

## **FSBM HOLDINGS BERHAD (“FSBM” OR THE “COMPANY”)**

### **PROPOSED PRIVATE PLACEMENT OF UP TO 51,562,037 NEW ORDINARY SHARES IN FSBM (“FSBM SHARES” OR “SHARES”), REPRESENTING 10.0% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES) PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (“PROPOSED PRIVATE PLACEMENT”)**

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This announcement is dated 30 October 2025 (“**Announcement**”).

#### **1. INTRODUCTION**

On behalf of the Board of Directors of FSBM (“**Board**”), Malacca Securities Sdn. Bhd. (“**Malacca Securities**”) wishes to announce that the Company proposes to undertake a proposed private placement of up to 51,562,037 new FSBM Shares (“**Placement Shares**”), representing 10.0% of the total number of issued FSBM Shares (excluding treasury shares) pursuant to Sections 75 and 76 of the Companies Act, 2016 (“**Act**”).

Further details of the Proposed Private Placement are set out in the ensuing sections of this announcement.

#### **2. PROPOSED PRIVATE PLACEMENT**

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Act, which was obtained from the Company’s shareholders at its 40<sup>th</sup> annual general meeting (“**AGM**”) convened on 20 June 2025, whereby the Board had been authorised to issue and allot new FSBM Shares not exceeding 10% of the total number of issued FSBM Shares (excluding treasury shares) (“**General Mandate**”). The General Mandate is in force until the Company’s next AGM (unless revoked or varied by the shareholders at a general meeting prior to the next AGM).

Furthermore, the Company had also obtained its shareholders’ approval to waive their statutory pre-emptive rights to be offered new Shares ranking equally to the existing issued Shares arising from any issuance of new Shares under the General Mandate pursuant to Section 85 of the Act and Clause 54 of the Company’s Constitution.

The Proposed Private Placement may be undertaken under the existing General Mandate or a new mandate to be obtained at the Company’s next AGM.

##### **2.1 Placement size**

As at 24 October 2025, being the latest practicable date prior to the date of this Announcement (“**LPD**”), FSBM has an issued share capital of RM23,142,456 comprising 516,711,070 FSBM Shares. As at LPD, FSBM has 1,090,700 treasury shares.

For information, as at LPD, FSBM has 76,027,880 outstanding warrants 2023/2028 (“**Warrants**”). The Warrants are governed by the deed poll dated 11 August 2023 and expiring on 18 September 2028. The exercise price for the Warrants is RM0.05 each.

Nonetheless, the Company proposes to fix the maximum number of FSBM Shares to be issued under the Proposed Private Placement based on its issued share capital (excluding treasury shares) as at LPD. Accordingly, based on the total number of 515,620,370 issued Shares (excluding treasury shares), the Proposed Private Placement entails the issuance of up to 51,562,037 Placement Shares, representing 10.0% of the total number of issued Shares (excluding treasury shares). For clarification, any increase in the number of issued Shares arising from the exercise of the Warrants and/or disposal of treasury shares will not affect the number of Placement Shares to be issued under the Proposed Private Placement. The Company also does not have any intention to acquire further treasury shares prior to the completion of the Proposed Private Placement.

## 2.2 Placement arrangement

The Placement Shares will only be placed out to independent third-party investor(s) to be identified at a later stage. The placee(s) shall be person(s) or party(ies) who qualify under Schedule 6 and 7 of the Capital Markets and Services Act 2007.

In accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Placement Shares will not be placed to the following parties:-

- (i) a director, major shareholder, chief executive of FSBM or a holding company of FSBM ("**Interested Person**");
- (ii) a person connected with the Interested Person; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Subject to the prevailing market conditions and timing of identification of the investor(s), the Proposed Private Placement may be implemented in tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities, subject to the expiry of the General Mandate or a new mandate being obtained from the shareholders of FSBM, as the case may be, so as to provide the Company with the flexibility to secure investor(s) and to maximise the number of Placement Shares to be issued. As such, there could potentially be several price fixing dates depending on the number of tranches of the Proposed Private Placement.

The investor(s) may be identified and procured simultaneously or over a period of time. The details of the investor(s) and the number of Placement Shares to be placed to each investor will be submitted to Bursa Securities in accordance with Paragraph 6.15 of the Listing Requirements, before the listing of the Placement Shares.

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

The issue price of the Placement Shares for each tranche of the Proposed Private Placement will be determined and fixed by the Board at a later date(s) after the receipt of all relevant approvals for the Proposed Private Placement based on the prevailing market conditions and the 5-day volume weighted average market price ("**VWAP**") of FSBM Shares.

The Placement Shares will be priced at a discount of not more than 10.0% to the 5-day VWAP of FSBM Shares immediately preceding the price-fixing date(s) for the Placement Shares.

For illustrative purposes, based on the 5-day VWAP of FSBM Shares up to and including the LPD of RM0.2017, the Placement Shares are assumed to be issued at an illustrative issue price of RM0.1816 per Placement Share ("**Illustrative Issue Price**"), representing a discount of approximately 9.97% to the 5-day VWAP of FSBM Shares up to and including the LPD.

## 2.4 Ranking of the Placement Shares

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

## 2.5 Listing and quotation of the Placement Shares

An application will be made to Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities.

### 3. UTILISATION OF PROCEEDS

Based on the Illustrative Issue Price of RM0.1816 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM9.4 million, which is intended to be utilised by FSBM and its subsidiaries (“**FSBM Group**” or the “**Group**”) in the following manner:-

Details of utilisation	Notes	Estimated timeframe for utilisation from the receipt of proceeds	Amount	
			RM'000	%
Enhancement of the Group's technology and business system	(i)	Within 12 months	1,400	14.9
Expansion of the Group's information technology (“IT”) services business	(ii)	Within 36 months	6,700	71.6
General working capital	(iii)	Within 12 months	1,089	11.6
Defrayment of estimated expenses for the Proposed Private Placement	(iv)	Within 3 months	175	1.9
			<b>9,364</b>	<b>100.0</b>

#### Notes:-

#### (i) Enhancement of the Group's technology and business system

In order to ensure that the Group remains competitive and possesses the technological tools to provide up-to-date technological solutions to its existing and future clients, the Company proposes to allocate RM1.4 million from the proceeds of the Proposed Private Placement to purchase/subscribe for the following hardware, systems and software to enhance/upgrade the Group's technology and business system:-

	RM'000	%
Subscription of IT environment tools i.e. cloud infrastructure, security, development tools and licenses (for a period of 12 months)	520	37.1
1 set of graphics processing unit and servers	560	40.0
1 unit of enterprise application management system (including necessary licenses, integration and training)	250	17.9
20 units of computer/laptop	70	5.0
	<b>1,400</b>	<b>100.0</b>

Any deviation in the amount allocated for the enhancement of the Group's technology and business system will be adjusted to/from the amount allocated for the Group's general working capital as set out in Note (iii) below.

(ii) **Expansion of the Group’s IT services business**

The Group is principally involved in IT services business comprising intelligent application and digital solutions, smart manufacturing solutions and managed security services.

The Company intends to allocate RM6.7 million from the proceeds of the Proposed Private Placement for the expansion of the Group’s IT services business, as follows:-

	<u>RM'000</u>	<u>%</u>
Research and development for augmented analytics solutions <sup>(a)</sup>	2,500	37.3
Localisation and enhancement of generative artificial-intelligence (“AI”) technologies (“ <b>Generative AI</b> ”), marketing activities and proof-of-concept (“ <b>PoC</b> ”) development <sup>(b)</sup>	1,450	21.6
Enhancement and market development for advanced supply chain management solutions <sup>(c)</sup>	450	6.7
Business opportunities for the Group’s IT services business <sup>(d)</sup>	1,500	22.4
Establishment of IT academy business unit <sup>(e)</sup>	800	12.0
	<u>6,700</u>	<u>100.0</u>

**Notes:-**

(a) Research and development for augmented analytics solutions

The Company proposes to allocate RM2.5 million from the proceeds of the Proposed Private Placement for the research and development of an augmented analytics solution platform, an AI driven platform which could enhance traditional business intelligence and analytics through machine learning (“ML”), natural language processing and automated insights generation. This platform allows the users (including non-technical users) to automate the process and conduct data analysis. This enables the generation of comprehensive reports in a shorter timeframe, thereby enhancing efficiency and facilitating informed decision-making through data-driven insights.

The aforementioned research and development will be executed in 3 phases:

- (aa) Phase 1: Building of platform’s core infrastructure which includes, amongst others, establishment of robust data activation and governance protocols, development of foundational architecture to process large-scale of data and creation of semantic layer which provide a unified view of data for all analytics;
- (bb) Phase 2: Development of AI/ML models which could power the augmented analytics engine which includes, amongst others, building of predictive forecasting algorithms, anomaly detection systems and leveraging the knowledge of mining techniques to convert raw data into actionable insights; and
- (cc) Phase 3: Design and building of an intelligent application that converts complex insights accessible to all users including development of application programming interface extensibility to allow for seamless integration into clients’ existing workflows and enable automated decision-making.

The allocated RM2.5 million is proposed to be utilised as follows:-

	<u>RM'000</u>	<u>%</u>
Set up a focus team with 8 personnel (comprising 5 contract specialists and engagement of 3 third-party experts) for the platform and application development (for a period of 18 months)	1,500	60.0
Purchase of infrastructure, subscription of cloud, AI and platform licenses and security software (for a period of 18 months)	750	30.0
Professional fees for security audits, strategic consulting on governance models, technical documentation, and quality assurance	250	10.0
	<u>2,500</u>	<u>100.0</u>

(b) Localisation and enhancement of Generative AI, marketing activities and PoC development

The Group had developed an enterprise-grade Generative AI solution which focus on enterprise intelligence and knowledge mining that can assist companies and enterprises in performing analysis based on the data. The Company intends to further enhance the said solution and develop new modules and add-on features that can transform structured and unstructured data into actionable insights, thereby supporting a wide range of enterprise users across the region and different industries.

Additionally, FSBM I-Design Sdn Bhd, a wholly-owned subsidiary of FSBM had on 1 July 2025 entered into a Key Strategic Partnerships Agreement with VisionTech Pte Ltd, a company incorporated under the laws of Republic of Singapore (“**VisionTech**”), whereby FSBM I-Design Sdn Bhd was appointed as a key strategic partner of VisionTech to perform marketing development on VisionTech’s Generative AI technologies in Malaysia which includes assisting in the sales and customer management, provision of technical support and training as well as marketing activities. VisionTech’s Generative AI is a type of artificial intelligence that can create new content, such as text, images, and code, by learning patterns from large datasets. For avoidance of doubt, the Group’s self-developed Generative AI focuses on end-to-end business solution for a specific vertical, whilst VisionTech’s Generative AI focuses on providing a platform to serve as an enabling foundation for deploying, integrating and scaling such applications.

To facilitate the aforementioned collaboration with VisionTech, the Group proposes to perform localisation and enhancement for VisionTech’s Generative AI in order to enhance, modify and customise the said technologies to suit the requirements of local businesses and companies across different industries in Malaysia as well as to ensure that the Generative AI can be integrated into clients’ existing business management software/systems. For AI to be effective, it must understand the local context. This goes beyond simple language translation. Localisation involves fine-tuning the models to comprehend Malaysian dialects and industry-specific jargon, adhering to national data sovereignty and privacy laws, and aligning with local business practices and regulatory frameworks.

The aforementioned collaboration with VisionTech accelerates the Group's own AI initiatives by leveraging on VisionTech's Generative AI platforms which provides the core tools and access to pre-trained models and coupled with the Group's enterprise software expertise and data intelligence framework, enables the Group to create integrated AI solutions tailored to the requirements of local and regional business.

In some cases, particularly for large projects, clients generally require a working demonstration and localised validation of the software/platform before committing to full-scale deployment. As such, a PoC will be required in order to demonstrate to the clients the functionality and validation of the localisation. The PoC covers trial licences, system setup, integration with selected client workflows, testing, and reporting of measurable outcomes.

In view thereof, the Company has proposed to utilise approximately RM1.5 million for the localisation of Generative AI, development of new modules/features/adds-on which complement to the Generative AI, sales and marketing activities and PoC development, the breakdown of which is set out as follows:-

	<u>RM'000</u>	<u>%</u>
Development of new modules/features/adds-on for the Group's self-developed enterprise Generative AI	750	51.7
Localisation of VisionTech's Generative AI	250	17.2
PoC development for potential clients	200	13.9
Sales and marketing activities	250	17.2
	<u>1,450</u>	<u>100.0</u>

(c) Enhancement and market development for advanced supply chain management solutions

In June 2025, the Group had introduced to the market the concept of an advanced supply chain management solution which could manage and optimise the entire flow of goods and services from origin to consumption which is intended to be developed to improve efficiency and reduce cost by coordinating all activities in the supply chain including from the process of receipt of sales order and inbound planning, logistic and delivery management as well as to perform analysis on wastage and secured its first purchase order with contract value of RM0.3 million to provide advanced supply chain management solution to the client which is expected to be deployed in 2<sup>nd</sup> quarter of calendar year 2026.

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With the purchase order secured and after considering the viability and benefit of this solution, the Company intends to allocate approximately RM0.5 million to continue to develop and enhance the advanced supply chain management solutions to suit companies/enterprises as well as for sales and marketing activities:-

	<u>RM'000</u>	<u>%</u>
Localisation and pilot deployment	175	38.9
Sales and marketing activities	190	42.2
Customer support enablement	85	18.9
	<u>450</u>	<u>100.0</u>

(d) Business opportunities for the Group's IT services business

In order to remain competitive in the IT services industry, it is essential for the Group to keep themselves abreast with the latest development of technologies/software as well as able to capture the technology shifts. Hence, the Company has earmarked RM1.5 million from the proceeds of the Proposed Private Placement to explore emerging technologies and opportunities which include, but are not limited to, the development or enhancement of digital tools and analytics capabilities, pilot projects and collaborations with enterprise clients or research/technology partners, and exploratory ventures in adjacent solution areas that demonstrate high potential for adoption within the Asian market. These opportunities are intended to complement the Group's current offerings in AI, data analytics, and smart manufacturing, while providing a platform to capture new growth areas as market demand evolves.

As at LPD, the Group is still in the midst of deliberating and has not finalised on any collaborations/ventures with enterprise clients or research/technology partners. The Company will make the necessary announcements and/or seek its shareholders' approval in accordance with the Listing Requirements as and when such plans materialise, if required.

(e) Establishment of IT academy business unit

The Group proposes to establish an IT academy business unit for the following functions:-

- (aa) as a revenue-generating unit, through accredited training programmes aligned with national upskilling initiatives under MyDigital and fourth industrial revolution (IR4.0);
- (bb) as a sales enablement hub, ensuring enterprises have the trained workforce needed to adopt the Group's Generative AI, data analytics, and smart manufacturing solutions; and
- (cc) as an ecosystem builder, bridging industry, academia, and government initiatives to strengthen Malaysia's digital innovation capacity.

As a start, the Company intends to conduct the training at the clients' facilities or at the Group's existing office located at L3-02, KYM Tower, 8, Jalan PJU 7/6, PJU 7, Mutiara Damansara, 47800 Selangor, Malaysia. As the business grows, the Group intends to rent temporary spaces from venue providers to conduct the training.

The Company has earmarked RM0.8 million from the proceeds of the Proposed Private Placement to establish an IT academy business unit, the breakdown of which is set out as follows:-

	<u>RM'000</u>	<u>%</u>
Marketing activities	300	37.4
Purchase of equipment and network device as well as subscription of software and system (for a period of 6 months)	200	25.0
Curriculum development i.e. course content design and accreditation i.e. Human Resource Development Corporation and vendors certification	150	18.8
Hiring of staff (2 lead trainers, 1 course designer, 1 ecosystem manager and 2 administrative and marketing coordinators for a period of 6 months)	150	18.8
	<u>800</u>	<u>100.0</u>

Any deviation in the amount allocated for the expansion of IT services business will be adjusted to/from the amount allocated for the Group's general working capital as set out in Note (iii) below.

**(iii) General working capital**

The Company proposes to allocate approximately RM1.1 million from the proceeds of the Proposed Private Placement for the Group's day-to-day operations as follows:-

	<u>RM'000</u>	<u>%</u>
Staff costs which include staff salaries, Directors' remuneration and contribution to the Employees Provident Fund Board and the Social Security Organisation, and deductions to be paid to the Inland Revenue Board (excluding the staff costs as set out in Note (ii) of Section 3 of this Announcement)	817	75.0
General administrative expenses such as rental, utilities, office maintenance, printing costs, postages, bank charges and compliance expenses such as audit (internal & external), company secretarial, share registrar expenses and legal expenses	272	25.0
	<u>1,089</u>	<u>100.0</u>

**(iv) Defrayment of estimated expenses of the Proposed Private Placement**

The Company has earmarked approximately RM0.2 million of the proceeds for estimated expenses for the Proposed Private Placement which includes professional fees, placement fees, fees to relevant authorities and other incidental expenses.

Any deviation in the amount allocated for the estimated expenses for the Proposed Private Placement will be adjusted to/from the amount allocated for general working capital as set out in Note (iii) above.

In the event the gross proceeds raised is less than RM9.4 million, the proceeds shall first be utilised in the following order:-

- (i) defrayment of the estimated expenses for the Proposed Private Placement;
- (ii) enhancement of the Group's technology and business system
- (iii) expansion of the Group's IT services business; and
- (iv) general working capital.

In the event the gross proceeds raised is more than RM9.4 million, the excess shall be utilised for the Group's general working capital, in the proportion as set out in Note (iii) of Section 3 above.

Pending the utilisation of proceeds from the Proposed Private Placement, the proceeds will be placed in interest-bearing bank accounts, as deposits with licensed financial institution(s) and/or in short-term money market instruments, as the Board deems fit. The Company proposes to utilise such interest/profits arising from the deposits/financial instruments for the Group's working capital purposes, in the proportion as detailed in Note (iii) of Section 3 above, within 12 months from the date the proceeds are received.

### 3.1 Details of equity fund-raising exercises undertaken in the past 12 months and/or equity fund-raising exercises undertaken of which proceeds raised have yet to be fully utilised

The Company has not undertaken any equity fund-raising exercises during the preceding 12 months from the date of this Announcement.

For information, the Company had on 26 September 2023 completed a shares issuance of 60,000,000 new FSBM Shares ("**Shares Issuance**") and a renounceable rights issue of 236,659,300 new FSBM Shares with 118,329,650 free Warrants on the basis of 1 warrant for every 2 rights shares subscribed ("**Rights Issue with Warrants**"), as part of its regularisation plan pursuant to Practice Note 17 of the Listing Requirements, which had raised a total proceed of RM11.9 million.

As at LPD, the proceeds raised from Shares Issuance and Rights Issue with Warrants were utilised as below:-

<u>Details of utilisation</u>	<u>Proposed utilisation of proceeds as per the abridged prospectus dated 25 August 2023</u>	<u>Proposed utilisation of proceeds after reallocation</u>	<u>Actual utilisation up to LPD</u>	<u>Balance to be utilised</u>	<u>Estimated timeframe for utilisation of balance proceeds from LPD</u>
	RM'000	RM'000	RM'000	RM'000	
Expansion of IT services business	5,907	(a)4,707	(b)(4,707)	-	
General working capital	3,993	(a)5,193	(c)(4,808)	(d)385	By 25 September 2026
Expenses for the regularisation plan	2,000	2,000	(e)(2,000)	-	
	<u>11,900</u>	<u>11,900</u>	<u>(11,515)</u>	<u>385</u>	

**Notes:-**

(a) The Board had on 30 September 2025 announced that the Company proposes to vary the utilisation of the proceeds from the Shares Issuance and Rights Issue with Warrants by reallocating RM1.2 million which was initially allocated for setting up a security operations center (SOC), to general working capital after taking into consideration the reallocation will better support the Group's operational needs, particularly staff costs and administrative expenses and allow the Group to manage its resources more efficiently as well as to continue to pursue its business expansion plans.

(b) The proceeds earmarked for the expansion of the Group's IT services business had been fully utilised as follows:-

	<u>RM'000</u>
Enhancement of manufacturing execution systems (MES) software	1,700
Other expansion opportunities <sup>(aa)</sup>	3,007
	<u>4,707</u>

**Note:-**

(aa) The proceeds earmarked for other expansion opportunities had been fully utilised as follows:-

	<u>RM'000</u>
Subscription of Jarvix, an AI software to enhance the Group's solution offerings	559
Subscription of license for customer-to-manufacturer (C2M) platform	2,448
	<u>3,007</u>

(c) The company had utilised RM4.8 million for its general working capital as follows:-

	<u>RM'000</u>
Payment to trade creditors	2,000
Staff-related costs i.e. staff salaries, bonuses, allowances, statutory contribution and welfare expenses	2,058
General administrative and operating expenses i.e. rental, license renewal fee, utilities, selling and marketing expenses and sundry expenses	750
	<u>4,808</u>

(d) The remaining RM0.4 million is proposed to be utilised for staff-related costs.

(e) The Company had utilised RM2.0 million to defray the expenses in relation to its regularisation plan i.e. professional fees, fees to relevant authorities, printing, despatch, meeting expense and miscellaneous expenses.

Save as disclosed above, the Company has not undertaken any other fund-raising exercises in the past 12 months prior to the date of this Announcement and does not have any other fund-raising exercises undertaken of which proceeds raised have yet to be fully utilised.

#### **4. RATIONALE AND BENEFITS OF THE PROPOSED PRIVATE PLACEMENT**

AI is revolutionising the IT industry by reshaping software development, cybersecurity, automation, and cloud computing, ushering in a new era of intelligent, adaptive systems. Accordingly, there has been a fundamental shift in how IT professionals build, secure and manage digital infrastructure. The Proposed Private Placement will enable the Group to raise additional funds primarily for the expansion of its IT services business and enhancement of the Group's technology and business system as set out in Section 3 of this Announcement. This will enhance the Group's competitiveness to tender and secure new IT projects to further grow its IT services business.

After due consideration of the other various methods of fund-raising, such as rights issue and bank borrowings, the Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture for the following reasons:

- (i) the Proposed Private Placement will enable the Group to raise funds more expeditiously as opposed to other equity fund-raising options i.e. rights issue which typically entails a longer timeframe for implementation and are significantly dependent upon the market sentiment;
- (ii) the Proposed Private Placement will allow the Group to raise funds without incurring interest expense as compared to bank borrowings; and
- (iii) the Proposed Private Placement will strengthen the financial position of the Group by increasing the capital base of the Company.

##### **4.1 Value creation and impact of the Proposed Private Placement to the Group and FSBM's shareholders**

The Proposed Private Placement will enable the Group to raise additional funds primarily for the expansion of its IT services business which includes, amongst others, perform research and development for augmented analytics solutions, localisation and enhancement of Generative AI technologies, enhancement and market development for advanced supply chain management solutions and exploring on emerging technologies and opportunities as well as enhance the Group's technology and business system, which are expected to assist the Group to secure more contracts and thus improve the Group's financial performance moving forward.

However, the percentage shareholdings of FSBM's existing shareholders and earnings per Share ("EPS") will be diluted as a result of the increase in number of Shares arising from the Proposed Private Placement. The effects of the Proposed Private Placement on the share capital, net assets ("NA") and gearing, earnings and earnings per Share, as well as substantial shareholders' shareholdings of the Group are set out in Section 6 of this Announcement.

##### **4.2 The adequacy of the Proposed Private Placement in addressing the Group's financial concerns**

The Group has been registering profits for the past 3 financial years ended ("FYE") 31 December 2022 to FYE 31 December 2024. Nevertheless, the Group had recorded a loss for the 6-month financial period ended ("FPE") 30 June 2025. The Proposed Private Placement will enable the Group to raise funds primarily to expand its IT services business as well as enhance the Group's technology and business system which are expected to assist the Group to enhance their services to the existing customers as well as to secure more contracts which will in turn bode well for the Group's earnings.

#### **4.3 Steps or actions which have been taken/will be taken to improve the financial condition of the Group**

The Group had completed its regularisation plan on 26 September 2023, which had regularised its financial condition and no longer triggers any prescribed criteria under Practice Note 17 of the Listing Requirements. Since the upliftment from being classified as a Practice Note 17 company on 21 June 2024, the Group had continued to expand its IT services business i.e. exploring AI technologies/solutions and collaborate with 3<sup>rd</sup> parties in the development of new software/modules/solutions/systems.

For the 6-month FPE 30 June 2025, the Group recorded losses which was mainly due to the status of the projects that the Group had been involved in, which are mainly still at the preliminary stages and will require further development and enhancement prior to deployment. The Group is expediting its process to deploy the said deliverables to its customers and expects the billings to be made within the FYE 31 December 2025.

In addition, the Company has allocated and aggregate of RM8.1 million from the proceeds of the Proposed Private Placement for the following:-

- (i) enhance the Group's technology and business system in order to ensure the Group remains competitive and possesses the technological tools to provide up-to-date technological solutions to its existing and future clients;
- (ii) perform research and development for augmented analytics solutions;
- (iii) localisation and enhancement of Generative AI technologies and PoC development;
- (iv) enhancement and market development for advanced supply chain management solutions;
- (v) business opportunities for the Group's IT services business particularly in exploring on emerging technologies and opportunities; and
- (vi) establishment of IT academy business unit.

The Group believes the above initiatives will be able to enhance their services to existing and new customers, secure more contracts and create a new revenue stream, which will in turn bode well for the Group's earnings.

## **5. INDUSTRY OVERVIEW AND PROSPECTS**

### **5.1 Overview and outlook of the Malaysian economy**

The Malaysian economy expanded by 4.4% in the second quarter of 2025 (1Q 2025: 4.4%), driven by robust domestic demand. Household spending was higher amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salaries. Of significance, both private and public investments recorded stronger expansion, supported by the realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower commodities-related exports. This was partially offset by continued electrical and electronics ("E&E") exports and robust tourism activity. At the same time, import growth was higher, driven by strong demand for capital goods, reflecting higher investment activities.

On the supply side, growth was driven by the services and manufacturing sectors. The services sector was supported by consumer-related and Government services. Steady growth in domestic-oriented clusters underpinned the performance in the manufacturing sector. Overall growth was weighed down by a contraction in the mining sector amid lower commodities production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 2.1% (1Q 2025: 0.7%).

Headline inflation moderated to 1.3%, while core inflation remained stable at 1.8% (1Q 2025: 1.5% and 1.8%, respectively). The moderation was largely due to lower prices for fuel such as RON97 petrol and diesel (-0.6%; 1Q 2025: 0.3%) and slower price increases for food-related items (2.2%; 1Q 2025: 2.5%), particularly fresh food and food away from home. This was partly offset by a slower price decline for mobile communication services, averaging at -12.1% (1Q 2025: -13.5%). Inflation pervasiveness, measured by the share of consumer price index items recording monthly price increases, experienced a slight decline amid softer global commodity prices (41.8%; 1Q 2025: 43.3%). Nonetheless, it remained broadly in line with the long-term average for the second quarter (2Q 2011-2019: 43.9%).

Uncertainty surrounding tariffs continues to linger and the impact will take time to fully materialise. Nonetheless, Malaysia is facing these challenges from a position of strength. Its economy remains on solid footing, supported by resilient domestic demand, continued demand for E&E goods, and a diversified export structure. These fundamentals, alongside continued structural reforms, ensure that Malaysia is well-positioned to navigate the evolving global landscape.

Notwithstanding the external risks, economic growth is firmly supported by resilient domestic demand, serving as a buffer against global headwinds. Employment and wage growth within domestic-oriented sectors and income-related policy measures will continue to support household spending. The expansion in investment activity will be sustained by several factors. This includes the progress of infrastructure projects, continued high realisation of approved private investments and implementation of national master plans. Malaysia's export prospects could be raised by favourable outcomes from remaining trade negotiations, pro-growth policies in major economies, and robust tourism activity. The steady rollout of structural reforms, such as the implementation of announced national master plans and fiscal reform measures, is critical to boost our resilience against future shocks.

Headline inflation is projected to remain moderate, averaging 1.5% to 2.3% in 2025. Notably, the headline inflation forecast range for the year was revised lower following the more moderate demand and cost outlook since the earlier projections in March 2025. Inflationary pressure from global commodity prices is expected to remain limited, contributing to moderate domestic cost conditions. In this environment, the impact of domestic policy measures on inflation is expected to remain contained.

*(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2025, Bank Negara Malaysia)*

## **5.2 Overview and outlook of the IT industry in Malaysia**

Malaysia's economic transformation requires bold measures to boost productivity and accelerate the shift towards higher value added activities in supporting high growth high value and energy transition efforts. In this regard, raising the ceiling entails advancing industrial capabilities, fostering innovation-driven growth and creating a conducive environment for businesses to scale up and integrate into global value chains. By leveraging technology, talent and sustainability principles, Malaysia is poised to unlock new sources of growth, which will fortify its position as a dynamic and resilient economy.

Malaysia is advancing towards becoming an AI-driven economy by recognising AI as a key enabler of productivity, innovation and competitiveness. The Government of Malaysia will introduce the National AI Action Plan 2030, a robust governance framework to guide and accelerate AI adoption across priority sectors, while strengthening national capabilities in research, development commercialisation and innovation. In this regard, Budget 2026 will focus on the utilisation of AI and big data analytics to enhance decision-making, optimise resources as well as improve efficiency across industries and public services.

By embedding AI across industries and cultivating a culture of innovation, Malaysia can accelerate the transition towards a dynamic and innovative economy, which will move the country up the global value chain. This reinforces Malaysia's aspiration to become a hub for high-value and technology-driven production, thus strengthening long-term competitiveness, creating high-paying jobs and ensuring the nation seizes opportunities in the digital age. Complementing this, the KL20 Plan seeks to position Kuala Lumpur among the world's top 20 startup ecosystem through nurturing innovation-driven enterprises and thereby developing a leading global startup hub. Budget 2026 will also provide funding such as seed funds and co-investment funding for potential startups.

In enhancing competitiveness and scalability of micro, small and medium enterprises (“MSMEs”), Budget 2026 will accelerate the adoption of digitalisation by expanding access to digital tools, training and e-commerce capabilities. This will foster an innovation ecosystem that connects MSMEs with technology providers, research institutions and global supply chains, thus enabling more firms to participate in international markets while improving productivity.

The services sector grew by 5% in the first half of 2025 and is expected to expand by 5.1% in the second half, underpinned by resilient household spending and higher visitor arrivals leading to robust domestic tourism activities. Overall, the sector is estimated to grow 5.1%, with all subsectors registering positive growth.

The information and communication subsector expanded by 3.5% in the first half of 2025 attributed to increasing demand for digital connectivity and data services in the telecommunication segment. The subsector's growth is projected to increase by 3.6% in the second half of the year, leading to an overall growth of 3.6% in 2025.

Private investment is anticipated to register a growth of 7.8% in 2026, driven by increased capital spending on structures and machinery & equipment in technology intensive manufacturing and services sectors. The large volume of approved investments is expected to be realised, particularly in semiconductors, renewable energy and data centres. This outlook is reinforced by the strong implementation track record, with the execution of 85.1% manufacturing projects approved between 2021 and June 2025. Strong global demand for E&E, coupled with automation and digitalisation is expected to further stimulate investment in high-value and innovation-led activities. At the same time, ongoing initiatives such as GEAR-uP and the rollout of national masterplans will strengthen investor confidence and Malaysia's position as a competitive investment destination.

The information and communication subsector is expected to grow 4.3%, mainly driven by expansion in AI technologies, data centre and cloud computing capacities as well as continued government support through comprehensive digital policies and infrastructure upgrades. In addition, the subsector will be fuelled by higher social commerce activities via various social platforms as well as subscriptions of over-the-top media services for e-sports and entertainment. Major sporting events such as the 2026 FIFA World Cup, BWF Thomas & Uber Cup 2026 and the 2026 Commonwealth Games will increase the number of subscribers, further boosting the subsector.

*(Source: Economic Outlook 2026, Ministry of Finance Malaysia)*

### **5.3 Prospects of FSBM Group**

As stated in Section 5.2 of this Announcement, Malaysia is advancing towards becoming an AI-driven economy by recognising AI as a key enabler of productivity, innovation and competitiveness and the Budget 2026 will focus on the utilisation of AI and big data analytics to enhance decision-making, optimise resources as well as improve efficiency across industries and public services.

In view of the above, the Group is required to expand its current IT services/solutions by including AI features in order to enhance the Group's competitiveness to tender and secure new IT projects and further grow its IT services business. The Company has earmarked RM1.4 million from the proceeds of the Proposed Private Placement to enhance the Group's technology and business system in order to be able to provide up-to-date technological solutions to its existing and future clients.

In addition, the Company also allocated RM6.7 million from the proceeds of the Proposed Private Placement for the expansion of the Group's IT services business as detailed in Section 3 of this Announcement, in order to enhance/develop existing/new services and solutions to secure more IT projects moving forward.

After considering the positive outlook of the IT industry as stated in Section 5.2 of this Announcement as well as the Group's initiatives to expand its current IT business in order to remain competitive in the industry, the Board remains optimistic of the Group's growth prospects and believe these initiatives will improve the Group's financial performance moving forward.

## 6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

### 6.1 Issued share capital

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

	<u>No. of Shares</u>	<u>RM'000</u>
Issued share capital as at LPD (excluding treasury shares)	515,620,370	22,430
Placement Shares to be issued pursuant to the Proposed Private Placement	51,562,037	<sup>(a)</sup> 9,189
<b>Enlarged issued share capital after the Proposed Private Placement</b>	<b><u>567,182,407</u></b>	<b><u>31,619</u></b>

**Note:-**

- (a) Assuming issuance of 51,562,037 at the Illustrative Issue Price of RM0.1816 per Placement Share and after deducting the estimated expenses in relation to the Proposed Private Placement of RM175,000.

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## 6.2 NA, NA per Share and gearing level

The pro forma effects of the Proposed Private Placement on the NA, per Share and gearing of the Group based on the latest audited consolidated financial statements of the Group as at 31 December 2024 are as follows:-

	Audited as at 31 December 2024	(I) (a)After subsequent events	(II) After (I) and Proposed Private Placement
	RM'000	RM'000	RM'000
Share capital	22,922	23,142	(b)32,331
Treasury shares	(712)	(712)	(712)
Reserves	3,624	3,547	3,547
Retained earnings	551	551	551
<b>Shareholders' fund / NA</b>	<b>26,385</b>	<b>26,528</b>	<b>35,717</b>
Non-controlling interest	(176)	(176)	(176)
<b>Total equity</b>	<b>26,209</b>	<b>26,352</b>	<b>35,541</b>
Number of shares in issue ( '000)	511,212	515,620	567,182
NA per share (sen)	5.16	5.14	6.30
Total borrowings (including lease liabilities)	1,596	1,596	1,596
Gearing ratio (times)	0.06	0.06	0.04

### Notes:-

- (a) After taking into account the allotment and issuance of 4,408,600 new FSBM Shares pursuant to the exercise of Warrants subsequent to 31 December 2024 up to LPD, at the exercise price of RM0.05 each and accounting for the reversal of Warrant reserves at RM0.0174 per Warrant;
- (b) Assuming issuance of 51,562,037 at the Illustrative Issue Price of RM0.1816 per Placement Share and after deducting the estimated expenses in relation to the Proposed Private Placement of RM175,000.

## 6.3 Earnings and EPS

The Proposed Private Placement is not expected to have a material effect on the earnings of FSBM Group for the FYE 31 December 2025. However, the Proposed Private Placement is expected to contribute positively to the future earnings of the Group as and when the benefits from the utilisation of the proceeds from the Proposed Private Placement are realised.

However, the Proposed Private Placement will result in an immediate dilution in FSBM's EPS as a result of the increased number of FSBM Shares in issue upon completion of the Proposed Private Placement.

#### 6.4 Substantial shareholders' shareholdings

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

	Shareholdings as at LPD				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	<sup>(a)</sup> %	No. of Shares	<sup>(a)</sup> %	No. of Shares	<sup>(b)</sup> %	No. of Shares	<sup>(b)</sup> %
Dr. Chew Weng Yew	95,689,530	18.56	-	-	95,689,530	16.87	-	-
Pang Kiew Kun	38,068,600	7.38	-	-	38,068,600	6.71	-	-

**Notes:-**

- (a) Based on the existing issued share capital of 515,620,370 Shares (excluding treasury shares) as at LPD.
- (b) Based on the enlarged issued share capital of 567,182,407 Shares (excluding treasury shares) after the completion of the Proposed Private Placement.

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## **6.5 Convertible securities**

As at LPD, save for the 76,027,880 outstanding Warrants, the Company does not have any other existing convertible securities.

The Proposed Private Placement will not give rise to any adjustment to the exercise price and number of outstanding Warrants.

## **7. APPROVALS REQUIRED**

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

- (i) Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities; and
- (ii) any other relevant authority and/or party, if any.

As set out in Section 2 of this Announcement, the General Mandate was obtained by the Company from its shareholders at the 40<sup>th</sup> AGM convened on 20 June 2025 and such authority shall continue to be in force until the Company's next AGM (unless revoked or varied by the shareholders at a general meeting prior to the next AGM). As such, the Proposed Private Placement will not require the approval of the Company's shareholders.

The Proposed Private Placement is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by the Company.

## **8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED WITH THEM**

None of the directors, major shareholders, chief executive of FSBM and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

## **9. DIRECTORS' STATEMENT**

The Board, having considered and deliberated on all aspects of the Proposed Private Placement, including but not limited to the utilisation of proceeds, rationale and effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

## **10. APPLICATION TO THE AUTHORITIES**

The application to the relevant authorities for the Proposed Private Placement is expected to be submitted within 2 months from the date of this Announcement.

## **11. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all the approvals/consents being obtained, the Proposed Private Placement is expected to be completed by the 2<sup>nd</sup> quarter of calendar year 2026.

## **12. ADVISER AND PLACEMENT AGENT**

Malacca Securities has been appointed as the Principal Adviser and Placement Agent for the Proposed Private Placement.

## APPENDIX I – HISTORICAL FINANCIAL INFORMATION OF FSBM GROUP

The summary of the historical financial performance and financial position of FSBM Group based on the latest audited consolidated financial statements for the FYE 31 December 2022, FYE 31 December 2023 and FYE 31 December 2024 and the unaudited financial statements for the 6-month FPE 30 June 2024 and 6-month FPE 30 June 2025 are as follows:-

	Audited			Unaudited	
	FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024	6-month FPE 30 June 2024	6-month FPE 30 June 2025
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	12,514	12,834	17,177	7,332	5,345
Gross profit	6,211	6,878	6,700	3,380	1,983
Profit / (Loss) before tax	4,837	2,182	1,041	877	(1,553)
Profit after tax (“PAT”)/ (Loss after tax) (“LAT”) attributable to:					
- Owners of the Company	4,415	1,927	995	865	(1,552)
- Non-controlling interest	31	(67)	15	12	(1)
<b>PAT / (LAT)</b>	<b>4,446</b>	<b>1,860</b>	<b>1,010</b>	<b>877</b>	<b>(1,553)</b>
NA	12,493	25,765	26,385	27,372	24,884
Total equity	10,431	23,636	26,209	25,255	24,707
Total borrowings (including lease liabilities)	171	77	1,596	42	1,600
Current assets	11,726	22,157	14,795	21,771	11,949
Current liabilities	3,767	2,161	1,530	1,403	2,769
Number of ordinary shares (excluding treasury shares) ('000)	176,659	480,109	511,212	493,481	512,222
Earnings/(Loss) per share (sen)	2.52	0.39	0.20	0.18	(0.30)
NA per share (sen)	7.07	5.37	5.16	5.55	4.86
Current ratio (times)	3.11	10.25	9.67	15.52	4.32
Gearing ratio (times)	0.02	*	0.06	*	0.06

### Note:-

\* Less than 0.01

### Commentaries:-

#### FYE 31 December 2023 (“FYE 2023”) compared to FYE 31 December 2022 (“FYE 2022”)

The Group’s revenue increased by RM0.3 million or 2.4% from RM12.5 million in FYE 2022 to RM12.8 million in FYE 2023, which was mainly due to the following:

- (i) increase in the revenue from technical support and maintenance service by RM2.6 million as a result of the completion of a platform design and development project in FYE 2023 which subsequently subscribe for recurring support and maintenance;
- (ii) increase in the revenue from refurbishment and lease services by RM0.8 million which was mainly due to increase in demand for refurbishment services from 3 orders in FYE 2022 to 14 orders in FYE 2023;
- (iii) increase in the revenue from managed security service by RM0.6 million as a result of procurement of additional 2 contracts since 3<sup>rd</sup> quarter of FYE 2022; and
- (iv) increase in the revenue from smart manufacturing solutions of RM0.7 million as a result of progressive deployment of ongoing projects during the year.

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**APPENDIX I – HISTORICAL FINANCIAL INFORMATION OF FSBM GROUP (CONT'D)**

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The aforementioned increase was negated by the decrease in the revenue from platform design and development of RM4.4 million as a result of completion of 2 projects in FYE 2022.

The Group's PAT decreased by RM2.5 million or 56.8% from RM4.4 million in FYE 2022 to RM1.9 million in FYE 2023 which was mainly due to one-off corporate exercise incurred for the regularisation plan of RM1.2 million in FYE 2023 and there was a reversal of accruals of RM1.4 million which existed only in FYE 2022.

**FYE 31 December 2024 ("FYE 2024") compared to FYE 2023**

The Group's revenue increased by RM4.4 million or 34.4% from RM12.8 million in FYE 2023 to RM17.2 million in FYE 2024 which was mainly due to the following:

- (i) increase in revenue from smart manufacturing solutions by RM2.6 million as a result of procurement and execution of additional 11 projects in FYE 2024 and increase in progress billings as a result of achieving the project milestones; and
- (ii) increase in revenue from intelligent application and digital solutions RM1.6 million as a result of higher one-off sales of computer hardware equipment and software.

The Group's PAT decreased by RM0.9 million or 47.4% from RM1.9 million in FYE 2023 to RM1.0 million FYE 2024 which was mainly due to increase in administrative expenses by RM1.0 million as a result of increase in average headcount for operation and administrative department from 41 in FYE 2023 to 44 FYE 2024 in order to support business expansion as well as increase in staff salary and welfares.

**6-month FPE 30 September 2025 ("FPE 2025") compared to 6-month FPE 30 September 2024 ("FPE 2024")**

The Group's revenue decreased by RM2.0 million or 27.4% from RM7.3 million in FPE 2024 to RM5.3 million in FPE 2025 which was mainly due to the following:

- (i) decrease in revenue from managed security services by RM0.6 million as a result of the completion of 2 contracts which were subsequently not being renewed; and
- (ii) decrease in revenue from smart manufacturing solutions segment by RM0.9 million as a result of completion of 9 projects in FPE 2024.

The Group recorded a LAT of RM1.6 million in FPE 2025 as compared to a PAT of RM0.9 million in FPE 2024 which was mainly due to decrease in revenue as abovementioned coupled with increase in administrative expenses by RM0.6 million due to sales and marketing activities in order to support ongoing business and development initiatives.