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

PROPOSED REGULARISATION PLAN

This announcement is dated 15 October 2021 (“**Announcement**”).

1. BACKGROUND

On 16 October 2019, the Board of Directors of FSBM (“**Board**”) announced that the Company had triggered Paragraph 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) whereby the Company has an insignificant business or operations and accordingly, the Company was classified as an affected listed issuer (“**Affected Listed Issuer**”).

On 30 December 2019, the Board announced that FSBM is an Affected Listed Issuer as FSBM had triggered the criteria prescribed under Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 (“**PN17**”) of the Listing Requirements, as a result of FSBM’s auditors having expressed a disclaimer of opinion in the Company’s audited financial statements for the financial year ended 30 June 2018 which was announced on 30 December 2019.

On 23 August 2021, the Board announced that the Company has on even date submitted an application to Bursa Securities for an extension of time of 6 months from 15 October 2021 up to 15 April 2022 to submit a regularisation plan to the relevant regulatory authorities.

On 23 September 2021, the Board announced that Bursa Securities, after due consideration of the facts and circumstances of the aforementioned application, had decided to reject the extension of time application. Thus, the Company has up to 15 October 2021 to submit a regularisation plan to the regulatory authorities.

On behalf of the Board, Malacca Securities Sdn. Bhd. (“**Malacca Securities**”) has submitted an appeal to Bursa Securities for an extension of time of 6 months from 15 October 2021 to 15 April 2022 for FSBM to submit its proposed regularisation plan.

2. INTRODUCTION

On behalf of the Board, Malacca Securities wishes to make the requisite announcement pursuant to Paragraph 4.2 of PN17, which sets out the Company’s proposed regularisation plan comprising the following:-

(a) a proposed shares issuance of 60.0 million new ordinary shares in FSBM (“**FSBM Shares**” or “**Shares**”) (“**Subscription Shares**”) representing approximately 30% of FSBM’s enlarged issued shares after the shares issuance to the subscribers (“**Proposed Shares Issuance**”);

(b) the proposed disposal of the following subsidiaries:-

(i) FSBM CTech Sdn. Bhd. (“**CTech**”), a wholly-owned subsidiary of FSBM; and

(ii) Unos Sdn. Bhd. (“**Unos**”), a wholly-owned subsidiary of FSBM,

for a total cash consideration of RM2.0 million (“**Proposed Disposals**”);

(c) a proposed renounceable rights issue of up to 250,006,290 new FSBM Shares on the basis of 1 rights share (“**Rights Shares**”) for every 1 existing FSBM Share held, together with up to 125,003,145 free detachable warrants (“**Warrants**”) on the basis of 1 Warrant for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced later (“**Proposed Rights Issue with Warrants**”); and

(d) a proposed capital reduction exercise to be carried out by the Company, pursuant to Section 116 of the Companies Act, 2016 ("**Act**") to reduce the share capital of the Company ("**Proposed Capital Reduction**"),

(collectively, referred to as the "**Proposed Regularisation Plan**").

2.1 Minimum and maximum scenarios

As at 13 October 2021, being the latest practicable date prior to the date of this Announcement ("**LPD**"), FSBM has the following:-

(a) share capital of 141,314,460 FSBM Shares (including 1,090,700 FSBM Shares held as treasury shares); and

(b) 49,782,530 warrants expiring on 16 May 2022 ("**Warrants 2012/2022**").

As such, for the Proposed Regularisation Plan, the Board has decided the following:-

(a) the Proposed Regularisation Plan will be carried out in the following order:-

   (i) Proposed Shares Issuance;

   (ii) Proposed Disposals;

   (iii) Proposed Rights Issue with Warrants; and

   (iv) Proposed Capital Reduction, and

(b) not to resell any FSBM Shares held in treasury until the completion of the Proposed Rights Issue with Warrants.

For illustration purposes, the financial effects of the Proposed Regularisation Plan included in this Announcement will be prepared on a Minimum Scenario and Maximum Scenario as follows:-

Minimum Scenario	:	None of the Warrants 2012/2022 will be exercised prior to the entitlement date for the Proposed Rights Issue with Warrants
Maximum Scenario	:	Assuming all the Warrants 2012/2022 are exercised prior to the entitlement date for the Proposed Rights Issue with Warrants

3. PROPOSED REGULARISATION PLAN

3.1 Proposed Shares Issuance

3.1.1 Size of the Proposed Shares Issuance

The Proposed Shares Issuance entails the issuance of 60.0 million Subscription Shares, representing approximately 30% of FSBM's enlarged share capital after the shares issuance to the subscribers at a subscription price of RM0.08 ("**Subscription Price**") per Subscription Share.

Based on the 140,223,760 FSBM Shares (excluding 1,090,700 FSBM Shares held as treasury) as at LPD, the Proposed Shares Issuance may result in FSBM's share capital increasing up to 200,223,760 FSBM Shares (excluding 1,090,700 FSBM Shares held as treasury) upon completion of the Proposed Shares Issuance. The size of the Proposed Shares Issuance is equivalent to 29.97% of FSBM's enlarged share capital after the Proposed Shares Issuance.

3.1.2 Shares Issuance Arrangement

On 15 October 2021, FSBM had entered into the subscription agreements with the following subscribers to subscribe for 60.0 million Subscription Shares at the Subscription Price of RM0.08 per Subscription Share ("**Subscription Agreements**"):-

	Subscribers	Number of Subscription Shares
(a)	Tan Sri Dato' Sri Syed Zainal Abidin Syed Mohd Tahir ("**Tan Sri Syed Zainal**");	30,000,000
(b)	Pang Kiew Kun ("**Mr Pang**"), an Executive Director of FSBM; and	16,000,000
(c)	Low Kang Wei ("**Mr Low**"), the Chief Technology Officer of FSBM.	14,000,000
		60,000,000

(collectively, referred to as the "**Subscribers**").

The salient terms of the Subscription Agreements are set out in Appendix I of this Announcement.

3.1.3 Details of the Subscribers

(a) Tan Sri Syed Zainal

Tan Sri Syed Zainal, Malaysian, aged 59, is a businessman and entrepreneur.

As at LPD, Tan Sri Syed Zainal is currently the Group Managing Director of Dagang NeXchange Berhad. He is currently the Executive Chairman of SilTerra Malaysia Sdn Bhd and a director of several private limited companies.

(b) Mr Pang

The details of Mr Pang are set out in Section 6.6 of this Announcement.

(c) Mr Low

The details of Mr Low are set out in Section 6.6 of this Announcement.

3.1.4 Basis of determining and justification for the Subscription Price

The Subscription Price of RM0.08 per Subscription Share was negotiated and determined by the Company after taking into consideration the following:-

(a) a premium of approximately 7.24% to the 5-day volume weighted average market price ("**VWAP**") of FSBM Shares up to 13 October 2021, being the latest practicable date preceding the date of the Subscription Agreement of RM0.0746;

(b) the immediate funding requirements of the Group to fulfil the contracts detailed in Section 7.3 of this Announcement; and

(c) FSBM's audited consolidated net assets ("**NA**") of RM4.52 million as at 31 December 2020 equivalent to approximately RM0.0322 per FSBM Share, before the intended RM9.3 million impairment of receivables by the Board, as set out in Section 3.2.3 of this Announcement.

3.1.5 Ranking of the Subscription Shares

The Subscription Shares shall, upon allotment and issuance, carry the same rights and rank equally in all respects with the existing FSBM Shares, save and except that the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the registered holders of FSBM Shares, the relevant entitlement date is prior to the date of issuance and allotment of the said Subscription Shares.

3.1.6 Listing of and quotation for the Subscription Shares

An application will be made to Bursa Securities for the listing of and quotation for the Subscription Shares as part of the submission of the Proposed Regularisation Plan to Bursa Securities for approval.

3.2 Proposed Disposals

The Proposed Disposals entails the disposal of the entire issued share capital of 2 of the Company's subsidiaries namely, CTech and Unos (collectively, the "**Disposal Companies**") ("**Sale Shares**") to Dato' Tan Hock San @ Tan Hock Ming ("**Dato Tan**" or "**Purchaser**"), the Managing Director and major shareholder of FSBM, for a total cash consideration of RM2.0 million ("**Disposal Consideration**").

On 15 October 2021, the Company had entered into a conditional share sale agreement ("**CSSA**") with Dato Tan for the Proposed Disposals.

The Proposed Disposals are a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of Dato Tan's interest in FSBM as detailed in Section 11 of this Announcement. Accordingly, FSBM will appoint an independent adviser to advise the non-interested directors and shareholders in relation to the Proposed Disposals.

The salient terms of the CSSA are set out in Appendix II of this Announcement.

3.2.1 Information on Disposal Companies

(a) CTech

CTech is a private limited company incorporated in Malaysia on 10 April 1997. CTech is a wholly-owned subsidiary of FSBM.

The principal activities of CTech are that of development of software applications and systems integration in Malaysia.

As at LPD, the issued share capital of CTech is RM25,000,000 comprising 25,000,000 ordinary shares in CTech. As at LPD, the directors of CTech are Dato' Ir Dr Abdul Rahim Bin Daud, Dato Tan and Tan Ee Ern.

For the financial year ended ("**FYE**") 31 December 2020 and 6-month financial period ended ("**FPE**") 30 June 2021, CTech recorded a loss after tax of RM210,000 and RM900 respectively. As at 30 June 2021, CTech has an unaudited net liabilites of RM214,000. For information, the Board intends to provide for RM9.3 million of CTech's receivables as at 30 June 2021. After accounting for the proposed impairment, the unaudited net liabilities of CTech will reduce further to approximately RM9.5 million.

(b) Unos

Unos is a private limited company incorporated in Malaysia on 9 May 2000. Unos is a wholly-owned subsidiary of FSBM.

The principal activities of Unos are that of provision of communication and networking services in Malaysia.

As at LPD, the issued share capital of Unos is RM100 comprising 100 ordinary shares in Unos. As at LPD, the directors of Unos are Dato Tan and Tan Ee Ern.

For the FYE 31 December 2020 and 6-month FPE 30 June 2021, Unos recorded a loss after tax of RM5,100 and RM930 respectively. As at 30 June 2021, Unos has an unaudited net liabilities of RM4.6 million.

Please refer to Appendix II of this Announcement for financial information on the Disposal Companies.

3.2.2 Information on the Purchaser, Dato Tan

Dato Tan, aged 72, a Malaysian, is a major shareholder and the Managing Director of FSBM. As at LPD, he holds 39,013,900 (direct and indirect interest) FSBM Shares representing approximately 27.8% of the total issued share capital of FSBM.

Dato Tan was appointed as the Managing Director of FSBM on 27 February 1984. He is also a member of the Remuneration Committee and Risk Monitoring Committee of the Company.

3.2.3 Basis and consideration for arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into account the following:-

(a) the Disposal Companies’ loss-making financial performance over the last 3 years up to the FYE 31 December 2020;

(b) the Disposal Companies’ unaudited NA as at 30 June 2021. The aggregate net liabilities of the Disposal Companies as at 30 June 2021 is RM4.9 million;

(c) the Board’s intention to impair total receivables amounting to RM9.3 million pertaining to the Disposal Companies’ receivables which are mostly long overdue; and

(d) the Disposal Companies are operating at negative cashflows and are being funded by FSBM.

As at 30 June 2021, the Disposal Companies have a combined proforma net liabilities position of RM4.9 million. After the intended RM9.3 million impairment of receivables by the Board, the Disposal Companies will have a combined proforma net liabilities of RM14.1 million. As at 30 June 2021, the Disposal Companies also have amounts owing to related companies amounting to RM12.6 million. As such, the net liabilities of the Disposal Companies after deducting the amounts owing to related companies amounts to RM1.5 million. The Disposal Consideration of RM2.0 million will thus result in a gain of disposal of RM3.5 million. As per terms of the CSSA, the Proposed Disposals are subject to, amongst others, a special audit on the financial position of the Disposal Companies.

For information, the management’s review of the RM9.3 million receivables noted that most of these receivables are long-overdue and therefore, indicates evidence of impairment. Nonetheless, as per the terms of the CSSA, FSBM has the right to recover 50% of these debts (after deducting RM2.0 million and all cost and expenses incurred or payable by CTech in relation to the TSB Dispute (as defined in Section (v) of Appendix II)) from Dato Tan should such debts be subsequently received by CTech within a 1-year period from the completion of the CSSA.

3.2.4 Date and Original cost of investment

The date and original cost of investments for the Disposal Companies are as follows:-

Disposal Company	Date of investment	Cost of investment
		RM
CTech	10 April 1997	2
	7 November 1997	499,998
	9 November 1998	500,000
	31 May 2012	19,000,000
	16 July 2012	5,000,000
Unos	9 May 2000	2
	25 May 2000	98

3.2.5 Liabilities to be assumed

There are no liabilities including contingent liabilities relating to the Disposal Companies remaining with the FSBM and its subsidiaries (collectively referred to as "**FSBM Group**" or "**the Group**") following the completion of the Proposed Disposals.

There is also no guarantee given to Dato Tan pursuant to the Proposed Disposals.

3.3 Proposed Rights Issue with Warrants

3.3.1 Basis and number of Rights Shares and Warrants to be issued

The Proposed Rights Issue with Warrants entails an issuance of up to 250,006,290 Rights Shares at an issue price of RM0.03 for each Rights Share ("**Issue Price**") on the basis of 1 Rights Share for every 1 existing FSBM Share held by the entitled shareholders of FSBM ("**Entitled Shareholders**"), together with up to 125,003,145 new warrants ("**Warrants**") on the basis of 1 Warrant for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced by the Board at a later date ("**Entitlement Date**"). The Proposed Rights Issue with Warrants is intended to be undertaken on a minimum subscription basis to raise gross proceeds of approximately RM6.0 million.

The maximum number of Rights Shares and Warrants had been arrived at based on the following:-

(a) 140,223,760 issued FSBM Shares (excluding 1,090,700 treasury shares) as at LPD. To facilitate the Proposed Rights Issue with Warrants, the Board has decided not to resell any FSBM Shares held in treasury or purchase additional treasury shares prior to the completion of the Proposed Rights Issue with Warrants;

(b) 60,000,000 Subscription Shares to be issued pursuant to the Proposed Shares Issuance; and

(c) assuming all 49,782,530 Warrants 2012/2022 are exercised prior to the Entitlement Date.

The Board intends to implement the Proposed Rights Issue with Warrants only after expiry of the Warrants 2012/2022.

The Warrants are attached to the Rights Shares without cost and will be issued only to shareholders of FSBM who subscribe for the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately on the Main Market of Bursa Securities. The Warrants will be issued in registered form and constituted by a deed poll to be executed by FSBM ("**Deed Poll**"). The indicative salient terms of Warrants are set out in Appendix III of this Announcement.

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Proposed Rights Issue with Warrants will simultaneously relinquish any accompanying entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

In determining the entitlement of the Entitled Shareholders under the Proposed Rights Issue with Warrants, fractional entitlements, if any, will be disregarded and dealt with in such manner and on such terms and conditions as the Board in its sole and absolute discretion deem fit or expedient and in the best interests of the Company.

The Rights Shares together with Warrants which are not taken up or validly taken up shall be made available for excess Rights Shares with Warrants application by the other Entitled Shareholders and/ or their renouncee(s). The Board intends to allocate the excess Rights Shares together with Warrants in a fair and equitable manner on a basis to be determined by the Board.

3.3.2 Basis of determining and justification for the Issue Price

The Issue Price of RM0.03 per Rights Share was determined by the Board after taking into consideration amongst others, the following:-

(a) the minimum gross proceeds of approximately RM6.0 million to be raised from the Proposed Rights Issue with Warrants;

(b) the resultant theoretical ex-rights price ("**TERP**") of FSBM Shares of RM0.0523 computed based on the 5-day VWAP of FSBM Shares up to and including the LPD of RM0.0746, whereby the issue price of RM0.03 per Rights Share represents a discount of approximately 42.6% to the TERP of RM0.0523. In addition, the issue price of RM0.03 per Rights Share represents the following discount to the respective TERP based on the respective VWAP of FSBM Shares:-

	VWAP	**TERP (adjusted based on VWAP)**	**Discount (Issue Price – TERP)**	
	(RM)	**(RM)**	**(RM)**	**(%)**
5-day VWAP up to the LPD	0.0746	0.0523	(0.0223)	(42.6)
1-month VWAP up to the LPD	0.1230	0.0765	(0.0465)	(60.8)
3-month VWAP up to the LPD	0.2093	0.1197	(0.0897)	(74.9)
6-month VWAP up to the LPD	0.2068	0.1184	(0.0884)	(74.7)

(Source: Bloomberg)

(c) FSBM's audited consolidated NA of RM4.52 million as at 31 December 2020 equivalent to approximately RM0.0322 per FSBM Share, before the intended RM9.3 million impairment of receivables by the Board, as set out in Section 3.2.3 of this Announcement; and

(d) the resultant TERP computed based on the 5-day VWAP of FSBM Shares immediately preceding the Price-Fixing Date.

As FSBM is currently a PN17 entity, the Board is of the opinion that the discount of 42.6% to the TERP is considered attractive to entice the Entitled Shareholders and/or their renouncee(s) to subscribe for their respective entitlements.

3.3.3 Basis of determining and justification for the exercise price of Warrants

The Warrants are attached to the Rights Shares without cost and will be issued only to shareholders of FSBM who subscribe for the Rights Shares. The Board has decided to fix the exercise price of the Warrants at RM0.05 each (“**Exercise Price**”).

The Exercise Price of RM0.05 per Warrant was determined by the Board after taking into consideration, amongst others, the following:-

(a) the Warrants will be issued at no cost to the Entitled Shareholders who subscribe for the Rights Shares; and

(b) the TERP of the Shares of RM0.0523 computed based on the 5-day VWAP of FSBM Shares up to and including the LPD of RM0.0746.

3.3.4 Minimum Subscription Level, undertakings and underwriting arrangements for the Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants is intended to be undertaken on a minimum subscription level basis to raise gross proceeds of approximately RM6.0 million, after taking into consideration the minimum level of funds that the Company requires to raise from the Proposed Rights Issue with Warrants for the proposed utilisation of proceeds as set out in Section 4 of this Announcement.

FSBM intends to procure written undertakings from the Subscribers and major shareholders of the Company to subscribe for their entitlement under the Proposed Rights Issue with Warrants and to apply and subscribe for additional Rights Shares not subscribed by other Entitled Shareholders and/or their renouncee(s) by way of excess application, to the extent that the Proposed Rights Issue with Warrants achieves the minimum subscription of RM6.0 million (“**Undertaking**”), subject to the following:-

(a) such Undertaking would not result in the undertaking shareholder and persons acting in concert with it to trigger the obligation to undertake a mandatory general offer for all the remaining FSBM securities not already held by them in accordance with Paragraph 4.01(a) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions (“**Rules**”); and

(b) such Undertaking would not result in the public shareholding spread of the Company not falling below 25% of the Company’s enlarged issued share capital after the completion of the Proposed Rights Issue with Warrants in accordance with Paragraph 8.02(1) of the Listing Requirements.

No underwriting arrangement will be required as an Undertaking will be procured to achieve the minimum subscription for the Proposed Rights Issue with Warrants.

3.3.5 Ranking of the Rights Shares and new Shares to be issued arising from the exercise of the Warrants

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing FSBM Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

The new FSBM Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing FSBM Shares, save and except that the new FSBM Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new FSBM Shares.

3.3.6 Listing of and quotation for the Rights Shares, Warrants, new FSBM Shares to be issued arising from the exercise of the Warrants

An application will be made to Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities as well as the listing of and quotation for the Rights Shares, Warrants and new FSBM Shares to be issued arising from the exercise of the Warrants.

3.4 Proposed Capital Reduction

The Proposed Capital Reduction will be undertaken after the Proposed Shares Issuance and Proposed Rights Issue with Warrants.

The Proposed Capital Reduction is to be carried out by the Company pursuant to Section 116 of the Act to reduce the share capital of the Company through the cancellation of the share capital of the Company that has been lost or is unrepresented by available assets.

The table below details the unaudited retained losses of FSBM as at 30 June 2021 and the proposed adjustments contemplated by the Board pertaining to the Proposed Regularisation Plan:-

	Company level	**Group Level**
	RM'000	RM'000
Retained losses	(25,453)	(9,366)
Adjustments:-		
(a) Impairment of receivables	[a] (9,274)	(9,274)
(b) Income from waiver of salaries	[b] 938	938
(c) Gain on disposal of Disposal Companies	3,458	3,458
(d) Estimated expenses relating to the Proposed Regularisation Plan	(1,800)	(1,800)
Proforma retained losses	**(32,131)**	**(16,044)**

Notes:-

(a) Being the intended impairment of receivables in CTech.

(b) Being the waiver of salaries owed to Dato Tan, Tan Ee Ern and Tan Wan Yen which was effected on 15 October 2021.

Based on the table above, FSBM proposes to reduce the share capital of the Company by RM10.8 million as follows:-

	Minimum Scenario	**Maximum Scenario**
	RM'000	RM'000
Share capital as at LPD	10,064	10,064
Proforma share capital after the Proposed Shares Issuance and Proposed Rights Issue with Warrants [a] [b]	19,119	39,645
(Less) Proposed Capital Reduction	(10,800)	(10,800)
Proforma share capital after the Proposed Capital Reduction	**8,319**	**28,845**

Notes:-

(a) Assuming the issuance of 60.0 million Subscription Shares at the Subscription Price of RM0.08 each pursuant to the Proposed Shares Issuance.

(b) Assuming the issuance of 200.2 million to 250.0 million Rights Shares at the Issue Price of RM0.03 each pursuant to the Proposed Rights Issue with Warrants and adjusted for the apportionment of its relative fair value of RM0.0170 per Warrant to the warrants reserve account computed based on the Trinomial model as extracted from Bloomberg.

The amount of RM10.8 million, being the credit arising from the Proposed Capital Reduction as illustrated above, shall be applied to eliminate the accumulated losses of the Company as at 30 June 2021 to the extent of RM10.8 million.

The Proposed Capital Reduction does not entail any outflow of cash or change in the NA of the Company.

There will be no change in the total number of issued Shares in the Company held by the shareholders immediately after the Proposed Capital Reduction, nor will the Proposed Capital Reduction involve the payment to any shareholders of any paid-up share capital of the Company.

The Proposed Capital Reduction will not result in any adjustment to the share price of the Company.

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4. UTILISATION OF PROCEEDS

The Proposed Shares Issuance, Proposed Disposals and Proposed Rights Issue with Warrants is expected to raise proceeds of up to RM14.3 million which the Company proposes to be utilised as follows:-

		Proceeds received from								
		Minimum Scenario				Maximum Scenario				
Details of utilisation	**Notes**	**Proposed Shares Issuance**	**Proposed Disposals**	**Proposed Rights Issue with Warrants**	**Total proceeds**	**Proposed Shares Issuance**	**Proposed Disposals**	**Proposed Rights Issue with Warrants**	**Total proceeds**	**Estimated timeframe for date of receipt of proceeds**
		RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	
Expansion of Information Technology ("**IT**") Services business	(a)	-	-	5,007	5,007	-	-	6,500	6,500	Within 36 months
General working capital	(b)	4,350	1,550	100	6,000	4,350	1,550	100	6,000	Within 24 months
Defray estimated expenses	(c)	450	450	900	1,800	450	450	900	1,800	Within 12 months
Total proceeds		**4,800**	**2,000**	**6,007**	**12,807**	**4,800**	**2,000**	**7,500**	**14,300**	

Notes:-

(a) **Expansion of IT Services business**

The total proceeds earmarked for the Group's expansion of IT Services business totals up to RM6.5 million.

FSBM Group is also in the midst of exploring various options to expand its existing IT Services business, including but not limited to, developing software applications and/or acquiring companies/ businesses/ assets/ applications involved in the IT Services business. Such plans may include venturing into upcoming areas such as IT solutions and automation of smart factories and digitalisation of business operations.

As at LPD, the Group's plans are at its preliminary stages and may or may not materialise. FSBM will make the necessary announcements and/or seek its shareholders' approval when such plans materialise, where required pursuant to the Listing Requirements. If such business expansion opportunities do not materialise within the expected timeframe and/or the allocated amount is not fully utilised, FSBM proposes to utilise such balance proceeds for general working capital of the Group based on the proportion as set out in note (b) below.

(b) **General working capital**

The proceeds for working capital is proposed to be utilised to finance the day-to-day operations of the existing business of the Group, as and when the need arises as follows:

	Percentage of the total proceeds to be utilised (%)
Payment to trade creditors	50
Staff-related costs such as staff salaries, bonuses, statutory contribution and welfare expenses	40
General administrative and operating expenses such as rental, utilities, telephone charges and sundry expenses	10
Total	**100**

As at LPD, the Group has secured the contracts as detailed in Section 7.3 of this Announcement.

It should be noted that pending implementation of the Proposed Regularisation Plan, FSBM will require working capital to facilitate the aforementioned contracts. As such, FSBM intends to procure advances from its Directors and/or major shareholders to finance its working capital needs in the interim. The Company proposes for such advances to be repaid as and when the proceeds are received from the Proposed Shares Issuance.

The actual breakdown of the proceeds to be utilised for each component of working capital as disclosed above cannot be determined at this juncture and is dependent on the operating and funding requirements at the time of utilisation.

(c) **Defray estimated expenses for the Proposed Regularisation Plan**

The breakdown of estimated expenses for the Proposed Regularisation Plan is illustrated below:-

Details of utilisation	**RM'000**
Professional fees [(a)]	1,550
Fees to relevant authorities	100
Printing, dispatch, meeting expenses and miscellaneous expenses	150
	1,800

Note:-

(a) Comprised of estimated professional fees payable to the principal adviser, independent adviser, company secretary, share registrar and solicitors for the Proposed Regularisation Plan

Any deviation in actual expenses for the Proposed Regularisation Plan will be adjusted to/from proceeds earmarked for general working capital of the Group.

Pending utilisation of the actual expenses for the Proposed Regularisation Plan, the proceeds will be placed in profit-bearing bank account, as deposits with licensed financial institution(s) and/or in short-term money market instruments as the Board deems fit. Any interests/profits earned from such deposits/investments shall be utilised for the general working capital of the Group as stated in note (b) above within 24 months from being earned.

Depending on the total number of Warrants issued under the Proposed Rights Issue with Warrants, assuming all Warrants are exercised at the Exercise Price of RM0.05 each, FSBM will receive proceeds of between RM5.0 million (based on Minimum Scenario) and RM6.3 million (based on Maximum Scenario). FSBM proposes to utilise such proceeds for working capital purposes as per the same percentage as detailed in note (b) above within 24 months from the time the proceeds are received. Pending utilisation of the proceeds from the exercise of the Warrants, the proceeds will be placed in profit-bearing bank account, as deposits with licensed financial institution(s) and/or in short-term money market instruments as the Board deems fit. Any interests/profits earned from such deposits/investments shall be utilised for the general working capital of the Group as stated in note (b) above within 24 months from being earned.

4.1 Fund raising exercise for the past 12 months

FSBM has not undertaken any equity fund raising exercises in the past 12 months up to LPD.

5. IMPLICATIONS OF PRACTICE NOTE 16 ("PN16")

FSBM takes cognisance of the potential proceeds arising from the Proposed Shares Issuance, Proposed Disposals and Proposed Rights Issue with Warrants.

Pursuant to Paragraph 8.03(1) of the Listing Requirements, a listed issuer whose assets on a consolidated basis, consist of 70% or more of cash or short-term investments, or a combination of both would have triggered the "**Cash Criterion**" and be deemed as a "**Cash Company**" or a Practice Note 16 ("**PN16**") company. As a PN16 company, such a listed issuer will be required to amongst others, regularise its condition by submit a proposal to acquire a new core business to the Securities Commission Malaysia for its approval within 12 months from the date it receives the notice is deemed a Cash Company and to place at least 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the disposal) in an account opened with a financial institution licensed by Bank Negara Malaysia and operated by a custodian.

Accordingly, FSBM will remain mindful of the aforementioned PN16 implications and plan the proceeds to be received from the Proposed Shares Issuance, Proposed Disposals and Proposed Rights Issue with Warrants as to not to trigger the Cash Criterion.

6. RATIONALE OF THE PROPOSED REGULARISATION PLAN

The Group's PN17 status has adversely affected the Group's ability to negotiate favourable terms with its existing and potential customers as well as suppliers. Being a PN17 entity, the Group has also been unable to secure bank borrowings for working capital purposes, and thus the Group has not been able to secure contracts in the past.

The Proposed Regularisation Plan serves to regularise the financial condition of FSBM Group in order to address and uplift the PN17 status of the Company. The Board believes that upon completion of the Proposed Regularisation Plan, the Group will be able to return to profitability and meet the criteria to uplift itself from being classified as a PN17 entity. The Board believes that this will also bode well for the Group as it will be able to provide confidence to its various stakeholders such as its shareholders, clients, financiers and employees of the Group's prospects moving forward.

6.1 Proposed Shares Issuance

Being a PN17 entity, it was challenging for FSBM to raise the requisite funds for its working capital as investors remained cautious. The Group is fortunate to have procured the support of the Subscribers which have the common objectives to grow and build a business in the IT Services sector.

The Board, after due consideration of the Group's immediate working capital requirements and the various fundraising methods, is of the view that the Proposed Shares Issuance is the most appropriate avenue to expediently raise the requisite funds for its on-going IT Services contracts as detailed in Section 4 above. The Proposed Shares Issuance will also assist to relieve the cashflow pressure for the Group's day-to-day operations and allow the Group to be more competitive in their pitch for new contracts. Upon completion of the Proposed Shares Issuance, the enlarged share capital base is also expected to further strengthen the balance sheet position of the Group.

Further, it is the intention of the Company to leverage on the experience and expertise of the Subscribers to grow the Group's IT Services business.

6.2 Proposed Disposals

The Proposed Disposals is undertaken to streamline the balance sheet of FSBM Group and dispose of its loss making subsidiaries which are generating negative cashflows. As detailed in Section 3.2.3 above, assuming the impairment of RM9.3 million trade receivables by the Disposal Companies, the Disposal Companies will have combined net liabilities of RM1.5 million after deducting the RM12.6 million amount owing to related companies. The Proposed Disposals will allow the Group to recognise a gain on disposal of RM3.5 million and raise proceeds of RM2.0 million to be utilised as detailed in Section 4 above.

6.3 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will allow the Group to further raise fresh funds of up to RM7.5 million for the purposes detailed in Section 4 above. The Proposed Rights Issue with Warrants also allows the shareholders of FSBM the opportunity to participate in the equity of FSBM at an attractive price.

The Proposed Rights Issue with Warrants is expected to re-capitalise FSBM's share capital sufficiently in view of the impending Proposed Capital Reduction.

6.4 Proposed Capital Reduction

The purpose of the Proposed Capital Reduction is to eliminate the accumulated losses of the Company with a view to rationalise the balance sheet of the Company to reflect more accurately the value of its underlying assets, and thus the financial position of the Company.

The Company would also be in a better position to retain profits and enhance its ability to pay dividends in the future, as and when appropriate, following the elimination of the accumulated losses. The Directors will take into consideration the present and future funding needs of the Company and Group before declaring any dividends.

6.5 Value creation and impact of the Proposed Regularisation Plan to FSBM Group and its shareholders

Subject to the approval of Bursa Securities, the Proposed Regularisation Plan is required to be undertaken to facilitate FSBM's upliftment from its current PN17 status. After due consideration of the various avenues to form a regularisation plan for FSBM Group, the Board is of the opinion that it remains FSBM's best opportunity to regularise its operations using its current IT Services business. By securing funding through the Proposed Shares Issuance, the Group will be able to expediently procure the requisite funding to implement the Group's secured contracts and also provide the much needed cashflow relieve for its day-to-day operations.

Over the past 3 financial years, the Disposal Companies had generally incurred losses. Upon completion of the Proposed Disposals, the Group will no longer need to consolidate the losses from the Disposal Companies and focus on building the operations of its core subsidiaries.

The Group is also proposing the Proposed Rights Issue with Warrants to be undertaken on a minimum subscription basis to raise up to RM6.0 million to allow the Group sufficient funds to take on more contracts and grow its IT Services business.

Should the Proposed Regularisation Plan be approved by Bursa Securities, the Group will be able to implement the Proposed Regularisation Plan to start generating revenue, profits and cashflow to revitalise the Group's operations and financial position.

6.6 Steps or actions which have been taken/will be taken to improve the financial condition of the Group

Over the last 12 months, the Group has undertaken the following measures/steps to improve its financial condition:-

(a) Securing/ pitching for new contracts

FSBM has been continuously trying to secure new IT services contracts to boost its revenue and earnings. With RM6.0 million proceeds earmarked for the general working capital of the Group, FSBM envisages that it will have sufficient operating cashflows to undertake the contracts set out in Section 7.3(ii) of this Announcement, as well as new contracts to be procured. Previously, the Group did not have sufficient operating cashflows which inhibited the Group's ability to undertake new contracts to regularise the Group's operations and earnings position.

Notwithstanding that the Group had been awarded 3 contracts set out in Section 7.3(ii) of this Announcement, the Group is continuously trying to pitch for new contracts to increase its pipeline. Amongst the contracts being tendered by FSBM, include a tender for the supply of a computer tablet to every secondary school student in Malaysia and to install a wireless local area network in of secondary school in Malaysia together with after sales support across a 6-year period.

FSBM believes that with the proceeds from the Proposed Regularisation Plan and anticipated cashflows from the aforementioned contracts, the Group will be in a better position to market for further contracts as well as to negotiate credit terms with their existing and new customers moving forward.

(b) Hiring of new skills and expertise

As at LPD, FSBM had appointed the following personnel to improve the Group's operations and to identify more business opportunities:-

(i) Mr Pang, Malaysian, aged 48

Mr Pang graduated from Oxford Brookes University, United Kingdom with a Bachelor Degree in Electronic Engineering in 1997. Prior to that he obtained a Higher Diploma in Electrical & Electronic Engineering / Computer Engineering from Wigan & Leigh College, United Kingdom, in 1995.

Mr Pang has 24 years of working experience in business development, sales & marketing in various multinational companies. He started his career in 1997 with KLA-Tencor Sdn Bhd (formerly known as ADE Corporation Sdn. Bhd.), engaged in developing and manufacturing of Silicon bare wafer inspection, metrology and data analysis systems. From 2001 till 2009, he worked with companies engaged in Semiconductor/IC Packaging Assembly and Testing, i.e., ASM Assembly Equipment (M) Sdn. Bhd. and Kulicke & Soffa Global Holding Corporation. From 2009 till 2016, he assumed the position as General Manager in GoIndustry-DoveBid (Malaysia) Sdn. Bhd. (an associate of a Liquidity Services provider listed in NASDAQ with headquarters located in Washington), a global solution provider in reserve supply chain management/manufacturing industrial equipment management

In 2019, he founded Aresys Industries Sdn Bhd ("**Aresys Ind**"), an industrial Automation and Digital System Integration Provider specialised in providing Industry 4.0 transformation, Internet of Things ("**IoT**") system integration and smart factory solutions. Prior to setting up of Aresys Ind, he was a freelance consultant to various multinational companies to manage their factory assets and system integration projects from 2017-2018. He is currently the Managing Director of Aresys Ind. Since incorporation, Aresys Ind has supported various Malaysian SME factories to embark on factory digitalization journey. Amongst the contracts procured includes a complete digitalization rollout for a plantwide system implementation for a factory under the Industry4WRD Intervention Fund; implementation of the Vision Inspection System and IoT & Digitalization for rubber glove manufacturers in Malaysia and Thailand.

(ii) Mr Low, Malaysian, aged 38

Mr Low graduated from Multimedia University with a Bachelor Degree (Honours) of Electronic Engineering majoring in Computer in 2006.

Mr Low started his career as a Researcher with Multimedia University in 2006 as an Intel Research Scholar for a research project titled "Workload Sharing in Distributed Environment with Networked Java Virtual Machine". In 2008, he joined Accenture Technology Solutions Sdn. Bhd. as a Software Engineer, primarily engaged as a BizTalk Developer and Enterprise Application Integration Support & Development Analyst.

In 2010, he co-founded Hola Media Sdn. Bhd. ("**Hola Media**"), a company which is principally involved in digital signage system architecture design, enterprise software integration development, cloud and microservices software development and open source technology. Amongst the contracts secured by Hola Media include corporate branding and public communication, dashboard data visualization, meeting rooms events integration, internal corporate communication, advanced content scheduling and brand consistency and industrial internet of things across various industries such as hospitality, energy and property development industries.

He joined the Group as the Chief Technology Officer in October 2021.

(iii) Lee Cheng Fei, Malaysian, aged 39

Lee Cheng Fei graduated from Multimedia University with a Bachelor Degree (Honours) of Electronic Engineering majoring in Telecommunications in 2006.

Lee Cheng Fei started his career as a Test Development Engineer with Xyratex (M) Sdn Bhd in 2006, and was involved in, amongst others, software development and testing for PCB boards, production line and failure analysis, and increasing test yields in the production line. In 2008, he joined Panasonic Research and Development Centre Malaysia as a Research and Development Engineer, and was involved in, amongst others, research and development activities for new product development and patent idea generation. He subsequently joined Hola Media in 2010 as a Business Development Manager, being principally involved in product development for proof of concept, prototype development, product demonstration and deployment to improve project outcomes, communication with end customers to identify requirements and deliverables of the projects, and provision of professional after-sales support to enhance customers' dedication.

He joined the Group as a Project Manager in October 2021.

The Group further believe that it can leverage on the experience and expertise of the above personnel to build and grow its existing IT Services business.

(c) Writing-off of salaries

The Board had on 15 October 2021 entered into letter agreements with Dato Tan, Tan Ee Ern (Executive Director) and Tan Wan Yen (Executive Director) to write-off the outstanding salaries owing to them by the FSBM Group. The debts were accumulated as salaries accrued to them from April 2014 to September 2015. For information, Dato Tan, Tan Ee Ern and Tan Wan Yen had not received any salary from FSBM Group since September 2015.

The waiver will result in a one-off income of RM0.9 million for FSBM Group.

(d) Impairment of receivables

As part of the Group's efforts to restructure its balance sheet, the Board noted receivables amounting to RM9.3 million are mostly long-overdue and therefore, indicates evidence of impairment and is proposing to provide for the entire amount. These receivables are recorded at the Company's wholly-owned subsidiary, CTech (one of the Disposal Companies). Nonetheless, as per the terms of the CSSA, FSBM has the right to recover 50% of these debts (after deducting RM2.0 million and all cost and expenses incurred or payable by CTech in relation to the TSB Dispute) from Dato Tan should such debts be subsequently received by CTech within a 1-year period from the completion of the CSSA. The Group believes that following the assessment, the remaining receivables of the Group should be healthy.

FSBM had entered into the CSSA with Dato Tan for the Proposed Disposals of the Disposal Companies to Dato Tan. Following the aforementioned impairment of the receivables, the Disposal Companies are expected to have a combined proforma net liabilities of RM1.5 million. Compared to the Disposal Consideration of RM2.0 million, the Proposed Disposals is expected to result in FSBM recognising a gain of disposal of RM3.5 million.

The Board is confident that the Proposed Regularisation Plan, once fully implemented will contribute positively to both the revenue and profitability of the Group.

The details of the steps and actions taken/ will be taken forms part of the Proposed Regularisation Plan as detailed in Section 2 above.

6.7 Adequacy of the Proposed Regularisation Plan in addressing the Group's financial concerns

The proceeds from the Proposed Shares Issuance are expected to address the Group's immediate cashflow requirements to fund the fulfilment of its existing contracts at hand, which will in the interim be funded via advances by FSBM's Directors. The Group believes that with careful planning and cost monitoring, the Group will be able to turnaround the losses of the Group and return to profitability.

After implementing the proposed steps in Section 6.6 above and upon completion of the Proposed Regularisation Plan, FSBM Group will not have an insignificant business or operations in accordance with Paragraph 8.03A(2) of the Listing Requirements and will not trigger any criteria prescribed under Paragraph 8.04 and Paragraph 2.1(d) of PN17.

7. PROSPECTS AND OUTLOOK

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full Movement Control Order (FMCO).

For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), due to the containment measures.

On the sectoral front, double-digit growth was recorded across most economic sectors in the second quarter of 2021. The services sector expanded by 13.4% (1Q 2020: -2.3%). Growth was supported by a nascent recovery in consumer-related activities in April and May 2021. This was, however, partially reversed by the re-imposition of restrictions on non-essential retail activities, dine-ins and inter-district and inter-state travel.

Meanwhile, the information and communication subsector continued to benefit from rising demand for e-commerce and e-payment activity, as well as remote working and learning arrangements. Additionally, strong double-digit growth was recorded in the finance and insurance subsector, attributed to higher fee income, sustained loan and deposit growth, and higher net insurance premiums less claims.

Domestic demand turned around to register a positive growth of 12.3% (1Q 2021: -1.0%) in the second quarter of 2021, mainly supported by private sector expenditure. On the external front, demand for Malaysia's exports, particularly for E&E products, continued to remain robust. Private consumption growth increased by 11.6% during the quarter (1Q 2021: -1.5%), following a broad-based expansion across both necessity and discretionary items, particularly at the start of the quarter, prior to the imposition of FMCO.

This was due mainly to less stringent containment measures and mobility restrictions in the first half of the quarter. Labour market conditions also showed signs of improvement in the same period, which lent support to household spending. Furthermore, various policy measures, including the EPF i-Sinar withdrawals and Bantuan Prihatin Rakyat, provided additional lift to consumer expenditure.

Public consumption expanded by 9.0% (1Q 2021: 5.9%), mainly on account of higher spending on supplies and services.

The Malaysian economy was on track for a broad recovery in 2021 as compared to last year. However, the resurgence of COVID-19 cases has necessitated the re-imposition of nationwide containment measures, which would weigh on growth. Nevertheless, the impact will be partially mitigated by continued allowances for essential economic sectors to operate, higher adaptability to remote work, as well as increased automation and digitalisation. Growth will continue to be supported by policy measures, which will provide cash flow support, particularly for affected households and businesses. Going forward, the economic recovery will be underpinned by higher external demand and gradual improvement in domestic demand. The rapid progress of the nationwide vaccination programme will allow economic sectors to be gradually reopened and provide some lift to household and business sentiments.

Against this backdrop, for 2021, the Malaysian economy is projected to expand within the range of 3.0 – 4.0%, although the pace of recovery will be uneven across sectors. The recovery is expected to accelerate going into 2022, supported by normalisation of economic activities as well as the positive spillovers from continued improvement in external demand.

The balance of risks remains tilted to the downside, arising mainly from pandemic-related factors, such as delay in the easing of containment measures or imposition of tighter containment measures, and a weaker-than-expected global growth recovery.

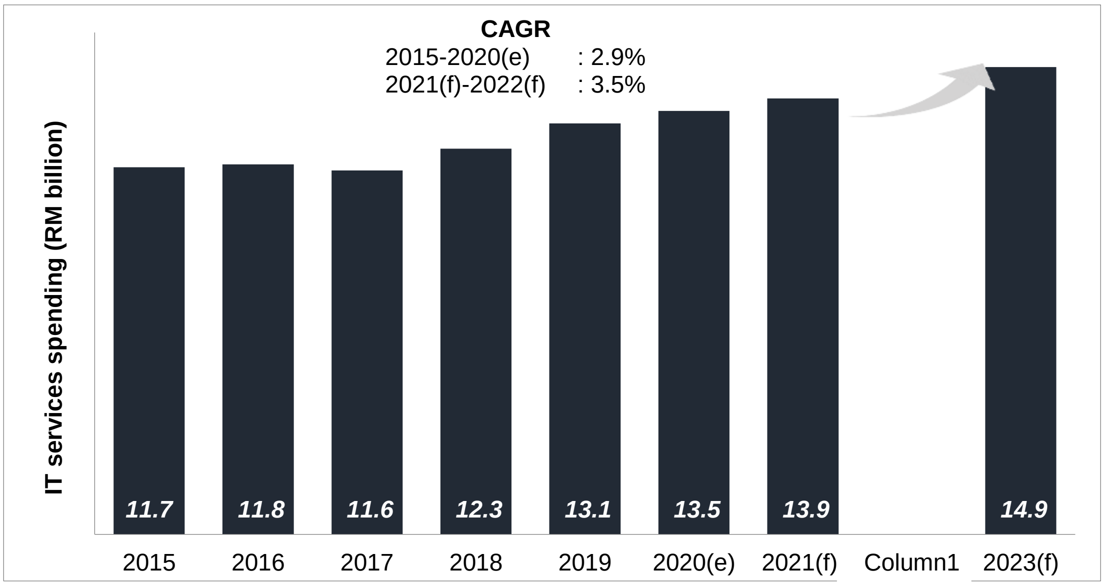
(Source: Bank Negara Malaysia Quarterly Bulletin 2Q2021)

7.2 Overview and outlook of the IT Services Industry in Malaysia

IT services refer to the provision of professional services supporting IT solutions, including design and development of IT solutions, maintenance services, refurbishment of IT equipment and managed IT services.

The IT services industry in Malaysia, as measured by spending on IT services, grew from RM11.7 billion in 2015 to an estimated RM13.5 billion in 2020 at a CAGR of 2.9%. Moving forward, the IT services industry in Malaysia is forecast to grow by a further CAGR of 3.5%, from an estimated RM13.9 billion in 2021 to RM14.9 billion in 2023.

IT services industry size in Malaysia



Note: (f) - Forecast
Source: Gartner, PROVIDENCE

The growth of the IT services industry in Malaysia is driven by:-

(i) The digitalisation of the economy, leading to demand for IT hardware

The digitalisation of the economy is known as the "Digital Economy", which refers to the increasing adoption and utilisation of IT solutions in carrying out day-to-day operational tasks across various economic sectors in order to improve efficiency and facilitate globalisation. The pervasive impact of the Digital Economy can be observed throughout various economic sectors including the banking sector (where cash-based transactions have shifted to online based transactions) and retail sector (where stores are no longer limited to physical outlets but also e-commerce platforms). In Malaysia, the contribution of the Digital Economy to the country's gross domestic product (GDP) has grown from 18.2% in 2016 to 19.9% in 2019.

The Coronavirus disease ("**COVID-19**") pandemic has also played a part in driving the Digital Economy. In order to curb the spread of COVID-19, national lockdown measures were imposed globally, including in Malaysia, and this forced corporations and organisations to adapt to work-from-home arrangements. Thus, technological solutions such as file sharing, messaging platforms, video conferencing and project management tools became a necessity in facilitating collaboration.

The Digital Economy is expected to expand in the country and as such, the demand for IT platforms are expected to increase. As the demand for IT platforms increases, this will also lead to a greater need for IT services to design and develop these IT platforms.

(ii) Growing e-commerce transactions will encourage a shift towards retailing products via e-commerce

E-commerce refers to the sale and purchase of products and services via the Internet. The e-commerce market size in Malaysia, as depicted by e-commerce transaction values in the country, increased from RM195.1 billion in 2015 to an estimated RM409.6 billion in 2020 at CAGR of 16.0%. The recent and on-going COVID-19 pandemic led to the implementation of national lockdown policies in Malaysia which restricted travel, movement and/or business activities. As a result, consumers have been spending more time on the Internet to purchase products, and this has led to higher number of e-commerce transactions in 2020 and 2021.

The growth of the e-commerce market has been, and is expected to continue to be, driven by the growing broadband penetration, proliferation of mobile devices and increased acceptance of digital payments in the country.

As the e-commerce market continue to grow, an increasing number of corporations and organisations are expected to adopt e-commerce as a means to retail their products and services. This is expected to increase the need for IT services to design and develop e-commerce platforms.

(iii) Shift towards smart factories to fully automate operations

Smart factories refer to production facility environments where machinery and equipment are interconnected using IoT technology. The interconnectivity of machinery and equipment enables automation of not only the manufacturing processes but also all other processes in the production facility, from the receipt of raw materials and supplies to the production and assembly of end-products.

Minimal human intervention is required to operate such a production facility, as workers can remotely supervise, monitor and control the operations of the entire production facility from a control room. Further, smart factory solutions also enable data to be shared throughout the organisation, enabling the organisation to make better business decisions, identify areas of concern or improvement as well as better utilisation of resources.

The need for such level of automation was notable during the COVID-19 pandemic in 2020, and is still on-going, where many organisations were forced to adapt to remote working arrangements due to lockdowns imposed to curb the spread of virus, and reduce reliance on human resources.

As the companies involved in manufacturing activities begin to digitalise their operations and shift towards smart factories, new smart manufacturing solutions are expected to be in demand to enable this shift. This is thus expected to lead to an increase in demand for IT services to design, develop and implement these solutions.

(iv) The rapid pace of technological evolution

The evolution of the ICT sector which has given rise to technological concepts such as big data, artificial intelligence and IoT is leading to a shift in the way businesses are operated today. Big data refers to the technology of managing and processing large data sets within a short time frame. Meanwhile, artificial intelligence describes technology that can turn data analysis into meaningful solutions. The IoT refers to a network of devices and sensors that are able to communicate and transfer data between them and other parties in a seamless manner.

Under the 11th Malaysia Plan, the Government of Malaysia (herein referred to as "**the Government**") has announced several initiatives to grow these technologies within Malaysia. The National IoT Strategic Framework estimates that the market for IoT in Malaysia will reach RM9.8 billion in 2020. Meanwhile, the Government intends to accelerate the adoption of big data through the National Big Data Analytics Framework which would spur demand for big data in all sectors, catalyse adoption of big data in the public sector and build the big data industry in Malaysia. This will be undertaken through data science programmes conducted by local and foreign universities and data science institutes, as well as upskilling talent in Malaysia in this area.

With the use of IoT, big data and artificial intelligence in critical business operations, data recorded digitally is expected to grow accordingly. This illustrates a continuous need for corporations and organisations to obtain ICT solutions with larger capacities in order to keep up with the increasing volume of digital data, especially for storage of backup data. The adoption of these technologies in corporations and organisations will lead to an increase in demand for IT hardware with higher processing capabilities. In order to minimise capital expenditure on IT hardware, corporations and organisations are expected to acquire or rent or lease refurbished IT hardware.

(v) Government initiatives to encourage digitalisation among businesses

The Government of Malaysia launched the Industry Digitalisation Transformation Fund, offering RM3 billion worth of loans with an interest subsidy of 2% for all Malaysian companies interested to digitalise their businesses, in an effort to transform the country to a preferred location for high tech manufacturing. The fund aims to accelerate adoption of new technology including artificial intelligence, automation, big data and robotics among Malaysian companies.

The National Fiberisation and Connectivity Plan 2019-2023 will provide a favourable environment for the digitalisation of businesses, as it aims to provide higher quality broadband at lower prices and improve connectivity throughout the country. This will have a positive impact on digitalisation, as high-quality digital connectivity is crucial to create and share digital data.

Further, in an effort to cushion the headwinds arising from the COVID-19 pandemic, the Government also announced several initiatives including providing grants and loans to eligible enterprises under the SME Digitalisation Matching Grant totalling RM100 million, SME Technology Transformation Fund totalling RM500 million and Smart Automation Grant totalling RM100 million (capped at up to RM1 million per company). The Government also announced tax reliefs and exemptions to sustain work-from-home policies.

Additionally in 2021, the Government of Malaysia introduced the Malaysia Digital Economy Blueprint which aims to make Malaysia the regional leader in digital economy as well as to achieve inclusive, responsible, and sustainable socioeconomic development. The Blueprint has been divided into three separate phases that focuses on different aspects of the Digital Economy. Phase 1 begins in 2021 to 2022 and focuses on accelerating and strengthening the foundation of digital adoption. While Phase 2 begins from 2023 to 2025, which aims to drive the inclusivity of digital transformation. Phase 3 which starts in 2026 to 2030 will focus on strong and sustainable growth as well as positioning Malaysia to become a regional market player for digital products and digital solutions provider. The Government of Malaysia has allocated a total of RM21 billion through the National Digital Network (Jendela) as a method to boost the implementation of the initiative.

These Government initiatives are expected to drive businesses to adopt digitalisation, which will also benefit the IT services industry.

(Source: IMR Report by Providence)

7.3 Overview and prospects of FSBM Group

Principal Activities

FSBM Group are principally an IT service provider, where the Group designs and develops customised IT solutions.

The range of services the Group provides include:

(i) Platform design and development

Based on the customers' requirements and budget, FSBM Group will determine the functionalities required and design a suitable IT platform framework. The framework will outline the functions and capabilities of the IT platform. The Group also provides consultation services to its clients in regards to the design of user interfaces and user experience in order to enhance overall user satisfaction in terms of usability and accessibility of the platform.

With the present technical department of FSBM Group, the Group has the capability to undertake the development of customised platforms. This includes code creation and programming, as well as testing and debugging of the platform before it is commercialised. FSBM Group has the capability to undertake the development of both web-based and mobile platforms.

(ii) Refurbishment services

FSBM Group has the capability to refurbish pre-owned IT hardware. This includes the sourcing of pre-owned IT hardware, cleaning, re-programming software applications, and/or replacing hardware components.

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As at the date of this Announcement, some of the key projects secured by the Group can be summarised as follows:

Client	Services provided	Description	Date contract secured	Expected completion date	Project value
Frozen food manufacturer and trader	Development of an e-commerce platform	• Web-based and mobile application that enable customers to browse, order and purchase products; • Administrative portal to enable back-end account management which allows users to add or remove new products, include discounts and promotions, and generate invoices or billing reports amongst others; • Ordering management system to enable users to view order status, manage orders and payments.	13 October 2021	18 months	RM5.0 million + RM534,800 for the provision of technical support and maintenance, which is renewable yearly
	Halal tracking system	• Traceability of *Halal* products using blockchain technology that enables users to trace the origin of products and product information via a QR code. • The system also includes an administrative portal to enable *Halal* food batch QR code generation and product batch management.			
	Frozen food vending system	• Setting up and configuration of vending machines; • Management system to remote monitor vending machines which will allow for inventory management, sales management and vending machine status monitoring.			
	Maintenance and support	Maintenance and technical support for the first 12 months, renewable yearly.			

Client	Services provided	Description	Date contract secured	Expected completion date	Project value
Health and wellness product retailer	Development of an e-commerce platform	• Web-based and mobile application that enable customers to browse, order and purchase products; • Administrative portal to enable back-end account management which allows users to add or remove new products, include discounts and promotions, and generate invoices or billing reports amongst others; • Ordering management system to enable users to view order status, manage orders and payments.	13 October 2021	12 months	RM2.0 million + RM534,800 for the provision of technical support and maintenance, which is renewable yearly
	Personalised product recommendation tool	An online self-assessment health tool which recommends suitable health and wellness products based on individual customers' health assessment.			
	Maintenance and support	Maintenance and technical support for the first 12 months, renewable yearly.			
Computer rental service provider	Refurbishment services	Procurement and supply of laptops, desktop computers and tablets.	15 October 2021	Within 3 years	Up to RM20.0 million

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Competitive strengths

(i) In-house capability to undertake the design and development of platforms and IT hardware refurbishment services

FSBM Group has built an experienced and committed technical department, which will be led by the Group's Executive Director, Mr Pang. Mr Pang has had close to 24 years of experience in the sales of manufacturing equipment and IT related services and solutions such as equipment host communication, data analysis system and system infrastructure, and a further 5 years in smart manufacturing solutions. The Group's Executive Director is also supported by the Chief Technology Officer, Mr Low, who has 13 years of experience in IT software and solution design and development. The members of the technical department also have had technical training and have extensive experience and expertise in the field of software development and support. This equips them with the foundation and understanding, as well as appropriate skill sets to better carry out their work related to platform design and development.

As a result, the Group has been able to secure new projects in platform design and development and IT hardware refurbishment services. The Group's continuous commitment to design and development efforts will promote the growth and sustainability of the Group moving forward.

(ii) Customisable IT services to different businesses and industries

The track record, experience and the understanding the Group will garner through the projects that have been presently secured can be replicated in different businesses within the same industry as well as in different industries.

As such, the Group can customise knowledge outputs, analysis and design frameworks that are meaningful to its customers. This will allow also allows the Group to design and develop platforms for various applications.

Future plans and strategies

FSBM Group intends to expand its business through the following avenues:-

(i) Securing new platform design and development projects

The Group intends to secure new platform development projects, particularly focusing on the following types of platforms:-

- E-commerce platform

  The Group recognises the need for e-commerce platforms in light of the growing e-commerce market in the country. According to the IMR report by PROVIDENCE, the e-commerce market size in Malaysia, as depicted by e-commerce transaction values in the country, increased from RM195.1 billion in 2015 to an estimated RM409.6 billion in 2020 at a compound annual growth rate ("**CAGR**") of 16.0%. E-commerce platforms have also been essential in allowing the food and beverage as well as retail industries to operate during the MCOs, and it is anticipated that such platforms will continue supporting the growth of these industries after the COVID-19 pandemic has been curbed.

- *Halal* tracking system

  Through the implementation of a *Halal* tracking system for its customer, the Group will be able to tap upon blockchain technology to develop its own *Halal* tracking system which would be customisable for other customers. With the *Halal* tracking system, the Muslim population will be able to trace supply chains, allowing them to understand the origins of the products they are consuming. This will provide credibility to the *Halal* product and minimise any disputes in the supply chain for *Halal* products.

  In 2020, the global Muslim population was estimated to be 1.9 billion or 24.7% of the total global population. The large Muslim population signifies the potential for *Halal* products and services. Given that there are limited *Halal* tracking systems available in the market, this leaves a considerable portion of this market relatively under-addressed.

- Vending machine system

  Vending machine systems are expected to grow in demand as advancement in technology has allowed for different types of food products to be dispensed and the growing need for convenience. Further, the COVID-19 pandemic has also led to operational restrictions and minimisation of workforce, and this is expected to bode well for vending machines which allows for automatic dispensing of food products. The trend of utilising vending machine systems is expected to continue as consumers in Malaysia are familiar with vending machines as an available option for purchasing food products. In light of the aforementioned factors, the Group sees potential in customising and setting up vending machine systems.

The abovementioned types of platforms can be replicated across different types of businesses and industries. Thus, this will enable the Group to secure new projects that are focused on these platforms, leveraging on its track record and experience in this segment.

As at LPD, the Group had hired a Chief Technology Officer, who is assisted by a Project Manager and a sales personnel. In order to facilitate more projects from this segment, the Group intends to progressively expand its workforce, depending on the quantum and demand of the projects to be secured.

(ii) Expanding the IT hardware refurbishment service segment

FSBM Group recognises a growing demand for refurbished IT hardware from IT hardware rental companies in light of:-

- the growing need for corporations and associations to lease or rent IT hardware to reduce their capital expenditure; and

- constant need for replacement of IT hardware by these corporations and associations as technology advances.

The Group thus intends to grow its revenues from the IT hardware refurbishment service segment through the following:-

- increasing the number of projects to refurbish IT hardware from existing and new customers; and

- expanding the range of IT hardware to be refurbished from desktops and laptops, to servers and mobile devices.

(iii) Venturing into smart manufacturing solutions

Smart manufacturing solutions enable the digitisation, production real time data transferring and automation of processes within factories and manufacturing facilities to allow for interconnectivity of equipment, thus optimising production and enhancing operational efficiency without much human intervention. These solutions are components of smart factories and will utilise IoT technology (which is the interconnection of machine, technology, humans and working culture towards the ultimate goal of improving business competitiveness).

The Group's Executive Director has garnered experience in digitisation of factories since 2016. Thus, the Group intends to leverage on his knowledge and understanding of manufacturing operation process and strategy to implement factory digitalisation and professional network of customers to design and develop smart manufacturing solutions. By doing so, the Group will be able to tap upon the growing market trend in the manufacturing industry to shift towards smart factories.

As such, FSBM Group intends to develop, configure and integrate smart manufacturing solutions, particularly:

- manufacturing execution systems which digitize and trace the production data from raw material till finished good using web-based reporting modules; and

- overall equipment effectiveness solutions which analyse machinery performance to improve production efficiency and ultimately enable seamless connectivity between the management office and production floor in order to streamline production control, scheduling capabilities and delivery leadtime.

The Group intends to target small to medium enterprises in the country which intend to improve their operational efficiency.

The Group expects the venture into smart manufacturing solutions will broaden its range of solutions, and allow it to grow its revenue stream.

8. RISK FACTORS

FSBM Group is exposed to the following risk factors:-

(a) The Proposed Regularisation Plan is subject to, amongst others, Bursa Securities' approval. It should be noted that, on the contrary, Bursa Securities reserves the right to reject the Company's proposal for the Proposed Regularisation Plan, and not grant FSBM an extension of time to submit a revised regularisation plan. In such an instance, the Company intends to appeal against Bursa Securities decision and to work with Bursa Securities toward formulating a regularisation that is acceptable. In the event FSBM is still unable to formulate an acceptable regularisation plan, Bursa Securities may delist FSBM from the Official List of Bursa Securities.

(b) The Group is dependent on its Directors and key management. The Group's achievements are largely attributable to the continued efforts of the Executive Directors and key management personnel who are directly responsible for the strategic direction, leadership, business planning and development, and management of the Group's business operations. The Group is also intending to rely on the experience and expertise of the new personnel detailed in Section 6.6(b) above to secure new contracts and build new areas of products for its IT Services business. There is no assurance that the Group may be able to find suitable replacements on a timely basis should any key personnel leave the Group which may in turn adversely affect the Group's operations and financial performance.

(c) The Group's ability to turnaround its operations and financial position is highly dependent on being able to complete the contracts at hand as well as to secure additional contracts. This is due to the nature of the business and the prevailing industry practice, where orders from customers are usually secured on a project-by-project basis. Notwithstanding the absence of long-term contracts, the Group believes that its competitive strengths, experience technical expertise and its well-equipped programming applications can provide a competitive edge when bidding for projects.

(d) The Group may not be able to effectively manage the growth or successful implementation of the Group's future plans and strategies. In order to successfully implement its expansion plan, it is imperative that the Group remains competitive. Therefore, the Group is committed to continuously growing its business through the expansion of its market presence.

9. FINANCIAL EFFECTS OF THE PROPOSED REGULARISATION PLAN

As detailed in Section 2.1 of this Announcement, the financial effects have been prepared based on the following basis:-

Minimum Scenario	:	None of the Warrants 2012/2022 will be exercised prior to the entitlement date for the Proposed Rights Issue with Warrants
Maximum Scenario	:	Assuming all the Warrants 2012/2022 are exercised prior to the entitlement date for the Proposed Rights Issue with Warrants

9.1 Issued share capital

The Proposed Disposals will not have any effect on the share capital of FSBM as it does not involve any issuance of new FSBM Shares.

The proforma effects of the Proposed Shares Issuance, Proposed Rights Issue with Warrants and Proposed Capital Reduction on the Company's issued share capital are as follows:-

	Minimum Scenario		**Maximum Scenario**	
	No. of FSBM Shares ('000)	**RM'000**	**No. of FSBM Shares ('000)**	**RM'000**
As at LPD [(a)]	140,224	9,352	140,224	9,352
Proposed Shares Issuance [(b)]	60,000	4,800	60,000	4,800
After Proposed Shares Issuance	200,224	14,152	200,224	14,152
Assuming all Warrants 2012/2022 are exercised [(c)]	-	-	49,783	19,469
	200,224	14,152	250,006	33,621
Proposed Rights Issue with Warrants [(d)]	200,224	4,305	250,006	5,375
After Proposed Rights Issue with Warrants	400,448	18,457	500,012	38,996
Proposed Capital Reduction	-	(10,800)	-	(10,800)
After Proposed Capital Reduction	400,448	7,657	500,012	28,196
Assuming exercise of Warrants	100,112	6,707	125,003	8,375
Enlarged share capital	500,559	14,364	625,016	36,571

Notes:-

(a) Net of treasury shares

(b) Assuming the issuance of 60.0 million Subscription Shares at the Subscription Price of RM0.08 each pursuant to the Proposed Shares Issuance.

(c) Assuming the exercise of all 49.8 million Warrants 2012/2022 at an exercise price of RM0.30 each.

(d) Assuming the issuance of 200.2 million to 250.0 million Rights Shares at the Issue Price of RM0.03 each pursuant to the Proposed Rights Issue with Warrants and adjusted for the apportionment of its relative fair value of RM0.0170 per Warrant to the warrants reserve account computed based on the Trinomial model as extracted from Bloomberg.

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9.2 NA and gearing

The pro forma effects (subject to confirmation by the Reporting Accountant) of the Proposed Regularisation Plan on the NA, NA per share and gearing position of the FSBM Group, based on its consolidated audited balance sheets as at 31 December 2020 and assuming that the Proposed Regularisation Plan had been effected as at 31 December 2020 are as follows:-

Minimum Scenario

		(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**
	Audited 31 December 2020	[(a)] **After subsequent events**	**After (I) and Proposed Shares Issuance**	**After (II) and Proposed Disposals**	**After (III) and Proposed Rights Issue with Warrants**	**After (IV) and Proposed Capital Reduction**	**Assuming exercise of all Warrants**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Share capital	10,064	10,064	[(b)] 14,864	14,864	[(d)] 19,169	[(f)] 8,369	[(g)] 15,076
Treasury shares	(712)	(712)	(712)	(712)	(712)	(712)	(712)
Warrants reserve	4,534	4,534	4,534	4,534	[(d)(e)] 1,752	1,702	[(g)] -
Accumulated (losses)/ earnings	(9,366)	(16,847)	[(b)] (17,297)	[(c)] (15,145)	[(d)] (11,511)	[(f)] (711)	(711)
Equity attributable to Owners of the Company	**4,520**	**(2,961)**	**1,389**	**3,541**	**8,648**	**8,648**	**13,653**
No of FSBM Shares *('000)*	140,224	140,224	[(b)] 200,224	200,224	[(d)] 400,448	400,448	[(g)] 500,559
NA per FSBM Share *(RM)*	0.03	(0.02)	0.01	0.02	0.02	0.02	0.03
Borrowings *(RM'000)*	-	-	-	-	-	-	-
Gearing *(times)*	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:-

(a) Subsequent events relate to the following adjustments proposed by the Board as part of the Proposed Regularisation Plan:-
- RM0.9 million income from the waiver of salaries owed to Dato Tan, Tan Ee Ern and Tan Wan Yen.
- intended RM9.3 million impairment of receivables in CTech.

Please refer to Section 6.6 above for further information on the aforementioned adjustments.

(b) Assuming the issuance of 60.0 million Subscription Shares at the Subscription Price of RM0.08 each and after accounting for estimated expenses of RM0.45 million pursuant to the Proposed Shares Issuance.

(c) After recognition of a gain on disposal of RM3.5 million and after accounting for estimated expenses of RM0.45 million pursuant to the Proposed Disposals.

(d) Assuming the issuance of 200.2 million Rights Shares at the Issue Price of RM0.03 each and adjusted for the apportionment of its relative fair value of RM0.0170 per Warrant to the warrants reserve account computed based on the Trinomial model as extracted from Bloomberg and after accounting for estimated expenses of RM0.90 million pursuant to the Proposed Rights Issue with Warrants.

(e) As the Proposed Rights Issue with Warrants is expected to be implemented after the expiry of the Warrants 2012/2022 on 16 May 2022, it is assumed that the entire warrant reserve will be transferred to offset the Group's accumulated losses.

(f) After cancellation of RM10.8 million the Company's capital pursuant to the Proposed Capital Reduction.

(g) Assuming the issuance of 100.1 million FSBM Shares pursuant to the exercise of Warrants at the exercise price of RM0.05 each.

Maximum Scenario

		(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
	Audited 31/12/2020	[a] **After subsequent events**	**After (I) and Proposed Shares Issuance**	**After (II) and Proposed Disposals**	**After (III) and assuming exercise of all Warrants 2012/2022**	**After (IV) and Proposed Rights Issue with Warrants**	**After (V) and Proposed Capital Reduction**	**Assuming exercise of all Warrants**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Share capital	10,064	10,064	[b] 14,864	14,864	[d] 34,333	[e] 39,708	[f] 28,908	[g] 37,283
Treasury shares	(712)	(712)	(712)	(712)	(712)	(712)	(712)	(712)
Warrants reserve	4,534	4,534	4,534	4,534	[d] -	[e] 4,250	4,250	-
Accumulated losses	(9,366)	(16,847)	[b] (17,297)	[c] (15,145)	(15,145)	[e] (16,045)	[f] (5,245)	(5,245)
Equity attributable to Owners of the Company	**4,520**	**(2,961)**	**1,389**	**3,541**	**18,476**	**27,201**	**27,201**	**31,326**
No of FSBM Shares *('000)*	140,224	140,224	[b] 200,224	200,224	[d] 250,006	[e] 500,013	500,013	[g] 625,016
NA per FSBM Share *(RM)*	0.03	(0.02)	0.01	0.02	0.07	0.05	0.05	0.05
Borrowings *(RM'000)*	-	-	-	-	-	-	-	-
Gearing *(times)*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:-

(a) Subsequent events relate to the following adjustments proposed by the Board as part of the Proposed Regularisation Plan:-

- RM0.9 million income from the waiver of salaries owed to Dato Tan, Tan Ee Ern and Tan Wan Yen.
- intended RM9.3 million impairment of receivables in CTech.

Please refer to Section 6.6 above for further information on the aforementioned adjustments.

(b) Assuming the issuance of 60.0 million Subscription Shares at the Subscription Price of RM0.08 each and after accounting for estimated expenses of RM0.45 million pursuant to the Proposed Shares Issuance.

(c) After recognition of a gain on disposal of RM3.5 million and after accounting for estimated expenses of RM0.45 million pursuant to the Proposed Disposals.

(d) Assuming the issuance of 49.8 million FSBM Shares pursuant to the exercise of Warrants 2012/2022 at the exercise price of RM0.30 each.

(e) Assuming the issuance of 250.0 million Rights Shares at the Issue Price of RM0.03 each and adjusted for the apportionment of its relative fair value of RM0.0170 per Warrant to the warrants reserve account computed based on the Trinomial model as extracted from Bloomberg and after accounting for estimated expenses of RM0.90 million pursuant to the Proposed Rights Issue with Warrants.

(f) After cancellation of RM10.8 million the Company’s capital pursuant to the Proposed Capital Reduction.

(g) Assuming the exercise of all 125.0 million Warrants at an exercise price of RM0.05 each.

9.3 Substantial shareholders' shareholding

The Proposed Disposals and Proposed Capital Reduction will not have any effect on FSBM's substantial shareholders' shareholdings.

The proforma effect of the Proposed Shares Issuance and Proposed Rights Issue with Warrants on FSBM's substantial shareholders' shareholdings are as follows:-

Minimum scenario

	As at LPD				(I) After Proposed Shares Issuance				(II) After (I) and Proposed Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Chew Weng Yew	31,819,200	22.69	-	-	31,819,200	15.89	-	-	63,638,400	15.89	-	-
Sanyee Holdings Sdn Bhd	21,222,000	15.13	-	-	21,222,000	10.60	-	-	42,444,000	10.60	-	-
Dato Tan	17,005,700	12.13	(a)22,008,200	15.70	17,005,700	8.49	(a)22,008,200	10.99	34,011,400	8.49	(a)44,016,400	10.99
Tan Wan Phing	491,200	0.35	(b)21,412,000	15.70	491,200	0.25	(b)21,412,000	10.69	982,400	0.25	(b)42,824,000	10.69
Tan Wan Yen	1,900	*	(b)21,412,000	15.27	1,900	*	(b)21,412,000	10.69	3,800	*	(b)42,824,000	10.69
Tan Ee Ern	-	-	(b)21,412,000	15.27	-	-	(b)21,412,000	10.69	-	-	(b)42,824,000	10.69
Datin Phang Hong Yee	105,000	0.07	(b)21,412,000	15.27	105,000	0.05	(b)21,412,000	10.69	210,000	0.05	(b)42,824,000	10.69
Tan Sri Syed Zainal	-	-	-	-	30,000,000	14.98	-	-	60,000,000	14.98	-	-
Mr Pang	-	-	-	-	16,000,000	7.99	-	-	32,000,000	7.99	-	-
Mr Low	-	-	-	-	14,000,000	6.99	-	-	28,000,000	6.99	-	-

(III)

	After (II) and assuming exercise of all Warrants			
	Direct		Indirect	
	Number of Shares	%	Number of Shares	%
Chew Weng Yew	79,548,000	15.89	-	-
Sanyee Holdings Sdn Bhd	53,055,000	10.60	-	-
Dato Tan	42,514,250	8.49	(a)55,020,500	10.99
Tan Wan Phing	1,228,000	0.25	(b)53,530,000	10.69
Tan Wan Yen	4,750	*	(b)53,530,000	10.69
Tan Ee Ern	-	-	(b)53,530,000	10.69
Datin Phang Hong Yee	262,500	0.05	(b)53,530,000	10.69
Tan Sri Syed Zainal	75,000,000	14.98	-	-
Mr Pang	40,000,000	7.99	-	-
Mr Low	35,000,000	6.99	-	-

Notes:-

***** Less than 0.01%

(a) Deemed interest via Sanyee Holdings Sdn Bhd, Sanyee Corporation Sdn Bhd, spouse and daughter by virtue of Section 8 of the Act.

(b) Deemed interest via Sanyee Holdings Sdn Bhd and Sanyee Corporation Sdn Bhd by virtue of Section 8 of the Act.

Maximum Scenario

	As at LPD				(I) After Proposed Shares Issuance				(II) After (I) and assuming exercise of Warrants 2012/2022			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Chew Weng Yew	31,819,200	22.69	-	-	31,819,200	15.89	-	-	48,695,970	19.48	-	-
Sanyee Holdings Sdn Bhd	21,222,000	15.13	-	-	21,222,000	10.60	-	-	29,870,000	11.95	-	-
Dato Tan	17,005,700	12.13	[(a)]22,008,200	15.70	17,005,700	8.49	[(a)]22,008,200	10.99	17,009,900	6.80	[(a)]33,036,800	13.21
Tan Wan Phing	491,200	0.35	[(b)]21,412,000	15.70	491,200	0.25	[(b)]21,412,000	10.69	736,800	0.29	[(b)]32,190,000	12.88
Tan Wan Yen	1,900	*	[(b)]21,412,000	15.27	1,900	*	[(b)]21,412,000	10.69	7,600	*	[(b)]32,190,000	12.88
Tan Ee Ern	-	-	[(b)]21,412,000	15.27	-	-	[(b)]21,412,000	10.69	7,000	*	[(b)]32,190,000	12.88
Datin Phang Hong Yee	105,000	0.07	[(b)]21,412,000	15.27	105,000	0.05	[(b)]21,412,000	10.69	110,000	0.04	[(b)]32,190,000	12.88
Tan Sri Syed Zainal	-	-	-	-	30,000,000	14.98	-	-	30,000,000	12.00	-	-
Pang Kiew Kun	-	-	-	-	16,000,000	7.99	-	-	16,000,000	6.40	-	-
Low Kang Wei	-	-	-	-	14,000,000	6.99	-	-	14,000,000	5.60	-	-

	(III) After (II) and Proposed Rights Issue with Warrants				(IV) After (III) and assuming exercise of all Warrants			
	Direct		Indirect		Direct		Indirect	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Chew Weng Yew	97,391,940	19.48	-	-	121,739,925	19.48	-	-
Sanyee Holdings Sdn Bhd	59,740,000	11.95	-	-	74,675,000	11.95	-	-
Dato Tan	34,019,800	6.80	(a)66,073,600	13.21	42,524,750	6.80	(a)82,592,000	13.21
Tan Wan Phing	1,473,600	0.29	(b)64,380,000	12.88	1,842,000	0.29	(b)80,475,000	12.88
Tan Wan Yen	15,200	0.00	(b)64,380,000	12.88	19,000	0.00	(b)80,475,000	12.88
Tan Ee Ern	14,000	0.00	(b)64,380,000	12.88	17,500	0.00	(b)80,475,000	12.88
Datin Phang Hong Yee	220,000	0.04	(b)64,380,000	12.88	275,000	0.04	(b)80,475,000	12.88
Tan Sri Syed Zainal	60,000,000	12.00	-	-	75,000,000	12.00	-	-
Pang Kiew Kun	32,000,000	6.40	-	-	40,000,000	6.40	-	-
Low Kang Wei	28,000,000	5.60	-	-	35,000,000	5.60	-	-

Notes:-

* Less than 0.01%

(a) Deemed interest via Sanyee Holdings Sdn Bhd, Sanyee Corporation Sdn Bhd, spouse and daughter by virtue of Section 8 of the Act.

(b) Deemed interest via Sanyee Holdings Sdn Bhd and Sanyee Corporation Sdn Bhd by virtue of Section 8 of the Act.

9.4 Earnings and earnings per share ("EPS")

The Proposed Capital Reduction is not expected to have a material impact on the earnings and EPS of FSBM Group.

The Proposed Disposals may result in an estimated gain on disposal of RM3.5 million arising, which is expected to be recognized in the financial year ending 31 December 2022.

The Proposed Shares Issuance and Proposed Rights Issue with Warrants will result in an immediate dilution in FSBM's EPS as a result of the increase in the number of FSBM Shares in issue upon issuance of the Subscription Shares and Rights Shares. Moving forward, the Proposed Shares Issuance and Proposed Rights Issue with Warrants are expected to contribute positively to the consolidated earnings of FSBM as and when the benefits of the proposed utilisation of proceeds materialise.

9.5 Convertible securities

As at LPD, save for outstanding 49,782,530 Warrants 2012/2022, FSBM does not have any other convertible securities in issue.

As per the terms of the deed poll for the Warrants 2012/2022 and in view that the Board has decided to implement the Proposed Rights Issue of Warrants upon expiry of the Warrants 2012/2022, the Proposed Regularisation Plan is not expected to result in an adjustment to the number of Warrants and/or Exercise Price of the Warrants.

10. APPROVALS REQUIRED

The Proposed Regularisation Plan is subject to the following approvals being obtained:-

(a) Bursa Securities:-

   (i) for the Proposed Regularisation Plan;

   (ii) admission to the Official List and listing of and quotation for the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities;

   (iii) listing of and quotation for the following:-

      - listing of and quotation for the Subscription Shares to be issued pursuant to the Proposed Shares Issuance; and

      - listing of and quotation for the new FSBM Shares to be issued pursuant to the Proposed Rights Issue with Warrants and from the exercise of the Warrants;

(b) The confirmation of the High Court of Malaya for the Proposed Capital Reduction;

(c) Shareholders of FSBM at an extraordinary general meeting to be convened for the Proposed Regularisation Plan; and

(d) the approval of any other relevant authorities and/or parties if required.

The proposals comprising the Proposed Regularisation Plan are inter-conditional upon each other.

The Proposed Regularisation Plan is not conditional upon any other corporate proposals to be implemented by the Company.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the directors and major shareholders of the Company as well as persons connected with them have any interest, direct and/or indirect, in the Proposed Regularisation Plan.

Mr Pang, an Executive Director of FSBM is a Subscriber for the Proposed Shares Issuance and is thus interested in the Proposed Shares Issuance. As at LPD, Mr Pang does not hold any FSBM Shares.

Dato Tan, a major shareholder and the Managing Director of FSBM is interested in the Proposed Disposals. As at LPD, Dato Tan holds 39,013,900 (direct and indirect interest) FSBM Shares representing approximately 27.8% of the total issued share capital of FSBM. Tan Ee Ern and Tan Wan Yen, are Executive Directors of FSBM and children to Dato Tan.

Mr Pang, Dato Tan, Tan Ee Ern and Tan Wan Yen are collectively referred to as the "**Interested Directors**".

As the Proposed Shares Issuance and Proposed Disposals are inter-conditional upon the rest of the proposals comprising the Proposed Regularisation Plan, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Regularisation Plan at the relevant Board meetings of the Company.

The Interested Directors will also abstain from voting and have undertaken to ensure that any persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in FSBM on the resolutions pertaining to the Proposed Regularisation Plan at the Company's EGM.

12. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company, after having considered all relevant aspects of the Proposed Disposals (including but not limited to the terms, basis of the Disposal Consideration, rationale and the overall Proposed Regularisation Plan), is of the opinion that the Proposed Disposals are in the best interest of the Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the non-interested shareholders of the Company.

13. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), having considered all aspects of the Proposed Regularisation Plan (including but not limited to the rationale, financial effects, risk factors of the Proposed Regularisation Plan), is of the opinion that the Proposed Regularisation Plan is in the best interest of the Company.

14. APPLICATION TO THE RELEVANT AUTHORITIES

The application to Bursa Securities in respect of the Proposed Regularisation Plan will be submitted by 15 April 2022, or such other date as approved by Bursa Securities.

15. ADVISER

Malacca Securities has been appointed as the Principal Adviser to FSBM for the Proposed Regularisation Plan and Placement Agent for the Proposed Share Issuance.

In compliance with paragraph 10.08 of Chapter 10 of the Listing Requirements, the Company had appointed Sierac Corporate Advisers Sdn Bhd as the Independent Adviser to advise the non-interested Directors and shareholders on the fairness and reasonableness of the Proposed Disposals, whether the Proposed Disposals is to the detriment of the minority shareholders of FSBM and whether the minority shareholders of FSBM should vote in favour of the resolution in respect of the Proposed Disposals.

16. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposals pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 44.3% computed based on the Disposal Considerations over the net assets of FSBM Group.

17. ESTIMATED TIMEFRAME FOR COMPLETION

If the Proposed Regularisation Plan is approved by Bursa Securities and the shareholders of FSBM, the Company expects to complete the implementation of the Proposed Regularisation Plan within 12 months from the date of approval of Bursa Securities.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The Subscription Agreements and CSSA will be available for inspection at FSBM’s Share Registrar’s Office during normal business hours from Monday to Fridays (except for public holidays) at Unit 32-01, Level 32, Tower A, Vertical Business Suite No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. for a period of 3 months from the date of this Announcement.

SALIENT TERMS OF THE SUBSCRIPTION AGREEMENTS

The salient terms below are reflected throughout all the Subscription Agreements.

(i) Subscription Price

Subject to the terms and conditions of the Subscription Agreement, the Company agrees to issue to Subscribers and the Subscribers agrees to subscribe for a total of 60,000,000 Subscription Shares ("**Subscription Shares**") at the subscription price of RM0.08 per Subscription Share as follows:-

Subscriber	Number of Subscription Shares	Total sum subscribed
(a) Tan Sri Syed Zainal	30,000,000	RM2,400,000.00
(b) Mr Pang	16,000,000	RM1,280,000.00
(c) Mr Low	14,000,000	RM1,120,000.00
	60,000,000	**RM4,800,000.00**

(ii) Conditions precedent

The allotment and issuance of the Subscription Shares is subject to the following conditions being fulfilled:-

(a) the Company obtaining the approval of its shareholders for the issue and allotment of the Subscription Shares in accordance with the terms and conditions contained in the Subscription Agreement; and

(b) the Company obtaining the approval-in-principle of Bursa Securities for the listing and quotation of the Subscription Shares on the Main Market of Bursa Securities.

The Conditions Precedent shall be satisfied on or before 14 October 2022 ("**Cut-Off Date**"). Thereafter, the parties may (before or on expiry of the Cut-Off Date) have an extension(s) of time as may be agreed between the parties to comply with the Conditions Precedent. If the Conditions Precedent has not been fulfilled on the expiry of the Cut-Off Date or such extension of time agreed between the parties, then the Subscription Agreement shall lapse and cease to have any further force or effect and none of the parties shall have any further rights against the other(s).

The Subscription Agreement shall become unconditional on the date of which the last of the Conditions Precedent is fulfilled or obtained ("**Unconditional Date**").

(iii) Completion and Payment

Within 5 business days of the Unconditional Date, the Subscriber shall:-

(a) Deposit with the Malacca Securities as the placement agent ("**Placement Agent**") the total Subscription Price ("**Payment Date**") by way of telegraphic transfer to a bank account nominated by the Placement Agent and notified to the parties at least 5 business days prior to the Payment Date; and

(b) Notify the Company in writing of the details of Subscriber’s stockbrokers and the particulars of the securities account into which the Subscription Shares are to be credited.

Upon the Placement Agent receiving the total Subscription Price and within 5 business days from the Payment Date:

(a) the Placement Agent shall confirm to the Company of such receipt;

(b) the Company shall allot and issue the Subscription Shares to the Subscriber;

(c) the Company shall deliver or caused to be delivered to Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") the share certificates for the Subscription Shares registered in the name of Bursa Depository;

(d) the Company shall instruct and procure Bursa Depository to credit the securities account of the Subscriber with the Subscription Shares; and

(e) the Company shall procure the listing of the Subscription Shares on the Main Market of Bursa Securities.

Completion of the subscription of the Subscription Shares for the Subscription Price will take place on the listing date of the Subscription Shares on the Main Market of Bursa Securities ("**Completion**"). On Completion, the Placement Agent shall be authorised by the parties release the Subscription Price to the Company.

(iv) Default

In the event that the Subscriber shall for any reason fail or refuse to complete the subscription of the Subscription Shares under the terms of the Subscription Agreement or Subscriber fails to comply with all the obligations or stipulations contained or defaults in the Subscription Agreement and does not remedy the same to the satisfaction of the Company within 14 days from the date of receipt of written notice by the Company or such breach is not waived by the Company at its absolute discretion, the Company shall be entitled to, without prejudice to its other rights and remedies including its right to sue for specific performance of the Subscription Agreement or to terminate the Subscription Agreement and recover all amounts actually paid and expanded pursuant to or arising from the Subscription Agreement.

The salient terms of the CSSA are as follows:-

(i) Sale and Purchase of the Sale Shares

In consideration of the Disposal Consideration which shall be satisfied in cash, the Company as legal and beneficial owner shall sell, and Dato Tan shall purchase, the Sale Shares on an "as is where is basis" free from any and all encumbrances and with all rights, benefits and advantages now or hereafter attaching thereto, including all bonuses, rights, dividends and distributions declared made and paid as from the day falling within 60 days from the date the last of the conditions precedent of the CSSA is satisfied or such other date as the parties may agree whereby completion of the sale and purchase of the Sale Shares shall occur ("**Completion Date")** upon the terms and subject to the conditions contained in the CSSA.

(ii) Conditions precedent

Completion of the CSSA is conditional upon:

(a) the Company obtaining the approval from Bursa Securities for the proposed regularisation plan of the Company which includes amongst others, the disposal of the Sale Shares to Dato Tan;

(b) the Company obtaining the approval of the shareholders of the Company at a general meeting to be convened in respect of the disposal of the Sale Shares and matters contemplated by or relating to the CSSA in accordance with requirements of the Listing Requirements;

(c) the special audit for the financial period ending 30 September 2021 to be conducted by the auditors of each Disposal Company, the results of which are to the satisfaction of the parties;

(d) such other waivers, consents or approvals as may be required (or deemed necessary by the parties) from any third party (including financial institution) or relevant governmental or regulatory body necessary or appropriate to carry out the sale and purchase of the Sale Shares pursuant to the terms of the CSSA having been obtained.

Notwithstanding anything to the contrary, the conditions precedent shall be satisfied within a period of 12 months from the date of the CSSA (the "**Cut-Off Date**"). Thereafter, both parties may (before or on expiry of the Cut-Off Date) have an extension(s) of time as may be agreed between the parties to comply with the conditions precedent. If the conditions precedent has not been fulfilled on the expiry of the Cut-Off Date or such extension of time agreed between the parties, then the CSSA shall lapse and cease to have any further force or effect and none of the parties shall have any further rights against the other(s).

(iii) Disposal Consideration

The Disposal Consideration of RM2,000,000 only shall be satisfied by cash on the Completion Date.

(iv) Completion

Completion shall take place on the Completion Date.

Completion is conditional upon all the Sale Shares collectively being sold to Dato Tan and that the Company and Dato Tan performs all their respective obligations in the CSSA.

At the Completion Date, the Company shall deliver or cause to be delivered to Dato Tan:

(a) the resolution of the board of directors of each Disposal Company approving the transfer and registration of the Sale Shares in favour of Dato Tan subject only to the shares transfers instruments having been duly stamped;

(b) the share certificates in respect of all the Sale Shares, the instruments of transfer under section 105 of the Act in respect of the Sale Shares duly executed by the Company as transferor in favour of Dato Tan as transferee and such documents as may be required to give good title to the Sale Shares and to enable Dato Tan to become the registered holder of the Sale Shares; and

(c) the certified true copies of the approvals or documents referred to in item (ii) above.

Against delivery of the above documents, Dato Tan shall pay the Company the Disposal Consideration and produce and deliver to the Company the certified true copies of the approvals and/or documents referred to in item (ii) above.

Dato Tan shall further cause:

(a) the transfer of the Sale Shares;

(b) Dato Tan to be registered as a member of each Disposal Company into the register of members of the respective Disposal Company; and

(c) the change in the name of each Disposal Company and the removal of all references to "FSBM" therein, if applicable,

pursuant to the Completion in accordance with the Act. Dato Tan shall forward to the Company the certified true copies of the duly lodged documents for the transfer of the Sale Shares, and the change in the name of each Disposal Company (if applicable) within 30 days from the Completion Date.

(v) <u>Conditions Subsequent</u>

The parties agree that with regards to all disputes (whether present or future) involving CTech in connection with the works undertaken by CTech and/or the Company for Technitium Sdn Bhd ("**TSB**") including the disputes with its directors Professor Emiritus Dr Azman Awang and Aliza Bidin and other disputes in relation thereto (the "**TSB Dispute**"):

(i) Dato Tan shall at all times after the Completion Date, manage and carry out the necessary actions required to protect and defend CTech in relation to the TSB Dispute (including any decision to appeal, settle, withdraw and/or instruct to the lawyers) promptly, diligently and to the best interest of the Company and/or CTech provided that it does not materially adversely affect the Company (individually or together with its subsidiaries).

(ii) The Parties shall from time to time update the other Party of the progress of the TSB Dispute and where requested, provide all relevant information and documents so requested. Dato Tan acknowledges that the Company may be required to make announcement to Bursa Securities from time to time with regards to the TSB Dispute and agrees to such disclosures.

(iii) After the Completion Date, Dato Tan shall bear and indemnify the Company against all liabilities, obligations, risks, loss, damages, compensations, costs and expenses (including taxes and interest costs and expenses) as a result of Dato Tan failing to perform his obligations under or pursuant to any of the aforesaid or otherwise incurred in enforcing or seeking to enforce this clause or obtaining or seeking to obtain payment of all or any part of the monies agreed to be indemnified) arising from the TSB Dispute (including but not limited to any counterclaims, appeals and settlements, whether initiated before, on or after the date of this Agreement) save for any loss, damage, cost or expenses already paid for or accrued by CTech and/or the Company in respect of the TSB Dispute up to the Completion Date.

(iv) After the Completion Date, the Company agrees to provide all reasonable assistance and/or documents which are reasonably required in relation to the TSB Dispute to enable Dato Tan to fulfil his obligations under this clause.

(v) For a period of 1 year from the Completion Date, Dato Tan irrevocably agrees and undertakes that in the event CTech is successful in recovering or entering into any settlement to recover any amounts from the TSB Dispute, the Company is entitled to receive from CTech a sum equivalent to fifty percent (50%) of the recovered amount so received by CTech less a sum of RM2,000,000 only and all cost and expenses (including any tax) incurred or payable by CTech in relation to the TSB Dispute (save for any costs and expenses already paid for or accrued by the Company or already paid for or accrued by CTech for the TSB Dispute prior to the Completion Date) ("**Award Sum**") in consideration of clause (i) to (iv) above.

Dato Tan further undertakes and agrees to execute and do or cause to be executed and done, all such other documents, acts or things (if any) as is reasonable to enable the Company to receive the Award Sum within 14 business days of Dato Tan's receipt of a written request therefor if the same is received after the Completion Date and prior to the expiry of the aforesaid 1 year period.

(vi) <u>Breach/Termination</u>

If Dato Tan shall fail to complete the sale and purchase of the Sale Shares in accordance with the CSSA on Completion Date in the manner in the CSSA and/or breaches any of the terms and/or warranties of the CSSA, then the Company shall be entitled to either:

(a) claim for specific performance of the CSSA; or

(b) terminate the CSSA and upon such termination, the Company shall return all monies paid towards the Disposal Consideration (free of interest) in exchange against Dato Tan paying to the Company all reasonable costs and expense incurred by the Company pursuant to the negotiation and preparation of the CSSA and any incidental costs thereto;

after which the Company shall have no other claims whatsoever against Dato Tan and the Company shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.

If the Company shall fail to complete the sale and purchase of the Sale Shares in accordance with the CSSA on Completion Date in the manner stipulated in the CSSA and/or breaches any of the terms of the CSSA, then Dato Tan shall be entitled to either:

(a) claim for specific performance of the CSSA; or

(b) terminate the CSSA and upon such termination, the Company shall refund to Dato Tan all monies paid towards the Disposal Consideration (free of interest) together with all reasonable costs and expenses incurred by Dato Tan pursuant to the negotiation and preparation of the CSSA and any incidental costs thereto;

after which Dato Tan shall have no other claims whatsoever against the Company and the Company shall be entitled to sell or dispose of the Sale Shares freely to any other party or parties.

The salient terms of the Warrants are as follows:-

Terms		**Details**
Issue size	:	Up to 125,003,145 Warrants.
Form	:	The Warrants will be constituted by the Deed Poll to be executed by FSBM.
Detachability	:	The Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately.
Exercise Price	:	RM0.05, being the amount payable for every new FSBM Share to be subscribed pursuant to an exercise of a Rights Warrant. The Exercise Price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	:	The period commencing on and including the date of issuance of the Warrants and ending at the close of business at 5.00 p.m. in Kuala Lumpur, on the date preceding the 5th anniversary of the date of issuance, or if such is not a day on which the stock market of Bursa Securities is open for trading of securities ("**Market Day**"), then it shall be the Market Day immediately preceding the said non-Market Day ("**Exercise Period**").
Exercise Rights	:	The rights conferred on a Warrant holder to subscribe for 1 new FSBM Share for each Warrant at any time during the Exercise Period and at the Exercise Price subject to the Deed Poll.
Board Lot	:	The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new FSBM Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Ranking of Warrants	:	The Warrants shall as between the Warrant holders rank *pari passu* and rateably in all aspects amongst themselves.
Ranking of new FSBM Shares to be issued pursuant to exercise of Warrants	:	The new FSBM Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the existing FSBM Shares, save and except that the new FSBM Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such new FSBM Shares.
Modification	:	The Company may, from time to time, subject to the terms and conditions of the Deed Poll, without the consent or sanction of the warrant holders, modify, amend or add to the Deed Poll, if such modification, amendment or addition made does not materially prejudice the interests of the Warrant holders or is made to correct a manifest error or to comply with the prevailing laws of Malaysia.
Listing	:	The Warrants and new FSBM Shares to be issued from the exercise of the Warrants will be listed on the Main Market of Bursa Securities.

Terms		Details
		Approval will be obtained from Bursa Securities for the admission of Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and new FSBM Shares to be issued from the exercise of the Warrants on the Main Market of Bursa Securities.
Governing Law	:	Laws of Malaysia

The summary of historical financial performance and financial position of the Group based on the audited consolidated financial statements for the FYE 31 December 2018, FYE 31 December 2019 and FYE 31 December 2020 and 6-month unaudited consolidated financial statements for the FPE 30 June 2021 are as follows:-

	Audited			Unaudited
	FYE 30 June 2018	[(a)] FYE 31 December 2019	FYE 31 December 2020	6-month FPE 30 June 2021
	RM'000	*RM'000*	*RM'000*	*RM'000*
Revenue (RM'000)	1,260	191	128	64
(Loss) after tax(RM'000)	(669)	(572)	(665)	(375)
No. of shares in issue (excluding treasury shares) *('000)*	140,224	140,224	140,224	140,224
Net (Loss) per share (sen)	(0.49)	(0.43)	(0.49)	(0.28)
Equity attributable to Owners of the Company	5,804	5,202	4,520	4,123
NA per share (RM)	0.04	0.04	0.03	0.03
Total borrowings (RM'000)	-	-	-	-
Gearing (times)	-	-	-	-

(Source: Annual Reports of the Company for the FYE 31 December 2019 and FYE 31 December 2020 and the latest 6-months unaudited consolidated financial statements for the FPE 30 June 2021)

Note:-

(a) On 27 June 2019, the Board has resolved to change the financial year of the Company from 30 June to 31 December. Hence, the audited financial statements shall be for a period of 18-months from 1 July 2018 to 31 December 2019.

FYE 30 June 2018

FSBM Group reported a revenue of RM1.3 million and loss before tax of RM0.7 million for the FYE 30 June 2018.

The Group recorded lower revenue of RM1.3 million as compared to RM2.4 million the year before. The Group's revenue contribution for the year was solely contributed from the distribution of computer products and provision of related services, and development of software applications and system integrations. There was a significant drop in the business activity within the Group, resulting in a lower revenue compared to the previous year. The Group did not recognise any income from communication and multimedia services as the Group was winding down/end-of-support for its existing customers. The Group also did not recognise any revenue from the provision of education related courseware and/or delivering of education related products and services during the year.

The Group recorded lower loss after tax of RM0.6 million in the current year as compared to RM3.2 million in the preceding year mainly due to the following:-

- RM1.1 million lower expenses from striking off of subsidiaries in the previous year which was not present in the current year;

- RM0.9 million lower rental expenses in the current year;

- RM1.7 million reversal of accruals of staff cost in 2018,

which was negated by a RM1.2 million increase in impairment of trade receivables in the current year. The impairment of RM1.2 million is due to the recoverability of debts from a debtor. For information, FSBM had taken legal actions to recover this debt.

FYE 30 December 2019

FSBM Group reported a revenue of RM0.2 million and loss before tax of RM0.6 million for the financial year ended 31 December 2019.

The Group was classified as an Affected Listed Issue due to its insignificant level of operations in the current year. The Group recorded lower revenue of RM0.2 million. The Group recorded marginally lower losses after tax of RM0.6 million compared to RM0.7 million the year before.

FYE 30 December 2020

The Group continues to record insignificant level of operations during the year. FSBM Group reported a revenue of RM0.1 million and loss after tax of RM0.7 million for the financial year ended 31 December 2020.

6-month FPE 30 June 2021

The Group continues to record insignificant level of operations during the 6-month FPE 30 June 2021. FSBM Group reported a revenue of RM64,000 and loss after tax of RM0.4 million for the financial year ended 31 December 2020.