

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

COLLABORATION AGREEMENT ENTERED BETWEEN FSBM MES ELITE SDN BHD ("FSBM MES"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND SYARIKAT LOGAM UNITRADE SDN BHD ("SYAL")

1. INTRODUCTION

The Board of Directors of the Company (the "**Board**") wishes to announce that FSBM MES had on 28 May 2024 entered into a Collaboration Agreement ("**Agreement**") with SYAL to collaborate to explore business opportunities on a non-exclusive basis to expand market access for the purchase and sale of T-Parus Technology Voltage Sag Protectors ("**VSP**") and Energy Saving Compressor(s) (collectively referred to as "**Equipment**") within Southeast Asia, subject to and upon the terms and conditions of the Agreement.

FSBM MES and SYAL shall be hereinafter collectively referred to as the "**Parties**" and individually as the "**Party**".

2. INFORMATION ON SYAL

SYAL is a wholly owned by Unitrade Industries Berhad, is a company incorporated in Malaysia under the Companies Act 1965 having its principal place of business at No. 2, Jalan Astaka U8/87, Seksyen U8, Bukit Jelutong Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

Unitrade Industries Berhad is principally engaged in the wholesale and distribution building materials. In addition, Unitrade Industries Berhad is also involved in the manufacturing and sale of pre-insulated pipes, as well as provision of rental services for modular housing and temporary structural support equipment for building construction activities.

SYAL is principally involved in wholesale and distribution of plumbing and engineering hardware, building materials, imports, and exports.

3. SALIENT TERMS OF THE AGREEMENT

The salient terms and conditions of the Agreement, among others, are set out as follows:-

3.1 Purpose

The Parties agree to collaborate in the purchase and sale of the Equipment and this collaboration may include, but is not limited to, joint marketing efforts, sharing of resources, expertise, and technology to maximize the benefits and efficiency of the collaboration ("**Collaboration**").

3.2 Scope of the Agreement

(1) Market Expansion

- (a) Expanding the market access for the Equipment to commercial, and industrial customers in diverse industries including mining and metal; manufacturing; data centres and information technology; healthcare; telecommunications; financial services; utilities and energy; chemical and petrochemical; aerospace and defense; public infrastructure and commercial buildings.
- (b) Developing the project pipeline agreed by Parties with regular monthly project pipeline review.
- (c) Identifying new market opportunities and expanding the sale of the Equipment across regions and sectors within Southeast Asia.

- (d) Creating brand awareness and the value of the Equipment via marketing activities either jointly or respectively.

(2) Product Integration

- (a) SYAL shall promote the use of the Equipment on a best-endeavour basis to enhance the overall value proposition for customers and end-users.
- (b) SYAL shall complete all necessary certifications as determined by FSBM MES from time to time.

3.3 Roles and Responsibilities of Each Party

(1) FSBM MES

FSBM MES shall, among others, provide expert technical guidance and support to SYAL. This includes:

- (a) To provide strategic guidance, stay abreast of industry trends, conduct market research.
- (b) To lead training sessions to upskill the team, fostering a culture of learning and digital fluency.
- (c) To liaise with suppliers and/or manufactures to procure the Equipment and to provide technical support to SYAL in troubleshooting and warranty claim matters.

(2) SYAL

SYAL shall work closely with FSBM MES in facilitating broader market access in Southeast Asia for the Equipment. This includes:

- (a) To identify customers and end-users for the purchase of the Equipment.
- (b) To allocate adequate resources to ensure timely delivery of the Equipment.
- (c) To identify and mitigate project risks ensuring successful delivery.
- (d) To collaborate with FSBM, to provide adequate technical support to customers and end-users in troubleshooting and warranty claim matters.

3.4 Term of the Agreement

The Agreement will come into effect on the date of execution of the Agreement by Parties and shall continue in full force and effect for an initial period of 1 year and may be extended for a further term of 1 year subject to mutual agreement by both Parties.

3.5 Breach of Agreement

In the event of any Party shall breach any terms of the Agreement the defaulting Party shall be responsible for remedying the said breach immediately upon realising its occurrence or within 14 days upon being notified by any other Party of the said breach in writing.

3.6 Termination

Any Party may terminate the Agreement without cause by providing at least 30 days

written notice to the other Party. In the case where there is a breach by any Party of the terms of the Agreement that is not rectified in accordance with the terms of the Agreement, then the non-defaulting Party may terminate the Agreement forthwith by notice in writing to the defaulting Party.

4. RATIONALE AND BENEFITS OF THE AGREEMENT

FSBM via FSBM MES's collaboration with SYAL marks FSBM and its subsidiaries' ("**FSBM Group**") continued focus into environmentally responsible business ventures. FSBM would thereby be expanding FSBM Group's product portfolio to include energy efficiency products. Barring unforeseen circumstances, this will enhance the recurring revenue stream and contribute positive to the future earnings of FSBM.

5. RISK FACTORS

The Company does not foresee any exceptional risk other than the normal operational/business risks associated with the Agreement. The Company will take the necessary steps to mitigate the risks as and when it occurs.

6. FINANCIAL EFFECTS OF THE AGREEMENT

The Agreement will not have any effect on the share capital and substantial shareholders' shareholdings in the Company.

The Agreement 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 2024. However, it is expected to contribute positively to the future earnings of FSBM Group should business opportunities arising from the Agreement materialise.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, AND/OR PERSONS CONNECTED TO THEM

None of the directors, major shareholders and/or persons connected with them has any interest, direct or indirect in the Agreement.

8. DIRECTORS' STATEMENT

The Board having considered all aspects to the Agreement including the salient terms of the Agreement, rationale for and benefits of the Agreement, is of the opinion that the Agreement is in the best interest 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 exercise undertaken by the Company.

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Agreement will be available for inspection at the registered office of FSBM at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Malaysia during normal business hours on Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 28 May 2024.