

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

APPLICATION DEVELOPMENT AGREEMENT ENTERED INTO BY FSBM I-DESIGN SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

1. INTRODUCTION

The Board of Directors of the Company wishes to announce that FSBM I-Design Sdn Bhd (“**FSBMID**” or the “**Developer**”), a wholly-owned subsidiary of the Company, had on 08 April 2022, entered into an application development agreement with Level 01 Technologies Limited (“**Hirer**”) to act as the independent contractor for the Hirer for the purpose of designing and developing an application solution which consist of a web and mobile platform for the Hirer with front end system (Mobile and Web Application) and back end systems based on the objectives and scope of work set out in the agreement (“**A&D Agreement**”).

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 Level 01 Technologies Limited

Level 01 Technologies Limited is a public limited company incorporated under the laws of Hong Kong with address at 15/F., BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Central, Hong Kong.

It is principally involved in the business of blockchain algorithms and smart contract technology consultation.

3. SALIENT TERMS OF THE A&D AGREEMENT

The services to be performed under the A&D Agreement are as follows:-

- (i) To develop the Web3 Social Network Application which consist of a web and mobile platform for the Hirer with front end system (Mobile and Web Application) and back end systems based on the following objectives and scope of work:-

No	Deliverable Name	Scope of Work
1	Blockchain Wallet	User facing mobile application for non-custodial wallet, transaction tracking, private key export, wallet security, integrated token Swap
2	Markets Place	Support Digital Assets
3	Social Feed	Pushes real time content feeds from social network posts into an aggregated feed for users.

	Chat Messaging	Integrated chat messaging with groups and animation stickers/emoji support
4	Profile	All user profile related functionalities, multimedia library storage, posts, account leveling system, , vault
5.	Blockchain	To develop a layer 2 Ethereum-based blockchain that facilitates all trading processes.
7.	Support and maintenance	Continuous monthly support and maintenance for daily business operation

- (ii) To provide technical support and maintenance in respect of the application based on the specifications set out in the A&D Agreement.
- (iii) The fee payable to the Developer by the Hirer for the services rendered under the A&D Agreement shall be HKD13,000,000, payable in accordance with the fee structure set out in the A&D Agreement;
- (iv) The services rendered by the Developer to the Hirer is expected to be completed within 10 months from the date of the A&D Agreement in accordance with the scheduled phases of completion as set out in the A&D Agreement.
- (v) The fees payable to the Developer by the Hirer for the provision of technical support and maintenance shall be HKD5,000,000 over a period of 3 years (payable HKD139,000 monthly and HKD135,000 in the last month), which is renewable yearly.

3.1 Term

The A&D Agreement shall become effective on [date], being the date of the agreements and, unless otherwise terminated in accordance with the provisions in the A&D Agreement, will continue until the Services have been satisfactorily completed and the Developer has been paid in full for such Services.

3.2 Responsibilities of Developer

The Developer agrees to do each of the following:-

- (i) Create the application as detailed in the schedule of the A&D Agreement, and ensure that the design and functionality of the application meets the specifications and timeline specified in therein as well as to ensure that the application meets the satisfactory standards of the Hirer;
- (ii) Perform the Services in a workmanlike manner and with professional diligence and skill, as a fully-trained, skilled, competent, and experienced personnel;
- (iii) Perform installation of the application to its final location and submitting for approval on the Apple's App Store and Google Play; and
- (iv) Provide all files and code to the Company.

3.3 Responsibilities of the Hirer

The Hirer agrees to do each of the following:-

- (i) Engage the Developer as the creator of its application as detailed in the schedule of the A&D Agreement.

- (ii) Provide all assistance and cooperation to the Developer in order to complete the application timely and efficiently.

3.4 Termination

The A&D Agreement may be terminated by either Party for a material breach of any provision of the A&D Agreement by the other Party, if the other Party's material breach is not cured within seven (7) days of receipt of written notice of breach thereof.

Following the termination of the A&D Agreement for any reason, the Hirer shall promptly pay the Developer according to the terms set out in the A&D Agreement for services rendered before the effective date of the termination ("**Termination Date**"). All intellectual property developed pursuant to the A&D Agreement before the Termination Date shall be delivered to the Hirer within one (1) day of the Termination Date.

4 RATIONALE

The A&D Agreement will allow FSBM and its subsidiaries ("**Group**") to have a source of income during the term of the A&D Agreement and to provide services within the ordinary course of business of the Group. The A&D 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 A&D Agreement other than the normal business and operational risks, which FSBMID would take appropriate measures to mitigate such risk.

6 FINANCIAL EFFECTS OF THE A&D AGREEMENT

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

The A&D Agreement is not expected to have any material effect on the net assets per share and gearing of the Company, save for the contribution to the earnings per share of the Group.

The A&D Agreement is expected to contribute positively to the earnings per share of the Group for the financial years ending 31 December 2022 and 31 December 2023.

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 A&D Agreement.

8 STATEMENT BY BOARD OF DIRECTORS

The Board of Directors of the Company, having reviewed and considered the terms and conditions of the A&D Agreement, is of the opinion that the A&D Agreement is in the best interest of the Company.

9 APPROVALS REQUIRED

The A&D 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 08 April 2022.