

## FSBM HOLDINGS BERHAD ("FSBM" OR THE "COMPANY")

### MEMORANDUM OF UNDERSTANDING ENTERED INTO BETWEEN FSBM I-DESIGN SDN. BHD. ("FSBM I-DESIGN") AND LINEAR CHANNEL SDN. BHD. ("LCSB") FOR THE APPOINTMENT OF FSBM I-DESIGN AS A DISTRIBUTOR FOR LCSB IN SUPPLYING LCSB WITH LAPTOPS, TABLETS AND PERSONAL COMPUTERS FOR LCSB'S SMART AGILITY PROGRAMME.

#### 1. INTRODUCTION

- 1.1 The Board of Directors of FSBM Holdings Berhad ("**FSBM**" or "**Company**") ("**Board**") wishes to announce that, FSBM I-Design Sdn. Bhd. ("**FSBM I-Design**"), a wholly-owned subsidiary of FSBM had on 9 May 2023 entered into a Memorandum of Understanding ("**MOU**") with Linear Channel Sdn. Bhd. ("**LCSB**") (hereinafter referred to as the "**Parties**") for the Distributorship (hereinafter defined) and Collaboration (hereinafter defined).

#### 2. INFORMATION ON FSBM I-DESIGN

FSBM I-Design is a company incorporated in Malaysia on 25 May 2000 as a private limited company under the Companies Act 1965 and deemed registered under the Companies Act 2016.

As at 8 May 2023, being the latest practicable date prior to this Announcement ("**LPD**"), FSBM I-Design is a wholly-owned subsidiary of FSBM and is principally involved in providing enterprise wide ICT and systems integration services.

#### 3. INFORMATION ON LCSB

LCSB is incorporated in Malaysia on 26 July 1999 as a private limited company under the Companies Act 1965 and deemed registered under the Companies Act 2016. LCSB owns a trademark/brand name "*Smart Rental*" and is principally involved in the business of renting of computers and laptops through its Smart Rental subscription packages "*Smart Agility Programme*" to its clients.

As at LPD, the total issued share capital of LCSB is RM3,330,000.00 comprising of 9,633,123 ordinary shares and 200,000 preference shares respectively.

As at LPD, the directors and shareholders of LCSB and their respective shareholdings in LCSB are as follows:

	No. of shares	%
<b>Director:</b>		
Chin Tong Lim	-	-
<b>Shareholders:</b>		
Haas Asia Sdn Bhd	8,500,003	86.44%
Leong Khen Meng	100,000	1.02%
Leong Khen Tshung	100,000	1.02%
Maybank Trustees Berhad	324,000	3.30%
Smart Rental PLT	604,120	6.14%
Solo Labeller Technology Sdn Bhd	205,000	2.08%
	<b>9,833,123</b>	<b>100.00</b>

#### 4. SALIENT TERMS OF THE MOU

The salient terms of the MOU are, amongst others, as follows:

- (a) The MOU is not intended to be binding in any court of law but is intended to establish a basis upon which FSBM I-Design and LCSB may explore areas for collaboration and cooperation. Any collaborative ventures that may bind the parties are subject to separate contract arrangements to be entered between the parties which may include specific terms relating to ownership, intellectual property, financial arrangements, use of resources etc.
- (b) In this regard, LCSB agrees to appoint FSBM I-Design as a distributor for LCSB's *Smart Agility Programme* and FSBM I-Design agrees to act as a distributor for LCSB in supplying LCSB with laptops, tablets, mobile devices and/or personal computers for LCSB's *Smart Agility Programme*. ("**Distributorship**").
- (c) The Parties further agree to collaborate with each other for the following: -
  - i) collaboration in co-marketing initiatives;
  - ii) collaboration in customer base;
  - iii) collaboration in cybersecurity risk assessments and vulnerability testing; and
  - iv) collaboration in disaster recovery solutions.(collectively, referred to as the "**Collaboration**")
- (d) Either party may terminate the MOU for any reason whatsoever by giving the other party not less than three (3) months prior written notice.

#### 5. RATIONALE OF THE MOU

The MOU is entered into to establish the basis upon which FSBM I-Design and LCSB may explore areas for collaboration and cooperation in relation to the Distributorship and Collaboration.

#### 6. EFFECTS OF THE MOU

The MOU will not have any effect on the share capital and substantial shareholder's shareholdings in the Company.

The MOU is not expected to have any material effect on the earnings per share, net assets per share and gearing of the Company for the financial year ending 31 December 2023. Should the Distributorship and Collaboration materialize, it is expected to contribute positively to the future earnings of the Group.

#### 7. RISK FACTORS

The Company does not expect any material risk arising from the MOU as the MOU is non-binding and is not intended to constitute a legally binding or enforceable agreement or commitment on either party.

#### 8. DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, Major Shareholders of the Company and persons connected with them have any interest, directly and/or indirectly, in the MOU.

**9. STATEMENT BY DIRECTORS**

The Board of Directors of the Company, having taken into consideration all aspects of the MOU, is of the opinion that the MOU is in the best interest of FSBM.

**10. APPROVALS REQUIRED**

The MOU is not subject to the approval of the shareholders of the Company.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

The MOU is available for inspection at the Registered Office of the Company at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur during normal office hours on Mondays to Fridays (except for public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 9 May 2023.