit Committee.

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy must be filled within 3 months.

### b) Chairman

The Chairman, who shall be elected by the Audit Committee, must be an independent director.

### c) Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members.

### d) Meetings

The quorum for a meeting shall be two (2) members, provided that the majority of the members present at the meeting shall be independent directors.

The external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

### e) Rights

The Audit Committee shall:

- (i) have explicit authority to investigate any matter within its terms of reference;
- (ii) have the resources which it needs to perform its duties;
- (iii) have full and unrestricted access to any information which it requires in the course of performing its duties;
- (iv) have unrestricted access to the chief executive officer and the chief financial officer;
- (v) have direct communication channels with the external and internal auditors (if any); and
- (vi) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company.

**AUDIT COMMITTEE REPORT (CONT'D)****f) Duties**

The duties of the Audit Committee shall include a review of:

- (i) the nomination of external auditors;
- (ii) the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (iii) the effectiveness of the internal control and management information systems;
- (iv) the financial statements of the Company with both the external auditors and management;
- (v) the external auditor's audit report;
- (vi) any management letter sent by the external auditors to the Company and the management's response to such letter;
- (vii) any letter of resignation from the Company's external auditors;
- (viii) the assistance given by the Company's officers to the external auditors;
- (ix) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (x) all related party transactions and potential conflict of interest situations.

**3. SUMMARY OF ACTIVITIES**

The Audit Committee had its first meeting subsequent to the financial year end on 3 November 2003.

**4. INTERNAL AUDIT FUNCTION**

Presently, the Group does not have an internal audit department and the Audit Committee relied on discussions with the management and executive directors, review of quarterly financial statements and input from the external auditors to discharge its duties.



### INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Below is the Board of Directors' Statement on Internal Control which has been prepared with reference to the MSEC's "Statement on Internal Control: Guidance for Directors of Public Listed Companies".

### RESPONSIBILITIES

The Board of Directors recognises the importance of a sound system of internal control and effective risk management practises to good corporate governance. The Board affirms its overall responsibility and reviews the adequacy and integrity of the system of internal control. However, it is recognised that such system is designed to manage rather than eliminate risk and improve the governance process. Hence, it is recognised that the evaluation and implementation of the system can only provide reasonable, and not absolute, assurance against any material loss occurrence.

### RISK MANAGEMENT

The Board recognises that to ensure the review process for identifying, evaluating and managing the significant risks affecting the Group, the internal control procedures with clear lines of accountability and delegated authority has to be established. Presently, the Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. Throughout the financial year, the Board has evaluated and managed the significant risks faced by the Group through monitoring of the Group's operational efficiency as well as its profitability.

