

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

### **PROCUREMENT AND SUPPLY AGREEMENT ENTERED BY FSBM I-DESIGN SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

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#### **1. INTRODUCTION**

The Board of Directors of the Company wishes to announce that FSBM I-Design Sdn Bhd (“**FSBMID**” or the “**Supplier**”), a wholly-owned subsidiary of the Company had on 15 October 2021, entered into a procurement and supply agreement with Linear Channel Sdn Bhd (“**Buyer**”) (“**Agreement**”). The Agreement allows the Supplier to procure and supply and the Buyer to purchase the refurbished laptops, tablets and personal computers (hereinafter collectively referred to as the “**Products**” and individually as a “**Product**”)

(Supplier and Buyer are collectively referred to as the “**Parties**” and “**Party**” refers to any one (1) of them, as the context may require.)

#### **2. DETAILS OF THE PARTIES**

##### **2.1 FSBMID**

FSBMID is a company incorporated under the laws of Malaysia with address at 603, Block A, Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor, Malaysia.

FSBMID is a wholly-owned subsidiary of FSBM and is principally involved in providing enterprise wide ICT and systems integration services.

##### **2.2 Linear Channel Sdn Bhd**

The Buyer is a company incorporated under the laws of Malaysia and having its address at No.17, Ground Floor, Jalan Kuchai Maju 13, Off Jalan Kuchai Lama, 58200 Kuala Lumpur, Malaysia.

It is principally involved in the business of renting of computer and laptop through its Smart Rental subscription package.

#### **3. SALIENT TERMS OF AGREEMENT**

##### **3.1 Procurement and supply**

The Supplier shall procure and supply, and the Buyer shall purchase, the laptops, desktop computers and tablets (“**Products**”), up to a total contract value of RM20,000,000.00 based on terms and conditions set out in the Agreement.

##### **3.2 Rights, obligations and undertaking of the Parties**

###### **Supplier**

The Supplier hereby agrees, covenants and undertakes with the Buyer as follows:-

- (i) The Supplier shall perform inspection (covering functionality test, software licence authenticity check, health of storage drive and battery check as well as such other test to be mutually agreed between Supplier and the Buyer from time to time), perform factory reset on such Products and perform installation of such software (as agreed between the Supplier and the Buyer) on all Products prior to delivery of the same to the Buyer.

- (ii) The Products are supplied on 'as is' basis and therefore the Supplier does not provide any warranty on the Products. Notwithstanding that, if any Products is supplied in error, is incomplete or faulty, the Buyer may return such Products to the Supplier within seven (7) days after delivery of the same to the Buyer ("**Warranty Period**").
- (iii) Upon expiry of the Warranty Period, the Supplier may, at such cost to be agreed between the Parties, provide remedial maintenance and repair, including all parts and labour, necessary to restore failed Products to proper working condition. The Supplier may, at its option, replace hardware or parts of hardware and/or use refurbished parts or modules in performing the service.
- (iv) Collection and delivery services – The Supplier will provide collection and delivery services to the Buyer when undertaking such maintenance and repair as set out above.

### **Buyer**

The Buyer hereby agrees, covenants and undertakes with the Supplier as follows:-

- (i) To promptly make payment for all such amount due and payable to the Supplier under the Agreement.
- (ii) To observe all relevant laws, regulations, bylaws, rules and intellectual property rights in carrying out its obligations under the Agreement.

### **3.3 Duration of the Agreement**

The Agreement shall be for a period of three (3) years commencing from the date of the Agreement.

Upon the expiry thereof, the Agreement shall be renewed for two (2) years if the Buyer serves a notice of extension to the Supplier within two (2) months before the expiry of the term of the Agreement, unless terminated earlier in accordance with the terms set out in the Agreement.

### **3.4 Title and risk**

Title to and risk of loss of the Products shall pass to the Buyer upon delivery of the Products to the Buyer in accordance with the Agreement and the Supplier shall be free of all responsibility or liability whatsoever related to the Products except for the warranties provided in the Agreement and the obligation to repair, as provided in the Agreement.

## **4. RATIONALE**

The Agreement will allow FSBM and its subsidiaries ("**Group**") to have a source of income during the term of the Agreement and to provide services within the ordinary course of business of the Group. The Agreement is expected to contribute positively to the earnings of the Group.

## **5. RISK FACTORS**

The Company does not expect any material risk arising from the Agreement other than the normal business and operational risks, which FSBMID would take appropriate measures to minimise it.

**6. FINANCIAL EFFECTS OF THE A&D AGREEMENTS**

The Agreement will not have any effect to the issued share capital and substantial shareholders' shareholdings of the Company.

The Agreement will not have any material effect on the net assets per share and gearing of the Company for the financial year ending 31 December 2021.

The Agreement is expected to contribute positively to the earnings per share of the Company for the financial year ending 31 December 2021.

**7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the Agreement.

**8. STATEMENT BY BOARD OF DIRECTORS**

The Board of Directors of the Company, having reviewed and considered the terms and conditions of the Agreement, is of the opinion that the Agreement is in the best interest of the Company and the terms and conditions of the Agreement is fair, reasonable and on terms that are not detrimental to the interest of the minority shareholders of the Company.

**9. APPROVALS REQUIRED**

The Agreement is not subject to the approval of shareholders and any other relevant authorities and is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

This Announcement is dated 15 October 2021.