DIGISTAR CORPORATION BERHAD ("DIGISTAR" OR THE "COMPANY")

PROPOSED PRIVATE PLACEMENT OF UP TO 30% OF THE TOTAL NUMBER OF ISSUED SHARES OF DIGISTAR ("PROPOSED PRIVATE PLACEMENT")

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1. INTRODUCTION

On behalf of the Board of Directors of Digistar ("**Board**"), UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd) ("**UOBKH**") wishes to announce that the Company proposes to undertake a proposed private placement of up to 212,753,290 new ordinary shares in Digistar ("**Digistar Share(s)**" or "**Share(s)**") ("**Placement Share(s)**"), representing up to approximately 30% of the total number of issued Digistar Shares at an issue price to be determined and announced at a later date after receipt of all relevant approvals for the Proposed Private Placement (which includes obtaining the approval of the shareholders of the Company at an extraordinary general meeting ("**EGM**") to be convened).

The Proposed Private Placement is in line with the Company's ongoing business strategies to enhance the earnings of Digistar and its subsidiaries ("**Digistar Group**" or the "**Group**") as well as to steer the Group towards financial stability. Accordingly, the proceeds to be raised from the Proposed Private Placement will be primarily allocated to fund and support the business expansion plans for the Group's internet television services platform. Please refer to **Section 2.6** of this announcement for further details on the utilisation of proceeds for the Proposed Private Placement.

For information purposes, the Company had previously undertaken various fund-raising exercises since 2016, collectively raising approximately RM42.83 million in proceeds with the aim to support the operational growth as well as to strengthen the capital base and lower the gearing ratio of the Group. The proceeds raised from these fund-raising exercises have been fully utilised. Please refer to **Section 2.7** and **Appendix I** of this announcement for further details of the said fund-raising activities.

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

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Placement size

The Proposed Private Placement entails an issuance of up to 212,753,290 Placement Shares, representing up to approximately 30% of the Company's total number of issued Shares.

The maximum number of up to 212,753,290 Placement Shares under the Proposed Private Placement was arrived based on the following:-

(i) the Company's total number of issued Shares of 629,939,268 (including 2,457,602 treasury shares) as at 9 January 2026, being the latest practicable date prior to this announcement ("**LPD**");

(ii) assuming 2,457,602 treasury shares held by the Company as at the LPD are resold to the open market;

(iii) assuming none of the 86,794,477 outstanding warrants 2021/2026 constituted by the deed poll dated 16 April 2021 ("**Deed Poll C**") ("**Warrant(s) C**") are exercised prior to the implementation of the Proposed Private Placement; and

(iv) assuming all the 79,238,368 outstanding warrants 2023/2028 constituted by the deed poll dated 16 June 2023 ("**Deed Poll D**") ("**Warrant(s) D**") are exercised prior to the implementation of the Proposed Private Placement.

The Board is of the view that the outstanding Warrants C are not likely to be exercised prior to the implementation of the Proposed Private Placement in view that the Warrants C are currently "out-of-the-money" with an exercise price of RM0.30 per Warrant C whilst the 5-day volume weighted average market price ("**VWAP**") of Digistar Shares up to and including the LPD is RM0.05 per Digistar Share.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the total number of issued Shares of the Company on a date to be determined and announced later.

2.2 Placement arrangement

The Company intends to allocate the Placement Shares to the following placees in the following manner:-

	Minimum Scenario		Maximum Scenario	
Placees	**No. of Placement Shares**	**%**	**No. of Placement Shares**	**%**
(i) LWC Capital Sdn Bhd ("**LWC Capital**")	62,748,166	33.33	70,917,763	33.33
(ii) Third-party investor(s)	125,496,333	66.67	141,835,527	66.67
Total	**188,244,499**	**100.00**	**212,753,290**	**100.00**

Notes:-

(1) LWC Capital is a major shareholder of the Company, with its shareholdings in Digistar as at the LPD as follows:-

	Direct		*Indirect*	
	No. of Shares	***%***	***No. of Shares***	***%***
LWC Capital	*174,111,556*	*27.75*	*-*	*-*

*For information purposes, LWC Capital is a private limited company incorporated in Malaysia on 28 April 2003 under the Companies Act 1965 and is deemed incorporated under the Companies Act 2016 ("**Act**"), having its registered office at Block H-2-11, Plaza Damas, 60, Jalan Sri Hartamas 1, Sri Hartamas, 50480 Kuala Lumpur. LWC Capital is principally involved in investment holding. LWC Capital has an issued share capital of RM100,000 comprising 100,000 shares as at the LPD. The directors and shareholders of LWC Capital and their respective shareholdings in LWC Capital as at the LPD are as follows:-*

	Direct		*Indirect*	
	No. of Shares	***%***	***No. of Shares***	***%***
Directors and shareholders				
Datuk Wira Lee Wah Chong	*73,523*	*73.52*	*^26,477*	*26.48*
Lee Jin Jean	*13,238*	*13.24*	*-*	*-*
Director				
Lee Mey Ling	*-*	*-*	*-*	*-*
Shareholder				
Lee Chun Szen	*13,239*	*13.24*	*-*	*-*

Note:-

^ Deemed interested by virtue of the shareholdings of his son, Lee Chun Szen and daughter, Lee Jin Jean in LWC Capital pursuant to the Act.

*LWC Capital had, via its undertaking letter dated 16 January 2026, confirmed to Digistar of its intention to subscribe for up to 70,917,763 Placement Shares (representing up to approximately 7.69% of the enlarged issued share capital of Digistar after the implementation of the Proposed Private Placement under the Maximum Scenario). Accordingly, LWC Capital has also confirmed on even date that it has sufficient financial resources to subscribe for its portion of the Placement Shares in full. The actual number of Placement Shares to be subscribed by LWC Capital will be determined by the management of the Company ("**Management**") and fixed at a later date after obtaining the relevant approvals for the Proposed Private Placement and subject to a book-building process for up to 212,753,290 Placement Shares (including up to 70,917,763 Placement Shares to be issued to LWC Capital) to gauge the level of market demand for the Placement Shares.*

The subscription of up to 70,917,763 Placement Shares by LWC Capital will not give rise to any mandatory take-over offer obligation pursuant to the Malaysian Code on Take-overs and Mergers 2016 and the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia assuming that the Placement Shares are fully placed out to LWC Capital and third-party investor(s) to be identified later. However, in the event that the Placement Shares are not fully placed out, LWC Capital had undertaken that it will subscribe for a lower number of Placement Shares such that the shareholdings of LWC Capital (together with the persons acting in concert with the company) in Digistar will not exceed 33.00% and that LWC Capital's obligation to undertake a mandatory take-over offer for the remaining Digistar Shares not already held by the company will not be triggered pursuant to the Proposed Private Placement.

The Management intends to fix the allocation of the Placement Shares between LWC Capital and third-party investor(s) only after the book-building process with the aim and priority to place the Placement Shares to LWC Capital and third-party investor(s) simultaneously in 1 tranche. For avoidance of doubt, the allocation of Placement Shares to LWC Capital will be on the same terms as those given to third-party investor(s).

*Notwithstanding the Management's intention above and subject to the prevailing economic conditions and the outcome of the book-building process, the said Placement Shares may however be placed and allocated to LWC Capital and third-party investor(s) in 1 or more tranches within 6 months from the date of approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Placement Shares or any extended period as may be approved by Bursa Securities.*

*Further, any Placement Shares not subscribed by LWC Capital ("**Unsubscribed Portion**") will be fully reallocated to third-party investor(s) (who qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007) to be identified later and in the manner as set out in Note (2) below.*

*(2) The remaining portion of up to 141,835,527 Placement Shares (representing up to approximately 15.38% of the enlarged issued share capital of Digistar after the implementation of the Proposed Private Placement under the Maximum Scenario) and the Unsubscribed Portion, if any, shall be placed out to third-party investor(s) to be identified later ("**Placees**"), where such investor(s) are deemed qualified under Schedules 6 and 7 of the Capital Markets and Services Act 2007. The aforesaid Placement Shares will not be placed to the following parties:-*

*(a) the director, major shareholder or chief executive of Digistar or a holding company of Digistar ("**Interested Person(s)**");*

(b) person connected with an Interested Person; and

(c) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Subject to market conditions and the timing of identification of the Placees, the Proposed Private Placement may be implemented in 1 or more tranches within 6 months from the date of approval from Bursa Securities for the listing of and quotation for the Placement Shares or any extended period as may be approved by Bursa Securities. The implementation of the Proposed Private Placement in multiple tranches would provide flexibility to the Company to procure interested investors to subscribe for the Placement Shares within the period as approved by Bursa Securities.

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

The issue price of each tranche of the Placement Shares to be issued will be determined and fixed by the Board after receipt of all relevant approvals and after taking into consideration the prevailing market conditions. In any event, the issue price shall not be priced at a discount of more than 10% to the 5-day VWAP of Digistar Shares up to and including the last trading day immediately prior to the price-fixing date for each tranche.

For illustration purposes, the illustrative issue price for the Placement Shares is assumed to be RM0.045 per Placement Share, which represents a discount of approximately 10.00% to the 5-day VWAP of Digistar Shares up to and including the LPD of RM0.05 per Digistar Share.

In the event the Proposed Private Placement is implemented in multiple tranches, there could potentially be several price-fixing dates and issue prices. As such, the issue price for each tranche of the Placement Shares will be fixed and announced separately.

2.4 Ranking of the Placement Shares

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

2.5 Listing of and quotation for the Placement Shares

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

2.6 Utilisation of proceeds

For illustration purposes, assuming up to 212,753,290 Placement Shares are issued at an illustrative issue price of RM0.045 per Placement Share and the full subscription of the Placement Shares, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM9.57 million. However, the exact amount of the gross proceeds to be raised from the Proposed Private Placement would depend on the actual issue price and number of Placement Shares to be issued, which will be determined at a later date.

Based on the following scenarios, the gross proceeds to be raised from the Proposed Private Placement are expected to be utilised by Digistar Group in the following manner:-

Minimum Scenario	:	Assuming all treasury shares are retained, and none of the outstanding Warrants C and Warrants D are exercised prior to the implementation of the Proposed Private Placement
Maximum Scenario	:	Assuming all treasury shares are resold to the open market, none of the outstanding Warrants C are exercised prior to the implementation of the Proposed Private Placement, and all the outstanding Warrants D are exercised prior to the implementation of the Proposed Private Placement

Details of utilisation	Timeframe for utilisation of proceeds	Minimum Scenario		Maximum Scenario	
		RM'000	%	RM'000	%
(i) Business expansion on the provision of internet television services segment	Within 24 months from receipt of funds	8,291	97.88	9,394	98.12
(ii) Estimated expenses for the Proposed Private Placement	Within 1 month from receipt of funds	180	2.12	180	1.88
Total		**8,471**	**100.00**	**9,574**	**100.00**

Notes:-

(i) ***Business expansion on the provision of internet television services segment***

*Panorama TV Asia Broadcast Sdn Bhd, an indirect 60%-owned subsidiary of the Company, had, in August 2024, launched Panorama TV, an internet television service ("**Panorama TV**") through the over-the-top platform with the initial aim of serving businesses within the local hospitality and household sectors. During the financial year ended 30 September 2025, Panorama TV had demonstrated consistent commercial traction, as evidenced by the total sales of approximately RM0.70 million for the financial year. Building on this initial market acceptance, the Group has made a deliberate strategic decision to expand the service offering to serve local households directly, with the objective of broadening its subscription base and enhancing brand visibility whilst continuing its efforts to further strengthen its market share in the local hospitality segment.*

With an existing subscriber base of 75 users, the Group believes that the timing is appropriate to extend Panorama TV directly to local households to further support subscription growth. The Board considers this expansion to be a natural progression of the Group's initial business strategy, as the earlier focus was solely on the local hospitality segment with the aim to accelerate subscription uptake and build market awareness. To facilitate adoption by the local household segment, the Company has developed a self-installation kit that allows users to access Panorama TV across multiple devices, including mobile phones, smart televisions, or older television models via a specially designed mobile application.

Further, to support its entry to the local household market as well as further increase its subscriber base within the local hospitality business segment, the Company has hence earmarked up to approximately RM9.39 million of the proceeds raised from the Proposed Private Placement to expand the business of Panorama TV, which includes the purchase of android television boxes and/or servers for the streaming of the Panorama TV, the purchase and subscription of new contents or channels, marketing campaign and hiring of new workforce to support the Panorama TV operations. The indicative breakdown on the estimated costs and the estimated allocation of the proceeds for the business expansion are as follows:-

	Estimated costs (RM'000)	***Estimated allocation of proceeds (RM'000)***
Purchase of 18,000 android television boxes and/or 210 servers	*3,300*	*Up to 3,300*
Purchase and subscription of new contents or channels to be included in the Panorama TV service offerings	*3,550*	*Up to 3,550*
Marketing campaign costs to promote Panorama TV in the media (via online marketing, advertisement in the newspapers and/or traditional television channels)	*1,800*	*Up to 1,800*
Hiring of up to 15 new workforce to expand the business of Panorama TV	*744*	*Up to 744*
Total	***9,394***	***Up to 9,394***

The above breakdown is indicative only at this juncture, and the Board reserves the right to reallocate the utilisation of proceeds within the above sub-categories, as deemed appropriate.

In the event the amount required for the abovementioned business expansion is higher than budgeted, any deficit will be funded through the Group's internally generated funds. Conversely, if the amount required is less than estimated, the balance proceeds will be utilised for the general working capital requirements of the Group which include, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures).

(ii) ***Estimated expenses for the Proposed Private Placement***

The proceeds earmarked for estimated expenses in relation to the Proposed Private Placement will be utilised in the following manner:-

	RM'000
Professional fees (i.e. principal adviser, placement agent, solicitors, company secretary and share registrar)	*85*
Regulatory fees	*30*
Contingencies and other incidental expenses in relation to the Proposed Private Placement (i.e. convening of EGM, printing and advertisement expenses)	*65*
Total	***180***

If the actual expenses in relation to the Proposed Private Placement are higher than estimated, the deficit will be funded from the internally generated funds of the Group. Conversely, any surplus of funds following the payment of the expenses will be utilised for the general working capital requirements of the Group which includes, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures). The breakdown of the utilisation of such proceeds has not been determined at this juncture and will depend on the operating and funding requirements at the time of utilisation.

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the actual issue price and the number of Placement Shares to be issued. In the event the actual proceeds raised from the Proposed Private Placement is less than RM9.57 million, the shortfall between actual expenditure to be incurred and total gross proceeds raised will be funded via the Group's internally generated funds and/or bank borrowings from financial institution(s), the exact proportion of which will be determined later and will be dependent on the operating and funding requirements at the time of utilisation.

Conversely, assuming the Company is able to issue the Placement Shares at a higher issue price than the illustrative issue price of RM0.045 per Placement Share, the additional proceeds raised will be channelled towards the working capital of the Group, which includes, but are not limited to, general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures). The breakdown on utilisation of such proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

Pending the utilisation of proceeds from the Proposed Private Placement for the above purposes, the proceeds (including accrued interest, if any) will be placed as deposits with licensed financial institutions and/or short-term money market instruments, as the Board may deem fit. Any interest income and/or gains earned from such deposits or instruments will be utilised as additional working capital for the Group, which includes, but are not limited to general administrative and daily operational expenses (such as staff-related costs, utilities, statutory payments and any other overhead expenditures), the breakdown of which has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation.

2.7 Details of past equity fund-raising exercises undertaken by the Company

The Company had undertaken several equity fund-raising exercises since 2016 and the proceeds raised through these exercises were primarily channelled towards growing the existing revenue streams of the Group and to support the Group's new venture into the provision of internet televisions services segment, with the aim to improve the financial performance and strengthen the financial position of the Group. A summary of the proceeds raised from the fund-raising exercises is set out below:-

Past fund-raising exercises	**Total proceeds raised (RM'000)**
Private placement exercise undertaken in 2016	6,521
Private placement exercise undertaken in 2017	8,202
Private placement exercise undertaken in 2020	2,604
Rights issue exercise undertaken in 2021	13,019
Private placement exercise undertaken in 2022	6,562
Private placement exercise undertaken in 2024	5,922
Total	**42,830**

The proceeds raised from these equity fund-raising exercises have been fully utilised in accordance with the intended use. Further details on the above past equity fund-raising exercises undertaken by the Company are set out in **Appendix I** of this announcement.

3. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will enable the Group to raise additional funds primarily for the business expansion of Panorama TV, further details of which are as set out in **Section 2.6** of this announcement.

After due consideration of the various options available, the Board is of the view that the Proposed Private Placement is the most appropriate avenue to raise funds for the Group due to the following reasons:-

(i) the Proposed Private Placement will enable the Group to raise funds more expeditiously and in a cost-effective manner as opposed to other fund-raising options via equity;

(ii) the Proposed Private Placement will improve the liquidity and financial flexibility of the Group by strengthening its financial position, particularly during such a challenging economic environment;

(iii) the Proposed Private Placement will serve as an additional source of funding for the Group without incurring interest expense as compared to bank borrowings;

(iv) the Proposed Private Placement is expected to strengthen the shareholders' value and capital base of the Group; and

(v) the Proposed Private Placement is expected to enhance the long-term earnings of the Group as it enables the Group to continue to fund and expand its provision of internet television services segment and enhance its market presence within the industry.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1. Overview and outlook of the Malaysian economy

Malaysia's economy remains strong, having grown by a steady 4.4% in the first six months of the year. Growth is projected to continue within the range of 4% – 4.8% in 2025 and 4% – 4.5% in 2026. These projections are consistent with the International Monetary Fund in the World Economic Outlook Update, July 2025, which forecasts Malaysia's growth at 4.5% for 2025 and 4% for 2026.

The growth will mainly be underpinned by strong domestic demand, moderate inflation, favourable labour market and proactive policies undertaken by the Government. The performance will also be supported by the ASEAN-Malaysia Chairmanship 2025 and Visit Malaysia 2026. The economy continues to be steered by the Ekonomi MADANI framework and the Government remains committed to positioning Malaysia as an attractive destination for quality investments. At the same time, ongoing improvements in the wage-setting mechanism and rising business efficiency are expected to strengthen the wage structure, thus contributing to a higher labour income share.

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

4.2. Overview and outlook of the information and communication industry in Malaysia

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.

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 (OTT) 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)

4.3. Overview and outlook of construction industry in Malaysia

The construction sector expanded strongly by 13.1% in the first half of 2025, supported by solid performance across all subsectors. The non-residential buildings subsector recorded robust expansion, driven by acceleration and realisation of private investment in industrial facilities, commercial complexes and data centres, reflecting sustained business activities and rising digitalisation. The residential buildings subsector also posted a steady growth, supported by continued demand for affordable housing and government initiatives to promote home ownership. In addition, the specialised construction activities subsector recorded stable growth, driven by telecommunications infrastructure projects and coastal reclamation activities. The civil engineering subsector sustained its positive performance, underpinned by ongoing works on infrastructure projects, such as the Pan Borneo Highway Sabah and Rapid Transit System Link.

For the rest of 2025, the sector is expected to grow by 7.3%. The civil engineering subsector is anticipated to expand, supported by continued rollout of large-scale public infrastructure projects towards the end of the Twelfth Malaysia Plan, 2021 – 2025 period. Ongoing projects, including the Sarawak Sabah Link Road, will continue to drive momentum in the subsector. The non-residential buildings subsector will continue to gain from investment in commercial and industrial facilities, including data centres development in Johor and Selangor. In addition, the residential buildings subsector growth is expected to be bolstered by new launches in the affordable and mid-market housing as well as integrated township development in key growth corridors amid favourable financing conditions. Overall, the construction sector is projected to record a steady growth of 10.1% for 2025.

The construction sector is expected to remain stable in 2026 by recording a growth of 6.1%, underpinned by positive performance across all subsectors. The realisation of approved strategic investments under national policies and commencement of projects under the Thirteenth Malaysia Plan, 2026 – 2030 ("**Thirteenth Plan**"), will further support the sector's performance. Within the subsectors, major infrastructure and utilities development such as light rail transit (LRT) Mutiara Line, Hybrid Hydro Floating Solar (HHFS) and ASEAN Power Grid will steer the civil engineering subsector's performance. In addition, the non-residential buildings subsector is anticipated to be driven by sustained demand for industrial facilities, logistics hubs and data centres, in line with the expansion of high technologies as well as digitalisation. Meanwhile, the residential buildings subsector is expected to benefit from government-led affordable housing programmes and targeted home ownership initiatives supported by policy measures under the Thirteenth Plan as well as new projects by private sectors. On the other hand, specialised construction activities subsector is projected to grow in tandem with other subsectors' performance supported by sustained demand for site preparation, mechanical and electricals, as well as finishing works.

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

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

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 food & beverages and accommodation subsector expanded by 8.4% in the first half of 2025, spurred by higher hotel occupancy rates and increased patronage at restaurants. Building from the notable surge in visitor arrivals by 17.9% in the first half of the year, the subsector is expected to expand by 10.5% in the second half of the year. This improvement is expected to be buoyed by an influx of visitors for both business and leisure purposes along with numerous meetings, incentives, conferences and exhibitions (MICE) events in conjunction with ASEAN-Malaysia Chairmanship 2025. The upward momentum is boosted by improved accessibility through progressive visa policies and continuous improvement in regional connectivity as well as intensified promotional activities for Visit Malaysia 2026 ("**VM2026**"). The subsector is forecast to register a growth of 9.5% in 2025.

The utilities subsector contracted marginally by 0.01% in the first half of 2025 due to lower electricity consumption from the industrial segment following cautious stance stemming from tariff uncertainties. Nevertheless, the subsector is estimated to grow by 1.7% in the second half of the year, supported by steady demand for electricity, water and gas in the industrial and commercial segments following improved production activities. For the year, the subsector is expected to grow marginally by 0.8%.

The other services subsector grew by 5.1% in the first half of 2025, mainly supported by the private healthcare and other private services segments. The subsector is projected to grow by 4.4% in the second half of the year driven by the growth in the community, social and personal services as well as other private services segments in line with increased tourism activities. Overall, the subsector is anticipated to expand by 4.7% in 2025.

The services sector is projected to grow by 5.2% in 2026, with all subsectors contributing to the expansion. This growth will be led by increased tourism activities, driven by a surge in visitor arrivals and spending related to VM2026, alongside sustained consumer spending.

The food & beverages and accommodation subsector is poised to expand by 6.6%, in anticipation of higher visitor arrivals in conjunction with VM2026 as well as numerous business and leisure events nationwide. The development of Special Tourism Investment Zones (STIZ) in Johor, Melaka, Negeri Sembilan and Sarawak is expected to attract private investment and further boost tourism activities. The zones will showcase new tourism products focusing on arts, culture, heritage and natural attractions. In addition, visit state year programmes in Johor, Negeri Sembilan, Perlis and Selangor are expected to further promote domestic tourism activities and fuel the growth of the subsector.

The utilities subsector is projected to expand by 1.7%, driven by steady demand from industrial and commercial users for electricity and water services. This is in tandem with the increase in industrial production activities to meet domestic and external demand. In addition, the increasing number of data centres in operation will further support the subsector.

The other services subsector is projected to rise by 4.6%, driven by private health and education segments. In particular, the Malaysia Year of Medical Tourism 2026 (MYMT 2026) initiative, emphasising affordability and high-quality healthcare services will attract more healthcare travellers. The healthcare industry will continue to focus on a targeted marketing campaign, particularly in China, India and Indonesia. Meanwhile, the private education segment is expected to remain robust, anchored by ongoing initiatives to draw in students such as through educational tourism, international partnerships and mobility programmes.

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

4.5. Prospects of Digistar

Building on the Group's initial expansion into the provision of internet television services segment and its subsequent extension of Panorama TV to serve local households directly, the Board is of the view that the Group is well-positioned to broaden the market reach and audience base of Panorama TV within the household segment. As the subscriber base continues to grow, the Board expects this segment to contribute increasingly to the Group's revenue base over time. By utilising the proceeds raised from the Proposed Private Placement as set out in **Section 2.6** of this announcement, the Group will hence be able to support the continued development and expansion of the Panorama TV business for the local hospitality and local household segments. This includes initiatives aimed at strengthening market presence in the near term and implementing targeted marketing efforts to enhance brand awareness and recognition of Panorama TV's service offerings among local household users as well as to support its current focus on growing its subscriber base amongst local hospitality operators.

The Group will also continue to focus on the operational growth of its other existing business segments. In particular, the Group has continued to increase its marketing efforts to promote its maiden hotel, the Imperial Heritage (which is strategically located in the heart of Melaka) to further improve the occupancy rates through various online travel platforms and promotion campaigns.

Premised on the above, the Board envisages that the prospect of the Group remains favourable after taking into consideration, amongst others, the Group's abovementioned business strategies and initiatives as well as the outlook of the Malaysian economy.

(Source: Management)

5. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

5.1 Issued share capital

The pro forma effects of the Proposed Private Placement 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	629,939,268	68,459,464	629,939,268	68,459,464
Less: Treasury shares, at cost	(2,457,602)	(3,248,747)	-	-
	627,481,666	**65,210,717**	**629,939,268**	**68,459,464**
No. of Shares to be issued assuming full exercise of Warrants D	-	-	79,238,368	(1)4,754,302
	627,481,666	**65,210,717**	**709,177,636**	**73,213,766**
Placement Shares to be issued pursuant to the Proposed Private Placement	188,244,499	(2)8,471,002	212,753,290	(2)9,573,898
Enlarged issued share capital after the Proposed Private Placement	**815,726,165**	**73,681,719**	**921,930,926**	**82,787,664**

Notes:-

(1) Computed based on the exercise price of RM0.06 per Warrant D.

(2) Computed based on the illustrative issue price of RM0.045 per Placement Share.

5.2 Net assets ("NA"), NA per Share and gearing

For illustration purposes, the pro forma effects of the Proposed Private Placement on the NA, NA per Share and gearing based on the audited consolidated statement of financial position of Digistar for the financial year ended ("**FYE**") 30 September 2024 are set out below:-

<u>Minimum Scenario</u>

	Audited as at 30 September 2024 (RM'000)	**(1)Subsequent adjustment up to the LPD (RM'000)**	**Pro forma I After the Proposed Private Placement (RM'000)**
Share capital	61,953	68,459	(2)76,930
Treasury shares	(3,249)	(3,249)	(3,249)
Warrant reserve	5,208	5,208	5,208
Discount on share	(5,208)	(5,208)	(5,208)
Retained earnings	2,746	2,746	(3)2,566
Shareholders' equity/NA	**61,450**	**67,956**	**76,247**
Non-controlling interests	(5,246)	(5,246)	(5,246)
Total equity	**56,204**	**62,710**	**71,001**
No. of Shares in issue ('000)	^475,183	^627,481	^815,726
NA per Share (RM)	**0.13**	**0.11**	**0.09**
Total borrowings* (RM'000)	192,363	192,363	192,363
Deposits, cash and bank balances (RM'000)	49,103	55,609	(2)(3)63,900
Net borrowings (RM'000)	143,260	136,754	128,463
Net gearing ratio (times)	**2.33**	**2.01**	**1.68**

Notes:-

^ *Excluding 2,457,602 treasury shares held by the Company as at the LPD.*

* *Comprising bonds, term loans and lease liabilities.*

(1) *After adjusting for the following:-*

(a) *the exercise of 9,743,100 Warrants D at the exercise price of RM0.06 per Warrant D; and*

(b) *the issuance of 142,555,053 Shares raising total proceeds of up to approximately RM5.92 million pursuant to the private placement of up to 30% of the total number of issued Digistar Shares which was completed on 17 January 2025 ("**Private Placement 2024**").*

(2) *Based on the illustrative issue price of RM0.045 per Placement Share.*

(3) *After deducting the estimated expenses pertaining to the Proposed Private Placement amounting to approximately RM0.18 million.*

Maximum Scenario

	Audited as at 30 September 2024 (RM'000)	[1]Subsequent adjustment up to the LPD (RM'000)	Pro forma I Assuming all treasury shares are resold to the open market (RM'000)	Pro forma II After pro forma I and [3]assuming full exercise of Warrants D (RM'000)	Pro forma III After pro forma II and the Proposed Private Placement (RM'000)
Share capital	61,953	68,459	68,459	73,213	[4]82,787
Treasury shares	(3,249)	(3,249)	[2]-	-	-
Warrant reserve	5,208	5,208	5,208	5,208	5,208
Discount on share	(5,208)	(5,208)	(5,208)	(5,208)	(5,208)
Retained earnings	2,746	2,746	2,746	2,746	[5]2,566
Shareholders' equity/NA	**61,450**	**67,956**	**71,205**	**75,959**	**85,353**
Non-controlling interests	(5,246)	(5,246)	(5,246)	(5,246)	(5,246)
Total equity	**56,204**	**62,710**	**65,959**	**70,713**	**80,107**
No. of Shares in issue ('000)	^475,183	^627,481	629,939	709,177	921,930
NA per Share (RM)	**0.13**	**0.11**	**0.11**	**0.11**	**0.09**
Total borrowings* (RM'000)	192,363	192,363	192,363	192,363	192,363
Deposits, cash and bank balances (RM'000)	49,103	55,609	[2]58,858	63,612	[4][5]73,006
Net borrowings (RM'000)	143,260	136,754	133,505	128,751	119,357
Net gearing ratio (times)	**2.33**	**2.01**	**1.87**	**1.70**	**1.40**

Notes:-

^ *Excluding 2,457,602 treasury shares held by the Company as at the LPD.*

* *Comprising bonds, term loans and lease liabilities.*

(1) After adjusting for the following:-

(a) the exercise of 9,743,100 Warrants D at the exercise price of RM0.06 per Warrant D; and

(b) the issuance of 142,555,053 Shares raising total proceeds of up to approximately RM5.92 million pursuant to the Private Placement 2024.

(2) Assuming the resale of 2,457,602 treasury shares held by the Company as at the LPD at the respective acquisition cost.

(3) Assuming the 79,238,368 outstanding Warrants D are fully exercised at an exercise price of RM0.06 per Warrant D prior to the implementation of the Proposed Private Placement.

(4) Based on the illustrative issue price of RM0.045 per Placement Share.

(5) After deducting the estimated expenses pertaining to the Proposed Private Placement amounting to approximately RM0.18 million.

5.3 Substantial shareholders' shareholdings

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

Minimum Scenario

	As at the LPD				Pro forma I After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	[1]%	No. of Shares	[1]%	No. of Shares	[2]%	No. of Shares	[2]%
LWC Capital	174,111,556	27.75	-	-	[4]236,859,722	29.04	-	-
Datuk Wira Lee Wah Chong	7,059,600	1.13	[3]174,330,602	27.78	7,059,600	0.87	[3]237,078,768	29.06
Gan Boon Tian	80,300,100	12.80	-	-	80,300,100	9.84	-	-

Notes:-

(1) Based on the existing issued share capital comprising 627,481,666 Shares (excluding 2,457,602 treasury shares held by the Company) as at the LPD.

(2) Based on the enlarged issued share capital comprising 815,726,165 Shares (excluding 2,457,602 treasury shares held by the Company) after the implementation of the Proposed Private Placement.

(3) Deemed interested by virtue of his shareholdings in LWC Capital pursuant to Section 8 of the Act and the shareholdings of his son and daughter pursuant to Section 59(11)(c) of the Act.

(4) Assuming LWC Capital subscribes for up to 62,748,166 Placement Shares under the Proposed Private Placement.

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Maximum Scenario

	As at the LPD				Pro forma I Assuming all treasury shares are resold to the open market			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
LWC Capital	174,111,556	27.75	-	-	174,111,556	27.64	-	-
Datuk Wira Lee Wah Chong	7,059,600	1.13	(6)174,330,602	27.78	7,059,600	1.12	(6)174,330,602	27.67
Gan Boon Tian	80,300,100	12.80	-	-	80,300,100	12.75	-	-

	Pro forma II After pro forma I and assuming full exercise of Warrants D(3)				Pro forma III After pro forma II and the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(4)%	No. of Shares	(4)%	No. of Shares	(5)%	No. of Shares	(5)%
LWC Capital	174,187,481	24.56	-	-	(7)245,105,244	26.59	-	-
Datuk Wira Lee Wah Chong	8,089,600	1.14	(6)174,461,287	24.60	8,089,600	0.88	(6)245,379,050	26.62
Gan Boon Tian	80,300,100	11.32	-	-	80,300,100	8.71	-	-

Notes:-

(1) Based on the existing issued share capital comprising 627,481,666 Shares (excluding 2,457,602 treasury shares held by the Company) as at the LPD.

(2) Based on the issued share capital comprising 629,939,268 Shares assuming all 2,457,602 treasury shares held by the Company as at the LPD are resold to the open market at their respective acquisition cost.

(3) The direct and indirect Warrants D holdings of the substantial shareholders of Digistar as at the LPD are as follows:-

	Direct	***Indirect***
Substantial shareholder	***No. of Warrants D***	***No. of Warrants D***
LWC Capital	*75,925*	*-*
Datuk Wira Lee Wah Chong	*1,030,000*	*^130,685*

Note:-

^ Deemed interested by virtue of his shareholdings in LWC Capital pursuant to Section 8 of the Act and the Warrant D holdings of his son and daughter.

(4) Based on the enlarged issued share capital comprising 709,177,636 Shares assuming all 79,238,368 outstanding Warrants D are exercised prior to the implementation of the Proposed Private Placement.

(5) Based on the enlarged issued share capital comprising 921,930,926 Shares after the implementation of the Proposed Private Placement.

(6) *Deemed interested by virtue of his shareholdings in LWC Capital pursuant to Section 8 of the Act and the shareholdings of his son and daughter pursuant to Section 59(11)(c) of the Act.*

(7) *Assuming LWC Capital subscribes for up to 70,917,763 Placement Shares under the Proposed Private Placement.*

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5.4 Earnings and earnings per Share ("EPS")

The Proposed Private Placement is not expected to have any material effect on the earnings of Digistar Group for the FYE 30 September 2026. However, there will be a corresponding dilution in the EPS of Digistar Group as a result of the increase in the number of Digistar Shares issued pursuant to the Proposed Private Placement.

Nevertheless, the Proposed Private Placement is expected to contribute positively to the future earnings of the Group when the benefits arising from the proposed utilisation of proceeds as set out in **Section 2.6** of this announcement are realised.

5.5 Existing convertible securities

As at the LPD, save for the outstanding Warrants C and Warrants D, the Company does not have any other convertible securities.

The Proposed Private Placement will not give rise to any adjustments to the exercise price and/or number of outstanding Warrants C and Warrants D pursuant to the Deed Poll C and Deed Poll D respectively.

6. THE CURRENT FINANCIAL POSITION OF DIGISTAR GROUP

The financial performance of Digistar Group for the past 3 financial years up to the FYE 30 September 2024 and the unaudited FYE 30 September 2025 are as follows:-

	FYE 30 September			
	Audited			Unaudited
	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Revenue	49,886	47,613	46,052	39,831
(Loss before tax ("**LBT**"))/Profit before tax ("**PBT**")	(2,026)	274	(5,080)	327
Loss after tax ("**LAT**")	(4,614)	(1,944)	(6,855)	(1,999)
LAT attributable to the owners of the Company	(5,244)	(2,426)	(6,700)	(2,340)
Retained earnings	(1)10,212	9,446	2,746	(4,652)
NA	(1)60,924	67,538	61,450	60,497
Total borrowings*	229,983	213,834	192,363	176,609
Gearing (times)	3.77	3.17	3.13	2.92
No. of Shares in issue^ ('000)	(2)347,179	(3)464,971	(4)475,183	(5)627,481
Basic loss per share (sen)(6)	(1.51)	(0.52)	(1.41)	(0.37)
NA per share (sen)	17.55	14.53	12.93	9.64
Current ratio (times)	1.72	1.78	1.54	1.28

Notes:-

* *Comprising bonds, term loans and lease liabilities.*

^ *Excluding 2,457,602 treasury shares held by the Company as at the LPD.*

(1) *After the completion of the share capital reduction exercise (which entailed the reduction and cancellation of RM70.0 million of the issued share capital of the Company pursuant to Section 116 of the Act) on 12 July 2022.*

(2) *After the completion of the consolidation of every 3 existing Digistar Shares into 1 Digistar Share on 31 May 2022.*

(3) *After the completion of the private placement of up to 30% of the total number of issued Digistar Shares on 12 January 2023 and the exercise of 3,638,451 and 10,000,000 Warrants D on 8 August 2023 and 11 August 2023 respectively.*

(4) *After the exercise of 5,005,000, 4,000,000 and 1,206,900 Warrants D on 4 April 2024, 19 April 2024 and 10 September 2024 respectively.*

(5) *After the completion of the Private Placement 2024 on 17 January 2025 and the exercise of 9,743,100 Warrants D on 20 March 2025.*

(6) *Computed based on loss after tax attributable to the owners of the Company divided by number of Shares in issue.*

Commentary on past performance

(i) Audited FYE 30 September 2023 ("FYE 2023")

The Group recorded lower revenue of approximately RM47.61 million in the FYE 2023, representing a decrease of approximately 4.57% or RM2.28 million, as compared to the revenue of approximately RM49.89 million recorded in the previous financial year. The decrease in revenue was mainly attributed to the lower revenue contribution from the system integration segment of the Group of approximately RM8.98 million recorded in the FYE 2023 as compared to revenue of approximately RM11.66 million recorded in the FYE 2022 due to lower project margins and lower number of extra-low voltage (ELV) system projects secured during the financial year as a result of increased competition within the market.

During the FYE 2023, the Group had recorded a PBT of approximately RM0.27 million in the FYE 2023 as compared to the LBT of approximately RM2.03 million recorded in the previous financial year. This was mainly due to the following:-

(a) decrease in impairment losses arising from the trade receivables and other receivables from approximately RM1.98 million in the FYE 2022 to approximately RM0.45 million in the FYE 2023; and

(b) increase in interest income earned from deposits with licensed banks in the FYE 2023 from approximately RM0.66 million in the FYE 2022 to approximately RM1.12 million in the FYE 2023.

The Group recorded a lower LAT of approximately RM1.94 million in the FYE 2023, representing a decrease of approximately 57.92% of RM2.67 million, as compared to the LAT of approximately RM4.61 million recorded in the previous financial year. The decrease in LAT was mainly attributable to the increase in revenue and improved profits from the hospitality segment which has recorded improved occupancy rates in the FYE 2023 following the recovery from the COVID-19 pandemic. The hospitality segment recorded a lower LAT of approximately RM0.34 million in the FYE 2023, representing a decrease of approximately 88.11% or RM2.52 million as compared to the LAT of approximately RM2.86 million in the previous financial year.

(ii) Audited FYE 30 September 2024 ("FYE 2024")

The Group recorded lower revenue of approximately RM46.05 million in the FYE 2024, representing a decrease of approximately 3.28% or RM1.56 million, as compared to the revenue of approximately RM47.61 million recorded in the previous financial year. The decrease in revenue was mainly attributed to the lower revenue contribution from concession segment of the Group of approximately RM23.99 million in the FYE 2024 as compared to revenue of approximately RM25.25 million recorded in the FYE 2023.

During the FYE 2024, the Group had recorded a LBT of approximately RM5.08 million as compared to the PBT of approximately RM0.27 million recorded in the previous financial year. This was mainly due to the following:-

(a) decrease in other income from RM3.26 million in the FYE 2023 to RM1.31 million mainly due to lower interest income earned from deposits placed with licensed banks;

(b) increase in administrative expenses from RM15.74 million in the FYE 2023 to RM19.50 million in the FYE 2024 due to expenses incurred from the bond restructuring undertaken by the Group in January 2024 which amounted to RM4.06 million; and

(c) decrease in net impairment gain arising from the trade receivables and other receivables from approximately RM1.96 million in the FYE 2023 to approximately RM0.38 million in the FYE 2024.

The Group recorded a higher LAT of approximately RM6.86 million in the FYE 2024, representing an increase of approximately 253.61% of RM4.92 million, as compared to the LAT of approximately RM1.94 million recorded in the previous financial year. The increase in LAT in the FYE 2024 was mainly attributable to the decrease in revenue and increase in administrative expenses.

(iii) <u>Unaudited FYE 30 September 2025 ("FYE 2025")</u>

The Group recorded a lower revenue of approximately RM39.83 million for the FYE 2025, representing a decrease of approximately 13.51% or RM6.22 million, as compared to the revenue of approximately RM46.05 million recorded in the previous financial year. The decrease in revenue was mainly attributed to the lower revenue contribution from the system integration segment of the Group of approximately RM0.83 million recorded in the FYE 2025 as compared to revenue of approximately RM2.81 million recorded in the corresponding financial year as well as the hospitality segment of the Group of approximately RM13.62 million recorded in the FYE 2025 as compared to revenue of approximately RM16.21 million recorded in the corresponding financial year.

During the FYE 2025, the Group had recorded a PBT of approximately RM0.33 million as compared to the LBT of approximately RM5.08 million recorded in the previous financial year. This was mainly due to the following:-

(a) decrease in administrative expenses to approximately RM14.01 million in the FYE 2025 as compared to approximately RM19.50 million in the corresponding financial year due to the bond restructuring expenses, which was incurred in the FYE 2024; and

(b) decrease in interest expense to approximately RM12.52 million in the FYE 2025 as compared to approximately RM13.25 million in the corresponding financial year due to lower interest expenses incurred following the repayment of the Group's outstanding borrowings.

The Group recorded a lower LAT of approximately RM2.00 million in the FYE 2025, as compared to the LAT of approximately RM6.86 million recorded in the previous financial year mainly due to lower administrative and interest expenses.

7. VALUE CREATION FROM THE PROPOSED PRIVATE PLACEMENT TO DIGISTAR GROUP AND THE SHAREHOLDERS OF THE COMPANY

The Company had explored various financing options, including but not limited to debt financing. Given the high gearing ratio of the Group, the Company had decided that the Proposed Private Placement is the most appropriate and expedient avenue to raise funds for the purposes set out in **Section 2.6** of this announcement. Further, as set out in **Section 3** of this announcement, the Board considers the Proposed Private Placement to be more expedient as compared to other larger-scale equity fund-raising exercises such as a rights issue, given that the placement exercise may be implemented within a shorter time period (as opposed to the implementation time period of a rights issue). In respect thereof, the Group will be able to raise necessary funds for the intended purposes on an expedient basis via the placement route.

The Proposed Private Placement will also serve as an additional source of funding for the business expansion of the Group without incurring interest expenses as compared to conventional means of debt financing. The Proposed Private Placement will also strengthen the capital structure of the Group by increasing the capital base of the Company. The Proposed Private Placement is expected to raise up to approximately RM9.57 million (based on an illustrative issue price of RM0.045 per Placement Share and on the Maximum Scenario) and shall be utilised towards, amongst others, the business expansion of the provision of internet television services segment of the Group.

In addition, the Proposed Private Placement will provide an opportunity for the introduction of new investors to participate in the equity of the Company, its future prospects and growth as well as broadening the shareholding base of the Company.

8. IMPACT OF THE PROPOSED PRIVATE PLACEMENT TO DIGISTAR GROUP AND THE SHAREHOLDERS OF THE COMPANY

The financial impact of the Proposed Private Placement to the Company and its shareholders as highlighted in **Section 5** of this announcement will increase the NA of the Group from approximately RM61.45 million to approximately RM85.35 million upon completion of the Proposed Private Placement under the Maximum Scenario. The increase in NA position will strengthen the capital base of the Group and result in a lower gearing ratio. For illustration purposes, after taking into consideration the increase in NA position, the Group's net gearing level is expected to improve from 2.33 times to 1.40 times. Notwithstanding the improvements in NA and net gearing, the NA per Share of Digistar is expected to decrease from RM0.13 to RM0.09 upon completion of the Proposed Private Placement under the Maximum Scenario due to the increase in the number of Shares in issue.

9. THE ADEQUACY OF THE PROPOSED PRIVATE PLACEMENT IN ADDRESSING THE COMPANY'S FINANCIAL CONCERNS

The Board is of the view that the Proposed Private Placement serves as a measure to meet the Group's immediate business expansion needs in the short-term without relying on conventional debt financing (which will result in higher finance costs to be incurred).

Premised on the above, the Board believes that the Proposed Private Placement will be beneficial to the Group and the Company's shareholders, and is deemed adequate in addressing the Group's current financial concerns. The proceeds raised from the Proposed Private Placement will also serve to support the Company in improving its financial position. In addition, the Board will also continue to explore, assess and evaluate all other suitable funding proposals for the Group's long term financial requirements, which may include the Group undertaking a rights issue with a large quantum of proceeds to be raised or issuance of debt securities to sufficiently address the current financial position of the Group.

10. STEPS UNDERTAKEN OR TO BE UNDERTAKEN TO IMPROVE THE FINANCIAL CONDITION OF THE GROUP

Digistar has undertaken several initiatives to improve its financial condition, which includes, amongst others:-

(i) the Group's ongoing initiatives to reduce operating and capital expenditure as part of its cost savings measures (which includes, amongst others, to actively purchase key products and inventories through bulk purchases at attractive discounts on a periodic basis, delay in the capital expenditure of business expansion plans (which are low in priority) as well as limiting the hiring of new employees to an as-needed basis and focusing on the reallocation of human resources to cater for key operational areas of the hospitality segment), with the aim to strengthen the financial position and cash flow of the Group;

(ii) the continued expansion of the Group's provision of internet television services business to provide internet television services to both local hospitality and household sectors. The Group has implemented various initiatives aimed to strengthen its market presence, which includes, amongst others, targeted marketing efforts to enhance brand awareness and recognition of Panorama TV's service offerings. Further, in line with the Group's focus on expanding the subscriber base of Panorama TV, the Group has also developed a self-installation kit that allows users to access Panorama TV across multiple devices, including mobile phones, smart televisions, or older television models via a specially designed mobile application. These initiatives are expected to contribute increasingly to the Group's revenue and would, in turn, drive earnings growth for the Group; and

(iii) the Group's continued efforts to expand its other existing business segments, in particular, the hospitality segment whereby the Group continues to increase its marketing efforts to promote its hotel to further improve occupancy rates.

11. APPROVALS REQUIRED AND CONDITIONALITY

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

(i) Bursa Securities for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities;

(ii) shareholders of Digistar at an EGM to be convened; and

(iii) any other relevant authorities, if required.

The Proposed Private Placement is not conditional upon any other corporate exercises undertaken or to be undertaken by Digistar.

12. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save for the Interested Persons (as defined and disclosed below), none of the Directors, major shareholders, chief executive of Digistar and/or persons connected with them has any interest, direct or indirect, in the Proposed Private Placement:-

(i) LWC Capital, the major shareholder of the Company, is deemed interested in the Proposed Private Placement by virtue of it being the placee of the Proposed Private Placement;

(ii) Datuk Wira Lee Wah Chong, the Group Managing Director and major shareholder of the Company, is deemed interested in the Proposed Private Placement by virtue of his directorship and shareholdings in LWC Capital. He is the father of Lee Jin Jean and Lee Chun Szen and the brother of Lee Mey Ling;

(iii) Lee Jin Jean, the Executive Director and shareholder of the Company, is deemed interested in the Proposed Private Placement by virtue of her directorship and shareholdings in LWC Capital. She is the daughter of Datuk Wira Lee Wah Chong, sister of Lee Chun Szen and niece of Lee Mey Ling;

(iv) Lee Chun Szen, the Executive Director and shareholder of the Company, is deemed interested in the Proposed Private Placement by virtue of his shareholdings in LWC Capital. He is the son of Datuk Wira Lee Wah Chong, brother of Lee Jin Jean and nephew of Lee Mey Ling;

(v) Lee Mey Ling, the Executive Director and shareholder of the Company, is deemed interested in the Proposed Private Placement by virtue of her directorship in LWC Capital. She is the sister of Datuk Wira Lee Wah Chong and aunt of Lee Jin Jean and Lee Chun Szen.

(LWC Capital, Datuk Wira Lee Wah Chong, Lee Jin Jean, Lee Chun Szen and Lee Mey Ling are collectively referred to as the "**Interested Shareholders**". Datuk Wira Lee Wah Chong, Lee Jin Jean, Lee Chun Szen and Lee Mey Ling are collectively referred to as the "**Interested Directors**". The Interested Shareholders and Interested Directors are collectively referred to as the "**Interested Parties**").

The direct and indirect shareholdings of the Interested Parties in Digistar as at the LPD are as follows:-

	Direct		Indirect	
	No. of Shares	**(1)%**	**No. of Shares**	**(1)%**
LWC Capital	174,111,556	27.75	-	-
Datuk Wira Lee Wah Chong	7,059,600	1.13	(2)174,330,602	27.78
Lee Jin Jean	109,523	0.02	-	-
Lee Chun Szen	109,523	0.02	-	-
Lee Mey Ling	83,333	0.01	-	-

Note:-

(1) Based on the existing issued share capital comprising 627,481,666 Shares (excluding 2,457,602 treasury shares held by the Company) as at the LPD.

(2) Deemed interested by virtue of his shareholdings in LWC Capital pursuant to Section 8 of the Act and the shareholdings of his son and daughter pursuant to Section 59(11)(c) of the Act.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings in relation to the Proposed Private Placement. The Interested Parties will also abstain from voting, in respect of their direct and/or indirect shareholdings in the Company, on the resolution pertaining to the Proposed Private Placement to be tabled at the EGM to be convened.

In addition, the Interested Parties have undertaken to ensure that all persons connected with them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Private Placement to be tabled at the EGM to be convened.

13. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), having considered all aspects of the Proposed Private Placement, including but not limited to the rationale and justification as well as the effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the required approvals being obtained, the Proposed Private Placement is expected to be completed by the 2^{nd} quarter of 2026.

15. APPLICATION TO THE AUTHORITIES

Barring any unforeseen circumstances, the application to the relevant authorities for the Proposed Private Placement shall be made within 1 month from the date of this announcement.

16. ADVISER AND PLACEMENT AGENT

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

This announcement is dated 19 January 2026.

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY DIGISTAR

Digistar has undertaken the following equity fund-raising exercises since 2016 up to the LPD:-

1. Private Placement 2016

The Company had, on 16 February 2016, announced to undertake the proposed private placement of up to 10% of the total number of issued Digistar Shares (excluding treasury shares) ("**Private Placement 2016**") and has placed out 45,604,000 new Digistar Shares at an issue price of RM0.1430 per new Digistar Share, raising total gross proceeds of approximately RM6.52 million. The Private Placement 2016 was completed on 23 March 2016.

The status of the utilisation of the said gross proceeds raised from the Private Placement 2016 is set out below:-

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Working capital[(1)]	Within 24 months from receipt of funds	3,613 (minimum scenario) and 6,727 (maximum scenario)	2,381	[(3)]2,452
Partial repayment of term loans[(2)]	Within 12 months from receipt of funds	4,000	4,000	4,000
Estimated expenses in relation to the Private Placement 2016[(3)]	Upon completion of the Private Placement 2016	140	140	69
Total		**7,753 (minimum scenario) and 10,867 (maximum scenario)**	**6,521**	**6,521**

Notes:-

(1) The proceeds of approximately RM2.45 million has been fully utilised for the working capital requirements of the Group (all of which were channelled towards the repayment to trade and other creditors (which include payments to contractors, suppliers and consultants)).

(2) The proceeds of RM4.00 million has been fully utilised for the partial repayment of the Group's bank borrowings, resulting in interest savings of approximately RM0.28 million based on an interest rate of 6.91% per annum.

(3) The proceeds of approximately RM0.07 million has been utilised for the estimated expenses in relation to the Private Placement 2016 which consist of professional fees, fees payable to authorities, placement fee and other miscellaneous expenses. Given that the actual expenses for the Private Placement 2016 was lower than the estimated expenses, the balance unutilised proceeds of approximately RM0.07 million was subsequently channelled to working capital and was fully utilised.

For clarification purposes, all the proceeds raised from the Private Placement 2016 have been fully utilised as proposed. Please refer to the announcements of Digistar dated 16 February 2016, 19 February 2016 and 11 March 2016 for further details of the Private Placement 2016.

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY DIGISTAR (CONT'D)

2. Private Placement 2017

The Company had, on 15 September 2017, announced to undertake the proposed private placement of up to 10% of the total number of issued Digistar Shares (excluding treasury shares) ("**Private Placement 2017**") and has placed out 59,178,700 new Digistar Shares at an issue price of RM0.1386 per new Digistar Share, raising total gross proceeds of approximately RM8.20 million. The Private Placement 2017 was completed on 31 October 2017.

The status of the utilisation of the said gross proceeds raised from the Private Placement 2017 is set out below:-

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Partial repayment of bank borrowings(1)	Within 3 months from receipt of funds	3,700	3,700	3,700
Expansion of central monitoring security services segment(2)	Within 12 months from receipt of funds	4,485 (minimum scenario) and 5,625 (maximum scenario)	4,402	4,402
Estimated expenses in relation to the Private Placement 2017(3)	Upon completion of the Private Placement 2017	100	100	100
Total		**8,285 (minimum scenario) and 9,425 (maximum scenario)**	**8,202**	**8,202**

Notes:-

(1) The proceeds of RM3.70 million has been fully utilised for the partial repayment of the Group's bank borrowings, resulting in interest savings of approximately RM0.19 million based on an interest rate of 5.08% per annum.

(2) The proceeds of approximately RM4.40 million has been fully utilised for the expansion of the Group's central monitoring security services segment in the following manner:-

Item	*Purpose of utilisation of proceeds*	*Proposed utilisation (RM'000)*	*Proceeds raised (RM'000)*	*Actual amount utilised (RM'000)*
(a)	*Setup cost for additional sales and support centres*	*Up to 1,320*	*1,000*	*1,000*
(b)	*Purchase of inventory for central monitoring security systems*	*Up to 2,400*	*2,400*	*2,400*
(c)	*Installation of software and hardware for central monitoring station command centres and implementation of customer relationship management ("**CRM**") system*	*Up to 1,900*	*1,002*	*1,002*
	Total	***Up to 5,620***	***4,402***	***4,402***

(a) The proceeds of RM1.00 million has been fully utilised to defray the costs for setting up 3 additional sales and support centres for the central monitoring security system which is located at Penang, Ipoh and Johor Bahru. The setup up cost in relation to the sales and support centre includes renovation work, operations and administrative expenses, including but not limited to staff salaries and marketing expenses. The setting up of the 3 additional sales and support centres was completed in 2018 and commenced operations in the same year.

(b) The proceeds of RM2.40 million has been fully utilised to purchase inventory products of the security systems for the Group's additional sales and support centres upon full operation in 2018.

(c) The proceeds of approximately RM1.00 million has been fully utilised to install new software and hardware system for the application of Panther Mobile products as well as CRM system for the Group. The said installation was completed in 2018.

(3) The proceeds of RM0.10 million has been fully utilised for the estimated expenses in relation to the Private Placement 2017 which consist of professional fees (i.e. adviser and placement agent fees), placement fees, fees payable to authorities and other incidental expenses in relation to the Private Placement 2017.

For clarification purposes, all the proceeds raised from the Private Placement 2017 have been fully utilised as proposed. Please refer to the announcements of Digistar dated 15 September 2017 and 20 September 2017 for further details of the Private Placement 2017.

3. Private Placement 2020

The Company had, on 21 January 2020, announced to undertake the proposed private placement of up to 20% of the total number of issued Digistar Shares (excluding treasury shares) ("**Private Placement 2020**") and has placed out 130,193,265 new Digistar Shares at an issue price of RM0.02 per new Digistar Share, raising total gross proceeds of approximately RM2.60 million. The Private Placement 2020 was completed on 7 April 2020.

The status of the utilisation of the said gross proceeds raised from the Private Placement 2020 is set out below:-

Details of utilisation	**Timeframe for utilisation**	**Target proceeds to be raised (RM'000)**	**Proceeds raised (RM'000)**	**Actual amount utilised (RM'000)**
Business expansion[1]	Within 12 months from receipt of funds	3,300	1,231	1,231
General working capital[2]	Within 12 months from receipt of funds	1,187 (minimum scenario) and 1,773 (maximum scenario)	1,173	1,173
Estimated expenses in relation to the Private Placement 2020[3]	Upon completion of the Private Placement 2020	200	200	200
Total		**4,687 (minimum scenario) and 5,273 (maximum scenario)**	**2,604**	**2,604**

Notes:-

*(1) The proceeds of approximately RM1.23 million has been utilised for the Group's central monitoring system ("**CMS**") business expansion in the following manner:-*

Item	*Details of utilisation*	*Proposed utilisation (RM'000)*	*Proceeds raised (RM'000)*	*Actual amount utilised (RM'000)*
(a)	*Upgrading of CMS*	*1,500*	*300*	*300*
(b)	*Expansion of CMS command centre*	*1,200*	*331*	*331*
(c)	*Marketing and advertising*	*600*	*600*	*600*
	Total	***3,300***	***1,231***	***1,231***

(a) The proceeds of approximately RM0.30 million has been fully utilised to upgrade the Company's CMS (also commercially known as Panther 911) which entails amongst others, investing in software and hardware to enhance the security and data analytics capability of CMS, and also to increase the capacity of CMS. Accordingly, the Group has acquired security software suites and security risk management solutions, router and server equipment, as well as data analytic software/solutions in 2020. The investment in security software and router and server equipment is in line with the Group's plan to increase its subscriber base, which in turn requires more cyber security protection and higher capacity upkeep. The Group has also acquired data analytic software/solutions as means to innovate its CMS by applying artificial intelligence technology (i.e. data mining/sorting, predictive modelling and anomaly detection).

(b) The proceeds of approximately RM0.33 million has been fully utilised to expand the CMS command centre which mainly entails the cost for setting up command centre including renovation work, mobilisation cost (i.e. installation and moving-in cost), and operations and administrative expenses.

(c) The proceeds of RM0.60 million has been fully utilised on marketing and advertising costs which entail amongst others, distribution costs, agent commissioning fees, participating in and/or organising trade shows/events/exhibitions, and investment in digital marketing and advertising to generate awareness of Panther 911 and Panther Mobile to the community and potential customers.

(2) The proceeds of approximately RM1.17 million has been fully utilised for the working capital requirements of the Group (all of which were channelled towards the repayment to trade creditors and suppliers).

(3) The proceeds of RM0.20 million has been fully utilised for the estimated expenses in relation to the Private Placement 2020 which consist of professional fees (i.e. adviser and placement agent fees), placement fees, fees payable to authorities and other incidental expenses in relation to the Private Placement 2020.

For clarification purposes, all the proceeds raised from the Private Placement 2020 have been fully utilised as proposed. Please refer to the announcement of Digistar dated 21 January 2020 and circular issued to the shareholders of Digistar dated 26 February 2020 for further details of the Private Placement 2020.

4. Rights Issue 2021

The Company had, on 10 February 2021, announced to undertake the proposed rights issue of up to 287,518,911 new Digistar 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 Warrants C on the basis of 1 Warrant C for every 1 Rights Share subscribed by the entitled shareholders ("**Rights Issue 2021**"). A total of 260,384,403 Rights Shares were issued at the issue price of RM0.05 per Rights Share and 260,384,403 Warrants C were issued at the exercise price of RM0.10 per Warrant C (which was subsequently adjusted to RM0.30 per Warrant C pursuant to the consolidation of every 3 existing Digistar Shares into 1 Digistar Share which was completed on 31 May 2022). The Rights Issue 2021 has raised total gross proceeds of approximately RM13.02 million. The Rights Issue 2021 was completed on 1 June 2021.

DETAILS OF PAST EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY DIGISTAR (CONT'D)

The status of the utilisation of the said gross proceeds raised from the Rights Issue 2021 is as follows:-

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Business expansion of the hospitality segment[1]	Within 24 months from receipt of funds	1,364 (minimum scenario) and 6,076 (maximum scenario)	4,719	[1]-
Working capital[2]	Within 12 months from receipt of funds	1,600 (minimum scenario) and 5,800 (maximum scenario)	5,800	[4]5,990
Repayment of bank borrowings[3]	Within 3 months from receipt of funds	Up to 2,000	2,000	2,000
Estimated expenses in relation to the Rights Issue 2021[4]	Within 1 month from receipt of funds	500	500	310
Total		**3,464 (minimum scenario) and 14,376 (maximum scenario)**	**13,019**	**8,300**

Notes:-

*(1) The Group has allocated approximately RM4.72 million of the proceeds from the Rights Issue 2021 to part finance its hospitality business expansion plans ("**Hospitality Business Expansion Plans**") which entails, 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 strategic for its hospitality operations;

(b) potential partnership/joint venture with strategic partners to jointly acquire, refurbish, rebrand and operate the new hotel; or

(c) explore to construct the hotel on the existing vacant land bank held by the Group, which are primarily located in Selangor and Melaka, subject to feasibility study to be undertaken by the Group.

However, the Management was unable to identify any strategic acquisitions or implement its Hospitality Business Expansion Plans within 2 years from the completion of the Rights Issue 2021 (i.e. 1 June 2021 up to 1 June 2023). The Management had decided to put the Hospitality Business Expansion Plans on hold as the Company was unable to identify suitable property (in terms of size, layout and ideal range of market property prices) or strategic partners. The balance unutilised proceeds of approximately RM4.72 million was hence channelled towards working capital and was fully utilised in June 2023.

(2) The proceeds of RM5.99 million has been fully utilised for the working capital requirements of the Group (all of which were channelled towards the repayment to trade creditors and suppliers of the Group).

(3) The proceeds of RM2.00 million has been fully utilised for the partial repayment of the Group's bank borrowings, resulting in interest savings of approximately RM0.12 million based on an interest rate of 5.81% per annum.

(4) The proceeds of approximately RM0.31 million has been utilised for the estimated expenses in relation to the Rights Issue 2021 which consist of professional fees (i.e. principal adviser, solicitors, company secretary and share registrar), fees payable to authorities, contingencies and other incidental expenses in relation to the Rights Issue 2021. Given that the actual expenses for the Rights Issue 2021 was lower than the estimated expenses, the balance unutilised proceeds of approximately RM0.19 million was subsequently channelled to working capital and was fully utilised.

For clarification purposes, save for the proceeds of approximately RM4.72 million earmarked for the Hospitality Business Expansion Plans as set out in Note (1) above, all the proceeds raised from the Rights Issue 2021 have been fully utilised as proposed. Please refer to the announcement of Digistar dated 10 February 2021, the circular issued to the shareholders of Digistar dated 12 March 2021 and the abridged prospectus of Digistar dated 3 May 2021 for further details of the Rights Issue 2021.

5. Private Placement 2022

The Company had, on 18 October 2022, announced to undertake the proposed private placement of up to 30% of the total number of issued Digistar Shares (excluding treasury shares) ("**Private Placement 2022**") and has placed out 104,153,806 new Digistar Shares at an issue price of RM0.063 per new Digistar Share, raising total gross proceeds of approximately RM6.56 million. The Private Placement 2022 was completed on 12 January 2023.

The status of the utilisation of the said gross proceeds raised from the Private Placement 2022 is set out below:-

Details of utilisation	Timeframe for utilisation	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Working capital[(1)]	Within 12 months from receipt of funds	6,174 (minimum scenario) and 6,240 (maximum scenario)	3,362	3,389
Repayment of bank borrowings[(2)]	Within 12 months from receipt of funds	3,000	3,000	3,068
Estimated expenses for the Private Placement 2022[(3)]	Within 1 month from receipt of funds	200	200	105
Total		**9,374 (minimum scenario) and 9,440 (maximum scenario)**	**6,562**	**6,562**

Notes:-

(1) The proceeds of approximately RM3.39 million has been fully utilised for the working capital requirements of the Group (all of which were channelled towards the repayment to trade creditors and suppliers).

(2) The proceeds of approximately RM3.07 million has been fully utilised for the partial repayment of the Group's bank borrowings, resulting in interest savings of approximately RM0.18 million based on an interest rate of 5.81% per annum.

(3) The proceeds of approximately RM0.11 million has been fully utilised for the estimated expenses in relation to the Private Placement 2022 which consist of professional fees (i.e. principal adviser, placement agent, solicitors, company secretary and share registrar), fees payable to authorities, and contingencies and other incidental expenses in relation to the Private Placement 2022.

For clarification purposes, all the proceeds raised from the Private Placement 2022 have been fully utilised as proposed. Please refer to the announcement of Digistar dated 18 October 2022 and circular issued to the shareholders of Digistar dated 25 November 2022 for further details of the Private Placement 2022.

6. Private Placement 2024

The Company had, on 24 September 2024, announced to undertake the Private Placement 2024 and had placed out 78,700,000 and 63,855,053 new Digistar Shares at an issue price of RM0.0406 and RM0.0427 per new Digistar Share, respectively, raising total gross proceeds of approximately RM5.92 million. The Private Placement 2024 was completed on 17 January 2025.

The details on the utilisation of the gross proceeds raised from the Private Placement 2024 as at the LPD are set out as follows:-

Details of utilisation	Timeframe for utilisation of proceeds	Target proceeds to be raised (RM'000)	Proceeds raised (RM'000)	Actual amount utilised (RM'000)
Business expansion on the provision of internet television services segment(1)	Within 24 months from receipt of funds	7,145 (minimum scenario) and 8,599 (maximum scenario)	5,572	5,572
Repayment of bank borrowings(2)	Within 12 months from receipt of funds	230	230	230
Expenses for the Private Placement 2024(3)	Within 1 month from receipt of funds	180	120	120
Total		**7,555 (minimum scenario) and 9,009 (maximum scenario)**	**5,922**	**5,922**

Notes:-

(1) The Group had utilised approximately RM5.57 million of the proceeds raised from the Private Placement 2024 to fund the expansion of the business of Panorama TV. The proceeds had been utilised for the purchase of android decoder boxes, the purchase and subscription of new contents and channels, marketing campaign to promote Panorama TV and hiring of new workforce to support the operations of Panorama TV.

(2) *The Group had utilised approximately RM0.23 million of the proceeds raised from the Private Placement 2024 for the repayment of its bank borrowings, resulting in interest savings of approximately RM0.12 million based on an interest rate of 4.52% per annum.*

(3) The Group had utilised approximately RM0.12 million of the proceeds raised from the Private Placement 2024 for the expenses in relation to the Private Placement 2024, which consists of professional fees (i.e. principal adviser, placement agent, solicitors, company secretary and share registrar), fees payable to regulators as well as contingencies and other incidental expenses.

For clarification purposes, all the proceeds raised from the Private Placement 2024 have been fully utilised as proposed. Please refer to the announcement of Digistar dated 24 September 2024 and circular issued to the shareholders of Digistar dated 6 November 2024 for further details of the Private Placement 2024.