

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



FAJARBARU BUILDER GROUP BHD

Registration No. 199301026907 (281645-U)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 373,882,456 NEW ORDINARY SHARES IN FAJARBARU BUILDER GROUP BHD ("FBG" OR THE "COMPANY") ("FBG SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING FBG SHARE HELD, TOGETHER WITH UP TO 373,882,456 FREE DETACHABLE WARRANTS IN FBG ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR ON AN ENTITLEMENT DATE TO BE DETERMINED LATER

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company ("**EGM**") will be held on a fully virtual basis and entirely via remote participation and voting. The EGM will be broadcasted live from Broadcast Venue: Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Wednesday, 16 June 2021 at 10.00 a.m., or any adjournment thereof. The Notice of EGM together with the Form of Proxy is enclosed in this Circular.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. In such event, the Form of Proxy must be lodged at the Company's Registrar Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Center at Unit G-3 Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the EGM or at any adjournment thereof. You can also have the option to lodge the proxy appointment electronically via TIH Online at <https://tiah.online> before the Form of Proxy lodgement cut-off time as mentioned below. For further information on the electronic lodgement of Form of Proxy, kindly refer to the Administrative Guide. The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy : Monday, 14 June 2021 at 10.00 a.m.
Date and time of the EGM : Wednesday, 16 June 2021 at 10.00 a.m.

This Circular is dated 31 May 2021

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	: The Companies Act 2016
Board	: The Board of Directors of FBG
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	: This circular dated 31 May 2021
Deed Poll	: The draft deed poll to be executed by the Company constituting the Warrants, as may be supplemented from time to time
Director(s)	: The director(s) of FBG and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets And Services Act 2007
EGM	: Extraordinary general meeting of FBG
Entitled Shareholders	: The shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
Entitlement Date	: A date to be determined and announced later by the Board, on which the names of the shareholders must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Rights Issue with Warrants
EPS	: Earnings per share
FBG	: Fajarbaru Builder Group Bhd (Registration No. 199301026907 (281645-U))
FBG Group or the Group	: FBG and its subsidiaries, collectively
FBG Share(s) or Share(s)	: Ordinary share(s) in FBG
FPE	: Financial period ended/ ending
FYE	: Financial year ended/ ending
GDC	: Gross development cost
GDV	: Gross development value
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 12 May 2021, being the latest practicable date prior to the printing and despatch of this Circular
Market Day(s)	: Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
Maximum Scenario	: Assuming all the treasury shares are resold at cost in the open market and all the Entitled Shareholders and/ or their renounee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants

DEFINITIONS (CONT'D)

Minimum Scenario	: Assuming all the treasury shares are retained by the Company and the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level to raise a minimum amount of RM2,826,060, in which is backed by the Undertaking provided by the Undertaking Shareholder to subscribe in full for his entitlement to the Rights Shares based on his shareholdings in FBG as at the Entitlement Date, at no less than the minimum issue price of RM0.10 per Rights Share. Based on his shareholding as at the LPD, the Undertaking Shareholder will subscribe for a total of 28,260,600 Rights Shares
Minimum Subscription Level	: The minimum subscription level of Rights Shares together with Warrants by the Undertaking Shareholder to raise the minimum amount of RM2,826,060, which is based on the minimum level of funds that the Company intends to raise from the Proposed Rights Issue with Warrants
NA	: Net assets attributable to the owners of FBG
PBT/ (LBT)	: Profit before taxation/ Loss before taxation
Proposed Rights Issue with Warrants	: Proposed renounceable rights issue of up to 373,882,456 Rights Shares on the basis of 1 Rights Share for every 1 existing FBG Share held, together with up to 373,882,456 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for on the Entitlement Date
Rights Share(s)	: Up to 373,882,456 new FBG Shares to be issued pursuant to the Proposed Rights Issue with Warrants
RM and sen	: Ringgit Malaysia and sen, respectively
Tan Sri Kuan or Undertaking Shareholder	: The Deputy Chairman cum substantial shareholder of FBG, namely Tan Sri Kuan Peng Ching @ Kuan Peng Soon
TERP	: Theoretical ex-rights price of FBG Shares
Undertaking	: In order to meet the Minimum Subscription Level, the Undertaking Shareholder, had vide a letter dated 15 April 2021, provided his irrevocable and unconditional undertaking to subscribe in full for his entitlement to the Rights Shares based on his shareholdings in FBG as at the Entitlement Date, at no less than the minimum issue price of RM0.10 per Rights Share
UOBKH or the Adviser	: UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
VWAP	: Volume weighted average market price
Warrant(s)	: Up to 373,882,456 free detachable warrants in FBG with a proposed tenure of 5 years to be issued pursuant to the Proposed Rights Issue with Warrants

DEFINITIONS (CONT'D)

All references to "we", "us", "our" and "ourselves" are made to FBG, or where the context requires, shall include our subsidiaries.

All references to "you" in this Circular are made to shareholders who are entitled to attend and vote at the forthcoming EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	v
CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS CONTAINING:-	
1. INTRODUCTION	1
2. PROPOSED RIGHTS ISSUE WITH WARRANTS	2
3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED RIGHTS ISSUE WITH WARRANTS	11
4. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF FBG GROUP	12
5. EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS	21
6. HISTORICAL SHARE PRICES	25
7. APPROVALS REQUIRED/ OBTAINED	25
8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM	26
9. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION	26
10. PROPOSALS ANNOUNCED BUT PENDING COMPLETION	26
11. DIRECTORS' STATEMENT AND RECOMMENDATION	27
12. EGM	27
13. FURTHER INFORMATION	27
APPENDIX	
I. FURTHER INFORMATION	28
ADMINISTRATIVE GUIDE FOR THE EGM	ENCLOSED
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Rights Issue with Warrants. Shareholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Rights Issue with Warrants before voting at the forthcoming EGM.

Key information	Description	Reference to Circular
Summary	<ul style="list-style-type: none">i. The Proposed Rights Issue with Warrants entails an issuance of up to 373,882,456 Rights Shares on the basis of 1 Rights Share for every 1 existing FBG Share held, together with up to 373,882,456 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for by the Entitled Shareholders on the Entitlement Date.ii. Assuming all the Entitled Shareholders subscribe in full for their respective entitlements of the Rights Shares, the Proposed Rights Issue with Warrants would entail the issuance of 373,882,456 Rights Shares, raising total gross proceeds of RM37,388,245, based on the indicative issue price of RM0.10 per Rights Share.iii. The Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level to raise minimum gross proceeds of RM2,826,060, which is derived from the Undertaking.	Section 2
Basis of determining and justification for the issue price of the Rights Shares	<ul style="list-style-type: none">i. The final issue price of the Rights Shares shall be determined and announced by the Board at a later date after receipt of all relevant approvals but before or on the announcement of the Entitlement Date and after taking into consideration, amongst others, the following:-<ul style="list-style-type: none">a. The minimum gross proceeds of RM2,826,060 to be raised from the Proposed Rights Issue with Warrants. Accordingly, the issue price of the Rights Shares will be fixed at no less than RM0.10 per Rights Share in order to raise the said minimum gross proceeds; andb. The TERP of FBG Shares, calculated based on the 5-day VWAP of FBG Shares immediately preceding the price-fixing date of the Rights Shares.ii. The Board shall also take into consideration further justifications in determining the final issue price of the Rights Shares, including amongst others, the following:-<ul style="list-style-type: none">a. The prevailing market conditions and historical trading prices of FBG Shares for the past 12 months; andb. It is the intention of the Company to raise the maximum proceeds possible. As such, given that there is no underwriting arrangement procured for the balance portion of the Rights Shares that remain unsubscribed, the issue price of the Rights Shares shall be fixed at an issue price that is deemed attractive enough to entice the Entitled Shareholders and/ or their renounee(s) to subscribe for their Rights Shares under their entitlement.	Section 2.2
Basis of determining and justification for the exercise price of the Warrants	<p>The exercise price of the Warrants will be determined and announced by the Board at a later date after receipt of all relevant approvals but before or on the announcement of the Entitlement Date, after taking into consideration, the TERP of FBG Shares based on the 5-day VWAP of FBG Shares immediately preceding the price-fixing date. The exercise price of the Warrants will be fixed with reference to the said TERP of FBG Shares, and there will not be any premium or discount accorded to the said TERP of FBG Shares in view that the Warrants will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who successfully subscribe for the Rights Shares.</p>	Section 2.3

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular																												
Rationale and justification	<p>i. To strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility;</p> <p>ii. To enable the issuance of new FBG Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants;</p> <p>iii. To provide the Entitled Shareholders with an opportunity to participate in an equity offering in the Company on a pro rata basis and ultimately, participate in the prospects and future growth of the Group by subscribing to the Rights Shares; and</p> <p>iv. The Warrants have been attached to the Rights Shares to provide the Entitled Shareholders with additional incentive to subscribe for the Rights Shares.</p>	Section 3																												
Utilisation proceeds	<p>of The gross proceeds to be raised from the Proposed Rights Issue with Warrants will be utilised in the following manner:-</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="background-color: #d3d3d3;">Timeframe for utilisation from completion</th> <th style="background-color: #d3d3d3;">Minimum Scenario RM'000</th> <th style="background-color: #d3d3d3;">Maximum Scenario RM'000</th> </tr> </thead> <tbody> <tr> <td>Funding for existing and/ or future construction projects</td> <td>Within 18 months</td> <td>2,226</td> <td>10,000</td> </tr> <tr> <td>Funding for future property development projects</td> <td>Within 24 months</td> <td>-</td> <td>10,000</td> </tr> <tr> <td>Business expansion and/ or future viable investment for logging & timber trading, and plantation segment</td> <td>Within 24 months</td> <td>-</td> <td>15,000</td> </tr> <tr> <td>Working capital requirements</td> <td>Within 6 months</td> <td>-</td> <td>1,788</td> </tr> <tr> <td>Defrayment of estimated expenses</td> <td>Upon completion</td> <td>600</td> <td>600</td> </tr> <tr> <td>Total</td> <td></td> <td style="border-top: 1px solid black;">2,826</td> <td style="border-top: 1px solid black;">37,388</td> </tr> </tbody> </table>		Timeframe for utilisation from completion	Minimum Scenario RM'000	Maximum Scenario RM'000	Funding for existing and/ or future construction projects	Within 18 months	2,226	10,000	Funding for future property development projects	Within 24 months	-	10,000	Business expansion and/ or future viable investment for logging & timber trading, and plantation segment	Within 24 months	-	15,000	Working capital requirements	Within 6 months	-	1,788	Defrayment of estimated expenses	Upon completion	600	600	Total		2,826	37,388	Section 2.8
	Timeframe for utilisation from completion	Minimum Scenario RM'000	Maximum Scenario RM'000																											
Funding for existing and/ or future construction projects	Within 18 months	2,226	10,000																											
Funding for future property development projects	Within 24 months	-	10,000																											
Business expansion and/ or future viable investment for logging & timber trading, and plantation segment	Within 24 months	-	15,000																											
Working capital requirements	Within 6 months	-	1,788																											
Defrayment of estimated expenses	Upon completion	600	600																											
Total		2,826	37,388																											
Approvals required	<p>The Proposed Rights Issue with Warrants is subject to the following approvals being obtained:-</p> <p>i. Bursa Securities, which was obtained on 10 May 2021;</p> <p>ii. The shareholders of the Company at the forthcoming EGM; and</p> <p>iii. Any other relevant authorities and/ or parties, if required.</p> <p>The Proposed Rights Issue with Warrants is not conditional upon any other proposal undertaken or to be undertaken by the Company.</p>	Section 7																												
Interested parties	<p>None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Rights Issue with Warrants, save for their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess Rights Shares application), to which all Entitled Shareholders are similarly entitled.</p>	Section 8																												
Board's recommendation	<p>The Board recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Rights Issue with Warrants at the forthcoming EGM.</p>	Section 11																												



FAJARBARU BUILDER GROUP BHD
Registration No. 199301026907 (281645-U)
(Incorporated in Malaysia)

Registered Office

No. 1 & 1A, 2nd Floor (Room 2)
Jalan Ipoh Kecil
50350 Kuala Lumpur

31 May 2021

Board of Directors

Tan Sri Chan Kong Choy (*Independent Non-Executive Chairman*)
Tan Sri Kuan Peng Ching @ Kuan Peng Soon (*Non-Independent Non-Executive Deputy Chairman*)
Dato' Sri Kuan Khian Leng (*Chief Executive Officer*)
Datuk Seri Lau Kuan Kam (*Executive Director*)
Ir. Kong Kam Loong (*Executive Director*)
Dato' Ismail Bin Haji Omar (*Independent Non-Executive Director*)
Dato' Lim Siew Mei (*Non-Independent Non-Executive Director*)
Ooi Leng Chooi (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/ Madam,

PROPOSED RIGHTS ISSUE WITH WARRANTS

1. INTRODUCTION

On 15 April 2021, UOBKH had, on behalf of the Board, announced that the Company proposed to undertake a renounceable rights issue of up to 373,882,456 Rights Shares on the basis of 1 Rights Share for every 1 existing FBG Share held, together with up to 373,882,456 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for on the Entitlement Date.

Subsequently on 11 May 2021, UOBKH had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 10 May 2021, resolved to approve the following, subject to the conditions as disclosed in Section 7 of this Circular:-

- i. admission of the Warrants to the official list of Bursa Securities;
- ii. listing and quotation for up to 373,882,456 Rights Shares and up to 373,882,456 Warrants pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities; and
- iii. listing and quotation for up to 373,882,456 new FBG Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED RIGHTS ISSUE WITH WARRANTS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS TO BE TABLED AT THE FORTHCOMING EGM.

2. PROPOSED RIGHTS ISSUE WITH WARRANTS

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

The Proposed Rights Issue with Warrants entails an issuance of up to 373,882,456 Rights Shares on the basis of 1 Rights Share for every 1 existing FBG Share held, together with up to 373,882,456 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for by the Entitled Shareholders.

As at the LPD, FBG has an issued share capital of RM194,302,598 comprising 370,806,692 FBG Shares (excluding 3,075,764 treasury shares). In the event that all the treasury shares are sold in the open market prior to the Entitlement Date and that all Entitled Shareholders and/or their renounee(s) fully subscribe for their entitlements under the Proposed Rights Issue with Warrants, a total of up to 373,882,456 Rights Shares and 373,882,456 Warrants will be issued. In addition, a total of up to 373,882,456 new FBG Shares will be issued upon the full exercise of 373,882,456 Warrants over the tenure of the Warrants.

The Proposed Rights Issue with Warrants will be undertaken on a minimum subscription level basis, after taking into consideration the minimum level of funds the Company intends to raise from the Proposed Rights Issue with Warrants amounting to RM2,826,060, which will be channelled towards the proposed utilisation of proceeds as set out in Section 2.8 of this Circular. In order to meet the Minimum Subscription Level, Tan Sri Kuan had vide a letter dated 15 April 2021 provided his irrevocable undertaking to subscribe in full for his entitlement to the Rights Shares based on his shareholding in FBG as at the Entitlement Date, further details of which are set out in Section 2.6 of this Circular. Based on his shareholding as at the LPD, the Undertaking Shareholder will subscribe for a total of 28,260,600 Rights Shares at the indicative issue price of RM0.10 per Rights Share, which translate to a minimum subscription proceeds of RM2,826,060. Further details of Tan Sri Kuan's Undertaking to meet the Minimum Subscription Level are set out in Section 2.6 of this Circular.

The actual number of Rights Shares and Warrants to be issued will depend on the total issued Shares of the Company as at the Entitlement Date and the eventual subscription rate of the Proposed Rights Issue with Warrants.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll, as may be supplemented from time to time.

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 entitlements 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 interest 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 renounee(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.

2.2 Basis of determining and justification for the issue price of the Rights Shares

The final issue price of the Rights Shares shall be determined and announced by the Board at a later date after receipt of all relevant approvals but before or on the announcement of the Entitlement Date and after taking into consideration, amongst others, the following:-

- i. The minimum gross proceeds of RM2,826,060 to be raised from the Proposed Rights Issue with Warrants. Accordingly, the issue price of the Rights Shares will be fixed at no less than RM0.10 per Rights Share in order to raise the said minimum gross proceeds from the Proposed Rights Issue with Warrants undertaken on the Minimum Subscription Level; and
- ii. The TERP, calculated based on the 5-day VWAP of FBG Shares immediately preceding the price-fixing date of the Rights Shares.

The Board shall also take into consideration further justifications in determining the final issue price of the Rights Shares:-

- i. The prevailing market conditions and historical trading prices of FBG Shares for the past 12 months; and
- ii. Notwithstanding the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level, it is the intention of the Company to raise the maximum proceeds possible. As such, given that there is no underwriting arrangement procured for the balance portion of the Rights Shares that remain unsubscribed, the issue price of the Rights Shares shall be fixed at an issue price that is deemed attractive enough to entice the Entitled Shareholders and/ or their renounee(s) to subscribe for their Rights Shares under their entitlement.

For illustrative purpose only, the Rights Shares are assumed to be issued at an indicative issue price of RM0.10 per Rights Share, which represents a discount of approximately 78.7% to the TERP of FBG Shares of RM0.47, calculated based on the 5-day VWAP of FBG Shares up to and including the LPD of RM0.833.

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

The Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who subscribe for the Rights Shares.

The exercise price of the Warrants will be determined and announced by the Board at a later date after receipt of all relevant approvals but before or on the announcement of the Entitlement Date, after taking into consideration, the TERP of FBG Shares based on the 5-day VWAP of FBG Shares immediately preceding the price-fixing date. The exercise price of the Warrants will be fixed with reference to the said TERP of FBG Shares, and there will not be any premium or discount accorded to the said TERP of FBG Shares in view that the Warrants will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who successfully subscribe for the Rights Shares.

For illustrative purpose only, the exercise price of the Warrants is assumed at an indicative exercise price of RM0.47 per Warrant, which represents the TERP of FBG Shares, calculated based on the 5-day VWAP of FBG Shares up to and including the LPD of RM0.833.

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

The Warrant holders are not entitled to vote in any general meeting of the Company and/ or to participate in any form of distribution other than on winding-up, liquidation, compromise or arrangement of the Company and/ or any offer of further securities in the Company unless and until the holder of Warrants becomes a shareholder of the Company by exercising his/ her Warrants into new FBG Shares or unless otherwise resolved by the Company in a general meeting.

The Rights Shares and the new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing FBG Shares, save and except that the Rights Shares and the new Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares and the new Shares to be issued arising from the exercise of the Warrants.

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

Bursa Securities had, vide its letter dated 10 May 2021, approved the admission of the Warrants to the official list of Bursa Securities as well as the listing and quotation for the Rights Shares, Warrants and the new FBG Shares to be issued arising from the exercise of the Warrants, on the Main Market of Bursa Securities.

2.6 Shareholder's undertaking and underwriting arrangement

The Board has determined to undertake the Proposed Rights Issue with Warrants on the Minimum Subscription Level after taking into consideration the minimum level of funds of RM2,826,060 that the Company intends to raise from the Proposed Rights Issue with Warrants that will be channeled towards the proposed utilisation as set out in Section 2.8 of this Circular.

In order to meet the Minimum Subscription Level, Tan Sri Kuan had vide a letter dated 15 April 2021, provided his irrevocable and unconditional undertaking to subscribe in full for his entitlement to the Rights Shares based on his shareholding in FBG as at the Entitlement Date, at no less than the minimum issue price of RM0.10 per Rights Share. The Undertaking Shareholder has also undertaken that he will not dispose any FBG Shares prior to the Entitlement Date.

For illustration purpose, based on the Undertaking Shareholder's shareholding as at the LPD, the details of his Undertaking are summarised as follows:-

Undertaking Shareholder	Shareholding as at the LPD		Undertaking		Shareholding after the Proposed Rights Issue with Warrants		Funding required ^{*4} RM
	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*3}	
Tan Sri Kuan	28,260,600	7.62	28,260,600	100.00	56,521,200	14.16	2,826,060

Notes:-

^{*1} Computed based on 370,806,692 FBG Shares (excluding treasury shares) in issue as at LPD.

^{*2} Computed based on 28,260,600 Rights Shares available to be issued pursuant to the Undertaking under the Minimum Subscription Level.

^{*3} Computed based on the enlarged issued share capital of FBG of 399,067,292 FBG Shares (excluding treasury shares) after the Proposed Rights Issue with Warrants under the Minimum Subscription Level.

^{*4} Based on the indicative issue price of RM0.10 per Rights Share.

As the Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level, the Company does not intend to procure any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders and/ or their renouncee(s) pursuant to the Proposed Rights Issue with Warrants. The Undertaking Shareholder has confirmed that he has sufficient financial resources to fulfil his Undertaking, and that such confirmation has been verified by UOBKH, being the Adviser for the Proposed Rights Issue with Warrants.

For information purpose, Unique Bay Sdn Bhd ("**Unique Bay**"), an entity deemed connected to Tan Sri Kuan by virtue of his deemed interest held in Unique Bay, holds 7,581,600 or representing 2.04% equity interest in FBG as at the LPD. Notwithstanding Tan Sri Kuan's deemed interest in Unique Bay, Tan Sri Kuan wishes to provide his Undertaking first in his individual capacity in order to meet the Minimum Subscription Level that has been determined by the Board after taking into account the Group's fundraising objectives. Please note that such arrangement does not preclude from Unique Bay possibly subscribing its Rights Shares entitlements at the actual stage of implementation to be determined later, should it wishes to do so, to meet the Company's intention to raise the maximum proceeds possible. Pursuant to the Undertaking, the collective shareholdings of Tan Sri Kuan and Unique Bay in FBG will increase from 9.67% to 16.06% pursuant to the completion of the Proposed Rights Issue with Warrants under the Minimum Scenario. Further thereto, assuming the full exercise of Warrants under the Minimum Scenario, their collective shareholdings in FBG may further increase from 16.06% to 21.61%. As such, the Undertaking will not give rise to any obligation by the Undertaking Shareholder to undertake a mandatory take-over offer for all the remaining FBG Shares not already owned by the Undertaking Shareholder and the person(s) acting in concert with him in accordance with the Rules of Take-overs, Mergers and Compulsory Acquisitions.

Further, the public shareholding spread of FBG is not expected to fall below the minimum public shareholding spread of 25% (excluding treasury shares, if any) pursuant to Paragraph 8.02(1) of the Listing Requirements pursuant to the implementation of the Proposed Rights Issue with Warrants under the Minimum Scenario, as exhibited in the table as follows:-

	Shareholdings as at the LPD		I Shareholdings after the Proposed Rights Issue with Warrants		II Shareholdings after assuming full exercise of Warrants	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*3}
	Directors/ substantial shareholders/ persons connected	94,763,519	25.56	123,024,119	30.83	151,284,719
Public	276,043,173	74.44	276,043,173	69.17	276,043,173	64.60
Total	370,806,692	100.00	399,067,292	100.00	427,327,892	100.00

Notes:-

^{*1} Computed based on 370,806,692 FBG Shares (excluding treasury shares) in issue as at LPD.

^{*2} Computed based on the enlarged issued share capital of FBG of 399,067,292 FBG Shares (excluding treasury shares) after the Proposed Rights Issue with Warrants under the Minimum Subscription.

^{*3} Computed based on the enlarged issued share capital of FBG of 427,327,892 FBG Shares (excluding treasury shares) after assuming the full exercise of Warrants under the Minimum Scenario.

For information purpose, the effects under the Maximum Scenario are not illustrated hereinabove as the Proposed Rights Issue with Warrants under this scenario will not have any effect on the percentage of the shareholders' shareholdings pursuant to the Proposed Rights Issue with Warrants, as the Rights Shares are assumed to be fully subscribed by all the Entitled Shareholders on a pro-rata basis.

2.7 Indicative salient terms of the Warrants

Issue size	:	Up to 373,882,456 Warrants
Form	:	The Warrants will be issued in registered form and constituted by the Deed Poll
Exercise period	:	The Warrants may be exercised at any time within 5 years commencing from and including the date of issuance of the Warrants (" Issue Date ") and expiring at the close of business at 5.00 p.m. in Kuala Lumpur on the date immediately preceding the 5 th anniversary from and inclusive of the Issue Date, and if such a day is not a Market Day, on the immediately preceding Market Day. Any Warrants not exercised at the expiry of the exercise period will thereafter lapse and become null and void
Mode of exercise	:	The registered holder of the Warrant is required to lodge a subscription/ exercise form, as set out in the Deed Poll, with the Company's registrar, duly completed, signed and stamped together with payment of the exercise price by banker's draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the Deed Poll
Exercise price	:	The exercise price of the Warrants shall be determined and fixed by the Board at a later date after receipt of all relevant approvals but before or on the announcement of the Entitlement Date, subject to adjustments in accordance with the provisions of the Deed Poll
Exercise rights	:	Each Warrant carries the entitlement, at any time during the exercise period, to subscribe for 1 new Share at the exercise price, subject to the terms and conditions of the Deed Poll
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities
Participating rights of the holders of Warrants in any distribution and/ or offer of further securities	:	The holders of the Warrants are not entitled to vote in any general meeting of the Company and/ or to participate in any distribution other than on winding-up, compromise or arrangement of the Company as set out below and/ or in any offer of further securities in the Company unless and until the holder of the Warrants becomes a shareholder of the Company by exercising his/ her Warrants into new Shares or unless otherwise resolved by the Company in a general meeting
Adjustments in the exercise price and/ or number of Warrants	:	The exercise price and/ or number of unexercised Warrants shall be adjusted in the event of, amongst others, bonus issue, consolidation of shares, alteration to the share capital of the Company, capital distribution or issue of securities convertible into shares in accordance with the provisions of the Deed Poll

Rights in the event of winding-up, liquidation, compromise and/ or arrangement	:	Where a resolution has been passed for a member's voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then to the extent permitted by law every holder of the Warrants shall be entitled upon and subject to the provisions of the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/ her Warrants to the Company, elect to be treated as if he/ she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/ her Warrants to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he/ she had on such date been the holder of the new Shares to which he/ she would have been entitled to pursuant to such exercise
Ranking of the new Shares to be issued pursuant to the exercise of Warrants	:	The new Shares to be issued arising from the exercise of the Warrants shall upon allotment and issuance, rank equally in all aspects with the existing Shares, save and except that the new ordinary shares will not be entitled to any dividend, right, allotment and/ or any other forms of distribution that may be declared, made or paid to shareholders of the Company, where the entitlement date of such dividend, right, allotment and/ or other forms of distribution precedes the relevant date of allotment and issuance of the new ordinary shares
Listing status	:	The Warrants shall be listed and quoted on the Main Market of Bursa Securities
Modifications	:	Any modification to the Deed Poll must be effected only by deed poll, executed by the Company, expressed to be supplemental to the Deed Poll, approved by the holders of Warrants sanctioned by special resolution, and if required, the approval of any relevant authority as required under law has been obtained. Save as expressly provided in the Deed Poll, no modification alteration to and abrogation of the provisions of the Deed Poll may be made without the passing of a special resolution other than modifications which in the opinion of the Company:- <ul style="list-style-type: none"> a. are not prejudicial to the interest of the Warrants holders; or b. are to correct a manifest error or to comply with mandatory provisions of Malaysian law or to comply with the rules of Bursa Malaysia Depository Sdn Bhd, the Securities Industry (Central Depositories) Act 1991, Listing Requirements and/ or provisions of Malaysian laws (in respect of which each Warrants holder shall sign any document or do any act which the Company may reasonably require for the purpose of complying with such rules or laws)
Governing law	:	Laws and regulations of Malaysia

2.8 Utilisation of proceeds

Based on the indicative issue price of RM0.10 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue with Warrants will be utilised in the following manner:-

	Timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Minimum Scenario RM'000	Maximum Scenario RM'000
Funding for existing and/ or future construction projects ¹	Within 18 months	2,226	10,000
Funding for future property development projects ²	Within 24 months	-	10,000
Business expansion and/ or future viable investment for logging & timber trading, and plantation segment ³	Within 24 months	-	15,000
Working capital requirements ⁴	Within 6 months	-	1,788
Defrayment of estimated expenses ⁵	Upon completion	600	600
Total		2,826	37,388

Notes:-

¹ FBG Group has earmarked proceeds of up to RM10.00 million to part finance the existing and/ or future construction project(s) undertaken by the Group.

As set out in Section 4.6 of this Circular, the Group's construction order book stands at RM349.4 million as at the LPD. Amongst the construction job orders, one of the Group's main priority is focused on executing and completing the construction contract involving the building and development works of Duta Park Residences, a high-rise residential development project located at Kuala Lumpur, the details of which are further summarised below:-

Project description	Total contract value (RM'000)	Project owner	Date of award	Commencement / expected completion date	Stage of completion as at LPD
Main building works (Phase 1 & 2) for Duta Park Residences, Kuala Lumpur	405,575	Malton Development Sdn Bhd	<u>Phase 1</u> 19.06.2019	30.08.2019/ 25.11.2022	16.38%
High-rise residential development located along Jalan Kuching, Kuala Lumpur comprising of 3 blocks: Tower A (46-Storey), B (49-Storey) and C (30-Storey) with a 13-storey common podium block that consists of basement car park, podium car park and facility floors			<u>Phase 2</u> 21.08.2020		

As at the LPD, the podium construction for the tower footprint has been completed. The construction progress is currently in the superstructure and building infrastructure phase, involving the construction for Tower A (i.e. up to level 10A floor units), for Tower B (i.e. up to level 13 floor units), and for Tower C (i.e. up to level 12 floor units). The earmarked proceeds of up to RM10.00 million from the Proposed Rights Issue with Warrants is intended to be utilised to part finance the mid phase of construction project involving superstructure and building infrastructure works such as payment to sub-contractors and suppliers for building materials.

The exact allocation of funding for the above construction project(s) will be determined over the progress of the projects, based on its status and the estimated costs required at the relevant point in time as well as the timing of completion of the Proposed Rights Issue with Warrants. Any balance/ shortfall required to fund these project(s) will be financed through the Group's internally generated funds and/ or bank borrowings. In the event of any amount not utilised for the specific project above will be reallocated towards other existing and/ or future construction projects undertaken by the Group, depending on their respective funding requirements as and when necessary.

² FBG Group has earmarked proceeds of up to RM10.00 million to part finance the future property development project(s) to be undertaken by the Group.

As set out in Section 4.6 of this Circular, part of FBG Group's long term growth plan in its property development segment includes the planned future development of its "Rica Residence" series property projects. In line with the above, the Group intends to launch and develop the Rica Residence @ Kinrara by 2021, further details as summarised below:-

Project description	Estimated GDV (RM'000)	Estimated GDC (RM'000)	Expected commencement/ completion date
Rica Residence @ Kinrara Proposed high-rise residential development project comprising of 475 condominium units and 204 "Rumah Mampu Milik" units split across 3 blocks (Block A: 227 units, Block B: 248 units and Block C: 204 units), located at Puchong, Selangor	395,900	324,700	Fourth quarter of 2021/ fourth quarter of 2024

The planning permission and the amended planning permission for the Rica Residence @ Kinrara were obtained from Dewan Bandaraya Kuala Lumpur ("DBKL") on 5 January 2015 and 20 August 2019 respectively, while the building plan and the amended building plan approvals were obtained from DBKL on 24 June 2016 and 14 October 2020 respectively. For information purpose, both the aforesaid planning permission and amended planning permission remain valid to-date, as the Group had obtained the relevant building plan and amended building approvals from DBKL, and that the amended building plan approval shall expire on 13 October 2021 (being a validity period of 1 year from the date of amended building approval), unless the development work has commenced on site. Barring any unforeseen circumstance, the project is envisaged to be launched in the fourth quarter of 2021.

The earmarked proceeds of up to RM10.00 million from the Proposed Rights Issue with Warrants is intended to be utilised to part finance initial project development cost such as sub-structure works (i.e. piling and foundation works). The Group intends to fund the remaining balance of the development works (i.e. mainly comprising superstructure and infrastructure works) of this project through its internally generated funds, progressive sales billings to be received and/ or bank borrowings.

Any amount not utilised for the specific project above will be reallocated towards other future property development projects which may be undertaken by the Group, depending on the funding requirements as and when necessary. The exact breakdown between the sources of fund will be determined by the management of the Group at a later stage, after taking into consideration, amongst others, the internal fund requirements and/ or the Group's gearing level as well as the availability and suitability of other funding options at the relevant time.

³ FBG Group is actively identifying suitable business projects or investments via joint venture, collaborative arrangements, business agreements, and/ or mergers and acquisitions of businesses or investments in the logging & timber trading, and plantation segments. In line with the above, up to RM15.00 million of the proceeds which may be raised from the Proposed Rights Issue with Warrants shall be utilised to finance any such suitable and viable potential business(es)/ investment(s), within 24 months from completion of the Proposed Rights Issue with Warrants. As potential acquisition(s) of business(es)/ investment(s) may cost a substantial amount, the proceeds raised from the Proposed Rights Issue with Warrants may allow the Group to capitalise on suitable and viable investment opportunities as and when it arises, which in turn may generate positive returns to the Group in the future.

In respect of the **logging & timber trading segment**, the Group intends to expand this segment with new logging & timber trading activities at strategic areas that would spearhead continued growth going forward. As at the LPD, the Group operates its logging activities at the following timber concession areas:-

- Hutan Simpan Yong, Jerantut, Pahang - with 8.9% remaining acres yet to be logged; and
- Hutan Simpan Som, Hutan Simpan Tekam and Hutan Simpan Tekai Tembeling (Tambahan), Jerantut, Pahang - with 67.4% remaining acres yet to be logged.

The Group is cognisant that the logging contract secured for Hutan Simpan Yong is approaching the tail end of operation. In anticipation thereto, the Group is on the look-out for strategic areas for logging and timber extraction opportunities to replenish and expand its source of income from the logging & timber trading segment. At this juncture, the Group is in preliminary discussion with timber concessionaire/ rights holder and/ or timber operators as well as in the midst of look-out for strategic location(s) that can ensure economic viability in the long run. In event the Group has managed to secure the necessary rights or contract to operate logging activities, the Group may utilise proceeds from the Proposed Rights Issue with Warrants (up to RM15.00 million) to part finance any license fee to authorities, cost of building access road or bridges, and payment to subcontractors, the breakdown of which is unable to be determined at this juncture, as it is dependent on the scale and size of logging operations at the point in time.

In respect of the **plantation segment**, the Group had internally set up a new line of business, namely the plantation activities, when it commenced planting of durian within its agricultural land located in Mukim Si Rusa, Port Dickson, since 2019. The Group had completed its durian planting initiatives in early 2020. Within the plantation sector, the Group has earmarked durian plantation as a viable business to venture into in the long term. Barring any unforeseen circumstances, the Board envisages that the durian plantation may contribute to the future earnings of the Group in the long term, in view of the gestation period from planting to durian fruiting/ harvesting which can typically span over 5-7 years.

In order to expand its durian planting initiatives under the **plantation segment**, the Group intends to secure or accumulate more land parcels for plantation activities, as means to scale up the business growth for durian sales in the longer term upon ready for harvesting. The Group intends to use the proceeds to cultivate, plant, maintain and upkeep these lands under contract farming basis. In doing so, the Group may enter into agreement(s) with the plantation landowners for the right to use the land for a period of time, in which the Group will bear responsibility to plant, operate, maintain and harvest the fruits/ orchards from the plantation land. Typically, the right for contract farming will either be based on a joint venture or profit sharing basis for a period of at least 30 years. Future income to be received from the plantation will be shared between the Group and the landowners according to the terms to be agreed upon. At this juncture, the Group is currently on the look-out to source for any potential engagement with landowner(s) for purpose of undertaking such business arrangement, taking also into consideration factors such as suitable and strategic location (i.e. soil condition, terrain and size of location) for durian plantation activities. In event the Group has managed to identify any business/ investment opportunities relating to plantation activities, the Group may utilise proceeds from the Proposed Rights Issue with Warrants (up to RM15.00 million) to part finance plantation developmental cost including but not limited to land clearing, earth works, infrastructure works and planting works.

As at the LPD, the Group is still exploring options for identifying suitable business(es)/ investment(s) or strategic acquisition(s)/ collaboration(s) and will continuously seek and identify such opportunities in relation to both logging & timber trading, and plantation segments. The Group shall make the necessary announcements in accordance with the Listing Requirements as and when new business(es)/ investment(s) which are likely to materialise have been identified. If the nature of the transaction requires shareholders' approval pursuant to the Listing Requirements, the Group will seek the necessary approval from the shareholders.

The breakdown and/ or sequence of priority of the expansion/ investment proceeds to be utilised between the logging & timber trading, and plantation segment cannot be determined at this juncture as the use of proceeds are subject to the Group's funding requirements as and when needed to facilitate any form of consideration/ settlement, either in whole or in part, for the said expansion/ investment opportunity(ies) as and when materialised and carried out at later stages.

⁴ The proceeds earmarked for working capital requirements are intended to be utilised to finance the Group's day-to-day operational expenses, which include, amongst others, staff costs and other administrative and operating expenses (examples as shown in below table). The breakdown of the proceeds to be utilised for working capital are subject to the Group's operating requirements at the time of utilisation and as such can only be determined at a later stage. Notwithstanding that and on best estimate basis, the breakdown of proceeds for the working capital requirements are budgeted by the management of FBG in the following manner:-

Project description	Notes	Percentage allocation (%)	Maximum Scenario (RM'000)
Staff costs	a.	70	1,252
Other administrative and operating expenses	b.	30	536
Total		100	1,788

a. Staff costs include amongst others, staff salaries and allowances, wages, overtime and other statutory payments; and

b. Other administrative and operating expenses include amongst others, rental, utilities, insurance, transportation costs, upkeep of office, day-to-day operating expenses and other miscellaneous items. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual administrative requirements of the Group at the relevant time.

⁵ The proceeds earmarked for the defrayment of the estimated expenses in relation to the Proposed Rights Issue with Warrants are set out in the following manner:-

	RM'000
Professional fees	350
Regulatory fees	90
Other incidental expenses in relation to the Proposed Rights Issue with Warrants	160
Total	600

Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be utilised for the working capital of the Group.

The actual gross proceeds to be raised from the Proposed Rights Issue with Warrants is dependent on the final issue price and the number of Rights Shares to be issued. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for the working capital of the Group.

Pending the utilisation of proceeds from the Proposed Rights Issue with Warrants for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments. Any interest income earned from such deposits or instruments will be used as working capital of the Group.

Pursuant to Paragraph 9.19(32) of the Listing Requirements, the Company will make an immediate announcement to Bursa Securities should there be any deviation by 5% or more from the original utilisation of proceeds as set out in Section 2.8 of this Circular. Further, pursuant to Paragraph 8.22 of the Listing Requirements, in the event that the deviation from the original utilisation of proceeds is deemed as a material variation (25% or more), the Company will seek its shareholders' approval for the variation at a general meeting.

The gross proceeds to be raised from the exercise of the Warrants is dependent on the total number of Warrants exercised during the tenure of the Warrants as well as the exercise price of the Warrants. As such, the exact amount to be raised and timeframe for utilisation of the proceeds from the exercise of the Warrants is not determinable at this juncture. For illustrative purpose only, the gross proceeds to be raised upon the full exercise of the Warrants based on the indicative exercise price of RM0.47 per Warrant under the Minimum Scenario and Maximum Scenario is set out below:-

	Minimum Scenario	Maximum Scenario
No. of Warrants issued	28,260,600	373,882,456
Gross proceeds raised assuming all Warrants are exercised (RM)	13,282,482	175,724,754

Such gross proceeds to be raised from the exercise of Warrants will be utilised as additional working capital to finance the Group's day to day operations. The proceeds may be utilised to finance, amongst others, payment of staff costs, repayment to trade creditors/ suppliers, office utilities as well as general administrative expenses, the breakdown of which have not been determined at this juncture.

2.9 Other fund raising exercises in the past 12 months

Save for the Proposed Rights Issue with Warrants, the Company has not undertaken any other fund raising exercises in the past 12 months prior to the date of this Circular.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The Board is of the view that the Proposed Rights Issue with Warrants is the most appropriate avenue to raise the necessary funding for the Group as set out in Section 2.8 of this Circular after taking into consideration the following:-

- i. the Proposed Rights Issue with Warrants will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility, as illustrated in Section 5.2 of this Circular;
- ii. the Proposed Rights Issue with Warrants will enable the issuance of new Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants; and
- iii. the Proposed Rights Issue with Warrants will provide the Entitled Shareholders with an opportunity to participate in an equity offering in the Company on a pro rata basis and ultimately, participate in the prospects and future growth of the Group by subscribing to the Rights Shares.

The Warrants have been attached to the Rights Shares to provide the Entitled Shareholders with additional incentive to subscribe for the Rights Shares. The Warrants will potentially allow the Entitled Shareholders who subscribe for the Rights Shares to benefit from the possible capital appreciation of the Warrants and increase their equity participation in the Company at a predetermined price over the tenure of the Warrants. The Company would also be able to raise additional proceeds as and when the Warrants are exercised.

4. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF FBG GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter of 2021 (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for E&E products. Growth was also supported by the continued policy measures. The imposition of the Second Movement Control Order (MCO 2.0) and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%).

Despite the recent re-imposition of containment measures, the impact on growth would be less severe than that experienced in 2020, as almost all economic sectors are allowed to operate. Overall, the growth recovery will benefit from better global demand, increased public and private sector expenditure as well as continued policy support. This will also be reflected in the recovery in labour market conditions, especially in the gradual improvement in hiring activity. Higher production from existing and new manufacturing facilities, particularly in the E&E and primary-related subsectors, as well as oil and gas facilities will provide further impetus to growth. The roll-out of the domestic COVID-19 vaccine programme will also lift sentiments and contribute towards recovery in economic activity. Nevertheless, the pace of recovery will be uneven across economic sectors. The balance of risks remains tilted to the downside, arising mainly from ongoing uncertainties in developments related to the pandemic, and continued challenges that affect the roll-out of vaccines both globally and domestically.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)

The Government has announced several stimulus packages totalling RM305 billion to support both households and businesses. Reinforced by the reopening of the economy in phases, growth is expected to improve gradually during the second half of the year, cushioning the significant contraction in the first half. Thus, Malaysia's GDP is expected to contract by 4.5% in 2020, before rebounding between 6.5% and 7.5% in 2021. With the bold and swift measures undertaken Malaysia has been recognised as one of the most successful countries in managing the socio-economic impact of the pandemic.

Domestic demand is expected to contract by 3% in 2020, with private and public sectors' spending declining by 3.2% and 2.1%, respectively. In the first half of 2020, domestic demand declined significantly by 7.7%, amid restricted movements to contain the COVID-19 pandemic. Nevertheless, the announcement of various stimulus packages and the gradual resumption of economic activities are expected to restore business and consumer confidence in the second half of the year. Hence, domestic demand is anticipated to turnaround to 1.5% during the period and expand further by 6.9% in 2021.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

4.2 Overview and outlook of the property industry

The Malaysian economy contracted by 3.4% in Q4 2020 as compared to the 2.6% and 17.1% contraction in Q3 2020 and Q2 2020 respectively, attributed to the implementation of Movement Control Order (MCO) in the country since 18 March 2020 and the imposition of Conditional Movement Control Order (CMCO) on several states with red zones since mid-October following a spike in the number of COVID-19 cases in these areas. For 2020 as a whole, the economy contracted by 5.6% as compared to a positive growth of 4.3% in 2019. The economic performance for 2020 was the lowest recorded after 1998 (-7.4%).

In the property segment, there were two main measures initiated by the government aim to improve property market activities under Budget 2020:-

1. The revision of the base year for Real Property Gains Tax (RPGT) to 1 January 2013 (initially 1 January 2000) for property purchased before the date.
2. The reduction of price threshold for foreign purchase from RM1 million to RM600,000 for unsold completed high-rise properties in urban areas. Consequently, several states have revised the minimum price for foreign purchase.

Not only has the COVID-19 pandemic taken its toll on various sectors of the economy, but also on the property market activity, which saw volume and value of transactions contracted sharply in Q2 2020. The property market showed signs of recovery in Q3 2020 following the implementation of Recovery Movement Control Order (RMCO) by 10 June 2020 and various stimulus provided by the government, namely Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and Short-term Economic Recovery Plan (PENJANA).

For PRIHATIN, the financial initiatives introduced by the government which have helped soften the impact on property market included:-

1. An automatic six-month loan moratorium for individual borrowers and SMEs from 1 April 2020 ending on 30 September 2020.
2. The Overnight Policy Rate (OPR) cut with a cumulative 125 basis points in 2020 would help lower the borrowing cost; thus, lower the monthly repayment amount.

On the demand-side, the amount of loan application for residential property purchase increased by 2.2% in 2020 while the total loan approval decreased by 17.3%. For the non-residential property, the amount of loan application and total loan approval decreased by 30.0% and 37.3% respectively. The ratio of loans approvals against loans applications for the purchase of residential property and non-residential property stood at 35.0% and 33.6% in 2020 versus 43.2% and 37.5% in 2019.

The property market performance recorded a significant decline in 2020 compared to 2019. A total of 295,968 transactions worth RM119.08 billion were recorded, showing a decrease of 9.9% in volume and 15.8% in value compared to 2019, which recorded 328,647 transactions worth RM141.40 billion. Volume of transactions across the sub-sectors contracted sharply in 2020. The residential, commercial, industrial, agriculture and development land sub-sectors recorded contraction of 8.6%, 21.0%, 24.0%, 10.7% and 2.6% respectively.

In terms of value of transactions, residential, commercial, industrial and development land sub-sectors recorded sharp decline of 9.0%, 32.6%, 14.0% and 34.0% respectively, whereas agriculture recorded otherwise, increased by 0.6%. The residential sub-sector led the overall property market, with 64.7% contribution in volume. This was followed by agriculture (20.7%), commercial (6.8%), development land and others (6.2%) and industrial (1.6%). In terms of value, residential took the lead with 55.3% share, followed by commercial (16.4%), industrial (10.7%), agriculture (10.5%) and development land and others (7.1%).

(Source: Annual Property Market Report 2020, Valuation & Property Services Department, National Property Information Centre)

4.3 Overview and outlook of the construction industry

The construction sector contracted by a smaller rate of 10.4% in the first quarter of 2021 (4Q 2020: -13.9%). Activity was supported by the ramp up of construction works in commercial projects that are nearing completion and the continued implementation of small-scale projects. This resulted in a strong positive growth in the special trade subsector. However, activity in the residential, nonresidential and civil engineering subsectors remained weak, affected by labour shortages and site shutdowns due to COVID-19 outbreaks. The implementation of MCO 2.0 also weighed on growth, as activity in construction sites that did not meet the conditions to operate were halted*.

Note:-

* Activities that were allowed to operate during MCO 2.0 include critical maintenance and repair works, public infrastructure projects, and projects that provide worker accommodation onsite or Centralized Labour Quarters

(Source: *Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021*, Bank Negara Malaysia)

The construction sector contracted by 25.9% in the first half of 2020 and is expected to shrink by 11.8% in the second half with all segments declining significantly. At the same time, prolonged property overhangs continue to weigh down the performance of the sector. However, civil engineering and specialised construction activities subsectors are expected to improve gradually, cushioned by various measures under the economic stimulus packages. Overall, for the year 2020, the sector is projected to contract by 18.7%.

The construction sector is expected to rebound by 13.9% in 2021 on account of the acceleration and revival of major infrastructure projects, coupled with affordable housing projects. The civil engineering subsector will continue to be the main driver of the construction sector. Among the major infrastructure projects include Mass Rapid Transit 2 (MRT2), Light Rail Transit 3 (LRT3), West Coast Expressway (WCE) and Bayan Lepas Light Rail Transit (LRT) as well as Pan Borneo and Coastal Highways in Sarawak. Utility projects include the Langat 2 Water Treatment Plant, Baleh Hydroelectric Dam and Sarawak Water Supply Grid Programme (Phase 1).

(Source: *Economic Outlook 2021*, Ministry of Finance Malaysia)

4.4 Overview and outlook of the timber industry

The Ministry of Plantation Industries and Commodities ("**MPIC**") is confident Malaysia's export of timber and timber products can reach RM23 billion this year, following the arrival of the COVID-19 vaccines. Its Minister Datuk Dr Mohd Khairuddin Aman Razali said the ministry through the Malaysia Timber Industry Board (MTIB) and Malaysian Timber Council (MTC) would strive to ensure the local wood-based industry will remain competitive in both the domestic and global markets. At the same time, he urged MPIC to always monitor the industry so that it complies with the standard operating procedures (SOPs) set by the government. "The ministry is confident the export performance is able to achieve RM23 billion in 2021 especially with the availability of the vaccines which are expected to ease the COVID-19 transmission. "The economic recovery in major timber importing countries such as the United States (US) and China, as well as increasing demand from other countries would drive the wood industry to remain positive throughout 2021," he said in a statement today.

Mohd Khairuddin shared the export performance of timber-based products for 2020 which recorded a good achievement, although the COVID-19 pandemic has still not ended. He said the export value stood at RM22.02 billion, recording a decline of only 2.0%, compared with RM22.5 billion in 2019. "The performance reflected a positive recovery phase when compared other industries which recorded huge contraction due to the challenges in raw material supply and market demand brought about by the impact of the COVID-19 pandemic. "Export value of timber products started to increase on a monthly basis from May to December 2020 which was during the recovery phase. Companies producing wood-based products particularly furniture, plywood, moulding, and joinery revived their operations to meet orders from the export market," he said.

According to him, the performance of high-value-added products such as furniture, joinery and moulding registered an 11 per cent growth with export value of RM12.3 billion compared with RM11.1 billion in 2019. Out of this, wooden furniture remained as the major product with an export growth of 16% to RM10.6 billion, from RM9 billion in 2019. However, wood joinery and moulding saw a decline of 6.0% and 21% to RM972 million and RM688 million against RM1 billion and RM872.1 million respectively in 2019. Meanwhile, export of sawn timber which is a key product recorded a decrease of 29% to RM2.4 billion, from RM3.4 billion in the previous year. Besides that, export of plywood for 2020 fell 17% to RM2.8 billion, compared with RM3.8 billion in 2019. This was because of the drop in export to Japan which is a major buyer of Malaysian plywood due to the contraction in the construction industry, as well as competition from other producing countries such as Indonesia and China.

"The major markets for timber products which recorded growth were the US and China. Both markets accounted for 44% of Malaysia's total exports. "The US recorded an increase of 50% to RM7.4 billion, compared with RM5 billion in 2019," said Mohd Khairuddin. He added that the growth was influenced by the US government's economic stimulus for the construction industry during the COVID-19 pandemic and growth in e-commerce, which led to the increase in demand for Malaysia's timber products.

China, meanwhile, registered an increase of 23% to RM2.3 billion in 2020, against RM1.8 billion in 2019.

(Source: Press article entitled "Export of timber, timber products to hit RM23 bil in 2021 - MPIC, published on 21 February 2021, www.theedgemarkets.com)

4.5 Overview and outlook of the durian industry

Malaysia's planted area of durian crops witnessed a decline from 73.7 thousand hectares in 2014 to 72.4 thousand hectares in 2017 before moderating at 72.5 thousand hectares in 2019. Nonetheless durian production rose from 351.5 thousand metric tonnes in 2014 to peak at 368.3 thousand metric tonnes in 2015 before dipping to a low of 210.9 thousand metric tonnes in 2017. In 2018, the production of durians saw improvement and rose to 341.3 thousand metric tonnes, registering a year-on-year growth rate of 61.9% compared to the production volume of 210.9 thousand metric tonnes in 2017. The long hot weather in 2018 increased the harvest of durians during the year, even in the off season. In 2019, durian production rose to 348.2 thousand metric tonnes at a year-on-year growth rate of 2.0%.

The Federal Agricultural Marketing Authority ("**FAMA**") anticipates that durian yield will be lower than normal in 2020 arising from a combination of factors, namely Malaysia experiencing high volumes of rainfall combined with a reduced labour force, due to restrictions in place to curb the spread of COVID-19. However, the long term prospects for durian supply remains positive as national durian production is expected to increase to 443.0 thousand metric tonnes by 2030 at a compound annual growth rate ("**CAGR**") of 2.2% between 2019 and 2030.

The majority of export-oriented fresh durian production is in Peninsular Malaysia, mainly in the states of Pahang, Johor, Kelantan and Perak. Johor was the second largest durian producing state in Malaysia with a production volume of 91.0 thousand metric tonnes in 2019, behind Pahang's production of 93.1 thousand metric tonnes.

Domestic durian prices have been on an upward trend since 2015 with average ex-farm, wholesale and retail prices rising at CAGR of 34.2%, 37.1% and 32.6% respectively between 2015 and 2019. Limited production and increasing demand from the export markets, particularly from Singapore, Hong Kong Special Administrative Region ("**Hong Kong**") and China, have resulted in an increase in durian prices. In May 2019, China approved the import of frozen whole durians from Malaysia, further widening the market for Malaysian durians.

Malaysia is a net exporter of durian. Malaysia's exports of durian rose from United States Dollars ("**USD**") 10.2 million (or 13.2 thousand metric tonnes) in 2014 to USD29.3 million (23.4 thousand metric tonnes) in 2018 before dipping to USD22.3 million (22.2 thousand metric tonnes) in 2019. In 2020, Malaysia's exports of durians dipped to USD17.6 million at a year-on-year rate of 21.1% as lockdowns imposed to curb the spread of COVID-19 disrupted harvesting activities as well as global supply chains. The drop in Malaysia's durian exports in 2020 is expected to be short term. Providence Strategic Partners Sdn Bhd ("**PROVIDENCE**") anticipates the recovery of Malaysia's exports of durians at a year-on-year growth rate of 29.0% in 2021. In comparison, Malaysia's imports of durians rose from USD4.3 million to USD4.8 million between 2014 and 2018 before dipping to USD4.1 million in 2019. In 2020, Malaysia's imports of durians dipped to USD2.4 million at a year-on-year rate of 41.5%.

The demand for durian from Malaysia has also supported the rise in export prices. Between 2014 and 2018, the global export prices for durians from Malaysia rose from USD0.77 per kg to USD1.25 per kg and settling at USD1.00 per kg in 2019 supported by rising demand for Malaysia's durians and influenced by shortage in supply for export. In particular, the export prices for durians to the Hong Kong and China have hovered between USD9 per kg and USD13 per kg during this period, peaking at USD12.20 per kg in 2017 due to the shortage in supply for the export market. In comparison, the export prices for durians to Singapore rose from USD0.44 per kg to USD0.65 per kg between 2014 and 2019.

Beyond domestic consumption, the potential for Malaysia's durian industry is strongly supported by demand growth from its trading partners. Malaysia's main export partners are Singapore, Hong Kong and China, whereby between 2014 and 2020:-

- durian exports to Singapore rose from USD5.3 million to USD13.2 million at a CAGR of 20.0%;
- durian exports to Hong Kong rose from USD2.6 million to USD5.5 million at a CAGR of 16.2%; and
- durian exports to Singapore and Hong Kong dipped slightly to USD10.7 million and USD4.9 million respectively in 2020 due to supply chain disruptions arising from lockdowns imposed to curb the spread of COVID-19. This is anticipated to be a short term impact arising from the COVID-19 pandemic, as the exports of durian are expected to recover in line with the recovery in global supply chains.

In the past, China had primarily imported durians from Thailand. Nonetheless, in recent years, China has begun shifting its demand for durians to Malaysia, specifically for the Musang King variety. Following Government negotiations, China approved the import of frozen whole durians from Malaysia in May 2019, in time for the durian season from June to September 2019. Though Malaysia has been exporting frozen durian pulp to China since 2011, this new agreement allows the whole fruit to be shipped to China commencing August 2019, where premium durians are rapidly gaining popularity. Many local orchards in Malaysia have started to ramp up their production of durians, recognising this as a growth opportunity.

Malaysia's advantage is that the flavours of ripened durian are more in line with Chinese tastes. Premium variants such as the Musang King or Mao Shan Wang durians are among the widely sought after in China due to its sticky, creamy texture and rich bittersweet flavour, and are expected to be sold there for USD29 per kg. For farmers, one hectare of Musang King trees can yield RM155,250 a year, nearly nine times RM17,500 harvest from a hectare of oil palm. This lucrative crop has prompted companies in the private sector to cash in on the trend, with some converting their palm oil estates into durian plantations.

The Government of Malaysia is leading the charge for the large-scale farming of durians, in hopes of achieving a 50% rise in exports for the fruit by 2030 and boosting the country's declining agricultural industry. According to Malaysia's then Minister of Agriculture and Agro-based Industry, Dato' Haji Salahuddin bin Ayub, durian exports to China are expected to contribute close to RM500 million to the nation's total export value annually.

In August 2019, the FAMA announced its intentions to cultivate durian on idle endowment land especially on the fringes of towns and isolated areas nationwide. Further, the private sector-led, multi-stakeholder Electronic World Trade Platform (eWTP) initiative provides resources for local durian suppliers in Malaysia to enter the Chinese market to sell its frozen whole Musang King durians.

According to the Commercial Counsellor at the Embassy of the People's Republic of China in Malaysia, Shi Ziming, the interest from Chinese consumers for the fruit has not waned although the supply chain for Malaysian durian was affected early 2020 due to the COVID-19 pandemic, with demand picking up once the pandemic was successfully controlled. Presently, durian from Malaysia is available in several major cities in China and via online platforms.

Despite the COVID-19 pandemic and the off-season period, Malaysia's exports of durian to China in the first quarter of 2020 was equivalent to that in the first quarter of 2019 (approximately USD22 million), illustrating that Malaysia's durian export to China was not affected. The sales of Malaysian durians in China began rising following promotions organised by Chinese e-commerce fresh fruit platform FreshHema and takeaway food platform Meituan Waimai in March 2020 and May 2020 respectively.

(Source: PROVIDENCE)

4.6 Future prospects of FBG Group

FBG Group is principally involved in the core businesses of construction, property development and, logging and timber trading. It is also involved in the trading of construction materials, provision of transportation and logistic services, and investment holding activities. In addition, FBG Group had internally set up a new line of business, namely the plantation activities, in 2019 when it commenced planting of durian within its existing agricultural land located in Mukim Si Rusa, Port Dickson. Furthermore, FBG Group had in August 2020 obtained a moneylender license issued by the Ministry of Housing and Local Government, and that the Group had yet to commence on its money lending business at this juncture.

A summary of the segmental revenue and PBT/ (LBT) of FBG Group based on its audited consolidated financial statements for the past 2 financial years up to the FYE 30 June 2020 as well as the latest unaudited 9-month FPE 31 March 2021 is as follows:-

	FYE 30 June 2019 RM'000	FYE 30 June 2020 RM'000	9-month FPE 31 March 2021 RM'000
Revenue	333,299	234,607	106,508
Construction	224,792	178,740	61,186
Property development	78,277	46,668	30,055
Logging & timber trading	80,448	30,224	20,186
Trading of construction materials	30,701	22,317	10,406
Transportation and logistics	1,490	1,173	1,050
Investment holding	21,820	10,135	11,602
Adjustment/ elimination	(104,229)	(54,650)	(27,977)
PBT/ (LBT)	41,686	38,257	30,206
Construction	(12,515)	27,304	2,337
Property development	18,754	3,026	16,984
Logging & timber trading	34,624	7,635	10,630
Trading of construction materials	196	(71)	(282)
Transportation and logistics	19	(167)	(204)
Investment holding	608	530	837
Plantation	-	-	(96)

Based on the table above, the construction segment remains the key revenue driver of FBG Group, followed by property development and logging & timber trading segments. The prospect in relation to each of the core segment of FBG Group are elaborated hereinbelow:-

Construction segment

The construction business is the main revenue driver of FBG Group. FBG Group has an established track record in participating in and completion of various infrastructure projects, such as railway, hospital, road/ bridges and airport projects. As at the LPD, the Group's outstanding construction order book stands at approximately RM349.4 million, as summarised below:-

Project description/ location	Commencement/ expected completion date	Total contract value RM'000	Outstanding order book as at LPD RM'000	Stage of completion %
Main building works (Phase 1 & 2) for Duta Park Residences, Kuala Lumpur	30.08.2019/ 25.11.2022	405,575	345,515	16.38
High-rise residential development located along Jalan Kuching, Kuala Lumpur comprising of 3 blocks: Tower A (46-Storey), B (49-Storey) and C (30-Storey) with a 13-storey common podium block that consists of basement car park, podium car park and facility floors				
Earthwork Package for Sultan Abdul Aziz Shah Airport, Subang	12.04.2021/ 11.10.2021	3,889	3,889	-
Proposed Development of Business Aviation 1 (BA-1) at part of Lot 1210 (Plot L & H), Sultan Abdul Aziz Shah Airport, Subang, Selangor				
Total		409,464	349,404	

The Group's outstanding order book is expected to provide earnings visibility over the 2 years. The Group's prospect in the construction industry are, to a certain extent, dependent on the continuation of major infrastructure projects such as the East Coast Rail Link (ECRL), Mass Rapid Transit Line 3 (MRT 3), and Penang Transport Master Plan (PTMP). Like any other major construction players, the Group's construction activities was temporarily affected throughout 2020 since the imposition of MCO on 18 March 2020 to curb the COVID-19 outbreak. The Group has since embarked on cost optimisation program in its construction operations by closely monitoring the progress of its project execution and reviewing its cost management from time to time. Through this, the management of FBG has sought to reassess the monthly expenditure vis-à-vis its financial budget and performance, and are therefore able to effect certain cost control measures throughout certain units of operations to offset any foreseeable potential loss of revenue and/ or additional cost of compliance with the MCO standard operating procedures (SOPs).

Notwithstanding the above, the Group remained focused on the execution of its order book and at the same time, will continuously seek to explore further opportunities to tender and participate in private and/ or public projects as means to replenish and build up its order book. As at the LPD, the Group has submitted for 11 tenders for various construction projects amounting to approximately RM1 billion in aggregate.

Property development segment

The Group had recently in February 2021 completed the development and handover of Rica Residence @ Sentul project located at Jalan Kovil Hilir, Sentul, Kuala Lumpur, which comprise a 39-storey serviced apartment and has a total of 473 units with built-ups ranging from 650 sq ft to 1,200 sq ft. The said project, with a carrying GDV of RM292.29 million and GDC of RM234 million, has recorded a take-up rate of approximately 77% as at the LPD.

As part of the long term growth objective for its property development arm, the Group remains focused on the planned developments of the "Rica Residence" series property projects in Malaysia. As at the LPD, the Group's land bank held for property development activities stood at approximately 10 acres, which is predominantly located in Puchong, Selangor and Pulau Melaka, Malacca.

A summary of the Group's planned future property development projects are as follows:-

Project description/ location	Expected commencement/ completion date	Estimated GDV RM'000	Estimated GDC RM'000
Rica Residence @ Kinrara Proposed high-rise residential development project comprising of 475 condominium units and 204 "Rumah Mampu Milik" units split across 3 blocks (Block A: 227 units, Block B: 248 units and Block C: 204 units), located at Puchong, Selangor	Fourth quarter of 2021/ Fourth quarter of 2024	395,900	324,700
Rica Residence @ Malacca (Phase 1) Proposed high-rise 26-storey service apartment project comprising of 160 units, located at Pulau Melaka, Malacca	Fourth quarter of 2022/ Fourth quarter of 2025	77,600	65,900
Total		473,500	390,600

Against the backdrop of global and regional economic headwinds, COVID-19 pandemic, lukewarm buying sentiment in property market and unresolved property overhang, the property market in Malaysia has remained uncertain and challenging to many property developers. Amid the challenging environment, various measures under Budget 2020 was announced by the Government to stimulate the economy and in particular, measures to address the issues affecting the lukewarm property market. This include, amongst others, lower threshold on high-rise property prices, easier financing and base year revision for asset acquisition which will result in lower real property gain tax.

Further, the recent unveiling of the Short-Term Economic Recovery Plan in June 2020 is expected to augur well for the Group's property development business. As part of this plan, the Home Ownership Campaign was re-introduced with stamp duty exemption given on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million, subject to at least 10% discount provided by the developer. This proposed measure would help to stimulate the property market and provide financial relief to home buyers.

Notwithstanding the above, against the backdrop of the COVID-19 pandemic and the challenging outlook of the property market, the Group remain cautiously optimistic on the overall prospects of the property market in the near term.

Logging & timber trading

FBG Group had in 2014 diversified its business into logging and timber trading following the approval obtained from its shareholders at an extraordinary general meeting convened on 24 June 2014. As at the LPD, the Group operates its logging activities at the following timber concession areas:-

Name of timber concession area	Date of agreement/ assignment to logging rights	Validity period/ expiry date of rights	Size of area	Remaining size of area yet to be logged
Hutan Simpan Yong, Jerantut, Pahang	10.03.2014	Extended from 01.03.2021 to 31.05.2021, subject to extended period/ renewed permit*	28,645.17 acres	8.9%
Hutan Simpan Som, Hutan Simpan Tekam and Hutan Simpan Tekai Tembeling (Tambahan), Jerantut, Pahang	12.08.2016	6 years commencing from 05.02.2016, (i.e. expire on 05.02.2022), subject to extended period	20,000 acres	67.4%

Note:-

* *Subject to permit extension/ renewal to be granted from the Pejabat Hutan Daerah Jerantut, Pahang. Barring any unforeseen circumstances, the Group envisages to secure the necessary permit extension/ renewal for logging rights by the second quarter of 2021, and that the extended/ renewed validity period can only be ascertained at a later stage in conjunction with the permit extension/ renewal*

After carrying out the logging activities, the abovementioned concession areas shall be surrendered back for reforestation or replanting of oil palm.

In addition, the Group also has been appointed as the sole and exclusive contractor for the concession rights to extract and remove timber logs in accordance to Malaysian Criteria and Indicators (MC&I) and MS ISO 2000:2008 standards and guidelines, save for the 32 species of trees which comprise of fruit trees and other trees that serve as food sources for fauna, from the following timber concession areas:-

- Hutan Simpan Tekai Tembeling, Jerantut, Pahang (approximate area of 1,000 acres);
- Hutan Simpan Berkelah, Jerantut, Pahang (approximate area of 1,423 acres); and
- Hutan Simpan Tekai Tembeling, Jerantut, Pahang (approximate area of 500 acres).

In respect of its operations in Hutan Simpan Yong, the Group takes cognisance that the logging contract secured for this area is approaching the tail end of operation. In anticipation thereto, the Group is on the look-out for strategic areas for logging and timber extraction opportunities to replenish and expand its source of income from the logging & timber trading segment. At this juncture, the Group is in preliminary discussion with timber concessionaire/ rights holder and/ or timber operators as well as in the midst of look-out for strategic location(s) that can ensure economic viability in the long run.

Further to the above core segments and as mentioned earlier hereinabove, FBG Group had internally set up a new line of business in 2019, namely the plantation activities. In respect of the **plantation** segment, the Group has earmarked durian plantation as a viable business to venture into in the long term. In line with its plantation business initiative, the Group has commenced the durian planting activities involving the planting of about 1,000 durian trees of Musang King and Black Thorn species within its agricultural land measured approximately 38 acres located in Mukim Si Rusa, Port Dickson. The Group incurred a total operating expenditure of approximately RM1.1 million to undertake and execute the said planting initiatives, which has since been completed in early 2020. Barring any unforeseen circumstances, the Board envisages that the durian plantation may contribute to the future earnings of the Group in the long term, in view of the gestation period from planting to durian fruiting/ harvesting which can typically span over 5-7 years.

In order to expand its durian planting initiatives under the **plantation segment**, the Group intends to secure or accumulate more land parcels for plantation activities, as means to scale up the business growth for durian sales in the longer term upon ready for harvesting. In doing so, the Group may enter into agreement(s) with the plantation landowners under a contract farming basis for the right to use the land for a period of time, in which the Group will bear responsibility to plant, operate, maintain and harvest the fruits/ orchards from the plantation land. At this juncture, the Group is currently on the look-out to source for any potential engagement with landowner(s) for purpose of undertaking such business arrangement, taking also into consideration factors such as suitable and strategic location (i.e. soil condition, terrain and size of location) for durian plantation activities.

Barring any unforeseen circumstances, the Board, after having considered all the relevant aspect, including the rationale, industry outlook and the overall prospect of the Group premised on the above, is of the view that the Proposed Rights with Warrants may augur positively for FBG Group's long term growth and future prospects.

(Source: Management of FBG Group)

5. EFFECTS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

5.1 Issued share capital

The effects of the Proposed Rights Issue with Warrants on the issued share capital of the Company are as follows:-

	<-----Minimum Scenario----->		<-----Maximum Scenario----->	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	373,882,456	194,302,598	373,882,456	194,302,598
Issuance of Rights Shares	28,260,600	1,086,946 ^{*1}	373,882,456	14,380,095 ^{*1}
	402,143,056	195,389,544	747,764,912	208,682,693
Shares to be issued arising from the full exercise of Warrants	28,260,600	13,282,482 ^{*2}	373,882,456	175,724,754 ^{*2}
Reversal of warrants reserve pursuant to the full exercise of Warrants	-	1,739,114 ^{*3}	-	23,008,151 ^{*3}
Enlarged issued share capital	430,403,656	210,411,140	1,121,647,368	407,415,598

Notes:-

^{*1} Computed based on the no. of Rights Shares multiplied by the indicative issue price of RM0.10 per Rights Share under respective scenario, and adjusted for the apportionment of its relative fair value between the share capital account and the warrants reserve account.

² Computed based on the no. of Warrants multiplied by the indicative exercise price of RM0.47 per Warrant under respective scenario.

³ Adjusted for the corresponding reversal of warrants reserve to the share capital upon the full exercise of the Warrants. The warrants reserve is computed based on the no. of Warrants multiplied by the theoretical fair value of RM0.16 each under respective scenario, and adjusted for the apportionment of its relative fair value between the share capital account and the warrants reserve account.

5.2 NA and gearing

For illustration purpose only, the effects of the Proposed Rights Issue with Warrants on the audited consolidated NA and gearing of the Group as at 30 June 2020 are as follows:-

Minimum Scenario

	Audited as at 30 June 2020 RM'000	I After the Proposed Rights Issue with Warrants RM'000	II After I and assuming the full exercise of Warrants RM'000
Share capital	194,303	195,390 ¹	210,411 ⁴
Treasury shares	(1,655)	(1,655)	(1,655)
Warrants reserve	-	1,739 ²	- ⁴
Other reserves	(826)	(826)	(826)
Retained profits	117,960	117,360 ³	117,360
Shareholders' equity/ NA	309,782	312,008	325,290
No. of shares in issue (less treasury shares) ('000)	370,807	399,067	427,328
NA per share (RM)	0.84	0.78	0.76
Total borrowings	32,209	32,209	32,209
Gearing ratio (times)	0.10	0.10	0.10

Notes:-

¹ Accounting for the issuance of 28,260,600 Rights Shares at the indicative issue price of RM0.10 each, and adjusted for the apportionment of its relative fair value between the share capital account and the warrants reserve account.

² Accounting for the recognition of 28,260,600 Warrants at the theoretical fair value of RM0.16 each based on the Bloomberg trinomial model, and adjusted for the apportionment of its relative fair value between the share capital account and the warrants reserve account.

³ After deducting the estimated expenses of RM0.60 million in relation to the Proposed Rights Issue with Warrants.

⁴ Assuming all the Warrants are exercised at the indicative exercise price of RM0.47 each and adjusting for the corresponding reversal of warrant reverse to the share capital upon the full exercise of the Warrants.

Maximum Scenario

	Audited as at 30 June 2020 RM'000	I Assuming the resale of treasury shares RM'000	II After I and the Proposed Rights Issue with Warrants RM'000	III After II and assuming the full exercise of Warrants RM'000
Share capital	194,303	194,303	208,683 ¹	407,416 ⁴
Treasury shares	(1,655)	-	-	-
Warrants reserve	-	-	23,008 ²	- ⁴
Other reserves	(826)	(826)	(826)	(826)
Retained profits	117,960	117,960	117,360 ³	117,360
Shareholders' equity/ NA	309,782	311,437	348,225	523,950

	Audited as at 30 June 2020 RM'000	I Assuming the resale of treasury shares RM'000	II After I and the Proposed Rights Issue with Warrants RM'000	III After II and assuming the full exercise of Warrants RM'000
No. of shares in issue (less treasury shares, if any) ('000)	370,807	373,882	747,765	1,121,647
NA per share (RM)	0.84	0.83	0.47	0.47
Total borrowings	32,209	32,209	32,209	32,209
Gearing ratio (times)	0.10	0.10	0.09	0.06

Notes:-

- ^{*1} Accounting for the issuance of 373,882,456 Rights Shares at the indicative issue price of RM0.10 each, and adjusted for the apportionment of its relative fair value between the share capital account and the warrants reserve account.
- ^{*2} Accounting for the recognition of 373,882,456 Warrants at the theoretical fair value of RM0.16 each based on the Bloomberg trinomial model, and adjusted for the apportionment of its relative fair value between the share capital account and the warrants reserve account.
- ^{*3} After deducting the estimated expenses of RM0.60 million in relation to the Proposed Rights Issue with Warrants.
- ^{*4} Assuming all the Warrants are exercised at the indicative exercise price of RM0.47 each and adjusting for the corresponding reversal of warrant reverse to the share capital upon the full exercise of the Warrants.

5.3 Earnings and EPS

The Proposed Rights Issue with Warrants, which is expected to be completed in the third quarter of 2021, is not expected to have any material effect on the earnings and EPS of the Group for the FYE 30 June 2022. However, there will be a dilution in the EPS of the Group for the FYE 30 June 2022 due to the increase in the number of Shares in issue arising from the Proposed Rights Issue with Warrants. Notwithstanding that, the Proposed Rights Issue with Warrants may contribute positively to the future earnings of the Group for the ensuing financial years, as and when the benefits of the utilisation of proceeds are realised.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5.4 Substantial shareholdings structure

The effects of the Proposed Rights Issue with Warrants on the substantial shareholders' shareholdings are as follows:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD				I After the Proposed Rights Issue with Warrants				A
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%*	No. of Shares	%*	
Tan Sri Kuan	28,260,600	7.62	7,581,600 ^{*1}	2.04	56,521,200	14.16	7,581,600 ^{*1}	1.90	84
Tan Sri Datuk Ta Kin Yan	37,150,000	10.02	-	-	37,150,000	9.31	-	-	37

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD				I Assuming the resale of treasury shares				After
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%	No. of Shares	%	
Tan Sri Kuan	28,260,600	7.62	7,581,600 ^{*1}	2.04	28,260,600	7.56	7,581,600 ^{*1}	2.03	56
Tan Sri Datuk Ta Kin Yan	37,150,000	10.02	-	-	37,150,000	9.94	-	-	74

Substantial shareholders	III After II and the full exercise of Warrants			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Tan Sri Kuan	84,781,800	7.56	22,744,800 ^{*1}	2.03
Tan Sri Datuk Ta Kin Yan	111,450,000	9.94	-	-

Notes:-

* Excluding treasury shares.

^{*1} Deemed interest by virtue of Section 8 of the Companies Act, 2016 through Unique Bay.

5.5 Convertible securities

As at the LPD, the Company does not have any convertible securities.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of FBG Shares as traded on Bursa Securities for the past 12 months from May 2020 to April 2021 are set out below:-

	High RM	Low RM
2020		
May	0.309	0.242
June	0.328	0.266
July	0.430	0.290
August	0.478	0.382
September	0.444	0.377
October	0.411	0.357
November	0.483	0.382
December	0.570	0.464
2021		
January	0.550	0.450
February	0.755	0.470
March	0.780	0.630
April	0.755	0.685
Last transacted market price of FBG Shares as at 14 April 2021 (being the latest trading day prior to the announcement on the Proposed Rights Issue with Warrants)		0.725
Last transacted market price on 12 May 2021 (being the LPD prior to the printing of this Circular)		0.835

(Source: Bloomberg)

7. APPROVALS REQUIRED/ OBTAINED

The Proposed Rights Issue with Warrants is subject to the following approvals being obtained:-

- i. Bursa Securities, for the following:-
 - a. admission of the Warrants to the official list of Bursa Securities;
 - b. listing of and quotation for up to 373,882,456 Rights Shares and up to 373,882,456 Warrants pursuant to the Proposed Rights Issue with Warrants on the Main Market of Bursa Securities;
 - c. listing of and quotation for up to 373,882,456 new FBG Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities,

the approval of which has been obtained vide Bursa Securities' letter dated 10 May 2021 subject to the following conditions:-

Conditions	Status of compliance
a. FBG and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue with Warrants	To be complied

	Conditions	Status of compliance
	b. FBG and UOBKH to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants	To be complied
	c. UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Right Issue with Warrants is completed	To be complied
	d. FBG to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable	To be complied
ii.	the shareholders of the Company at the forthcoming EGM; and	
iii.	any other relevant authorities and/ or parties, if required.	

The Proposed Rights Issue with Warrants are not conditional upon any other proposal undertaken or to be undertaken by the Company.

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Rights Issue with Warrants, save for their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess Rights Shares application), to which all Entitled Shareholders are similarly entitled.

9. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposed Rights Issue with Warrants is expected to be completed by the third quarter of 2021. The tentative timetable in relation to the Proposed Rights Issue with Warrants is as follows:-

Month	Events
16 June 2021	<ul style="list-style-type: none"> • Convening of EGM
Mid July 2021	<ul style="list-style-type: none"> • Announcement on the Entitlement Date and price-fixing for the Proposed Rights Issue with Warrants
End July 2021	<ul style="list-style-type: none"> • Entitlement Date for the Proposed Rights Issue with Warrants • Issuance of abridged prospectus in relation to the Proposed Rights Issue with Warrants
End August 2021	<ul style="list-style-type: none"> • Listing and quotation for the Rights Shares pursuant to the Proposed Rights Issue with Warrants • Completion of the Proposed Rights Issue with Warrants

10. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

The Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the date of this Circular.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Rights Issue with Warrants, including but not limited to the rationale and effects of the Proposed Rights Issue with Warrants, and the intended utilisation of proceeds to be raised from the Proposed Rights Issue with Warrants, is of the opinion that the Proposed Rights Issue with Warrants is in the best interest of the Company.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Rights Issue with Warrants at the forthcoming EGM.

12. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held on a fully virtual basis and entirely via remote participation and voting. The EGM will be broadcasted live from Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Wednesday, 16 June 2021 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Rights Issue with Warrants.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. In such event, the Form of Proxy must be lodged at the Company's Registrar Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Center at Unit G-3 Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the EGM or at any adjournment thereof.

You can also have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiah.online> before the Form of Proxy lodgement cut-off time. For further information on the electronic lodgement of Form of Proxy, kindly refer to the Administrative Guide.

The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so.

13. FURTHER INFORMATION

Shareholders are advised to refer to the appendix set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
FAJARBARU BUILDER GROUP BHD

TAN SRI CHAN KONG CHOY
Independent Non-Executive Chairman

APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

UOBKH, being the Adviser for the Proposed Rights Issue with Warrants, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Providence Strategic Partners Sdn Bhd, being the Independent Market Researcher for the Proposed Rights Issue with Warrants, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given their written confirmation that there are no situations of conflict of interest that exist or is likely to exist in relation to its role as the Adviser to FBG for the Proposed Rights Issue with Warrants.

Providence Strategic Partners Sdn Bhd, has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Independent Market Researcher for the Proposed Rights Issue with Warrants.

4. MATERIAL LITIGATION

Save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and has no knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:-

i. Fajarbaru Builder Sdn Bhd ("**Claimant**") vs Tan Wee Meng ("**Respondent**")

The Claimant issued a Notice of Arbitration dated 1 November 2019 against the Respondent for a sum of RM10,000,000.00 ("**the Claim**") pursuant to a Director's Guarantee dated 8 August 2017 given by the Respondent in favour of the Claimant, whereby the Respondent irrevocably and unconditionally undertook to immediately pay on demand to the Claimant any amount due and owing by TYL Land & Development Sdn Bhd ("**TYL Land**"), up to the maximum guarantee amount of RM10,000,000.00, in respect of the whole of the obligations of TYL Land in relation to the Podium Block works of L'Marq Semenyih Project carried out by the Claimant.

Pursuant to the Final Award in the matter of an Arbitration dated 30 December 2020, the Arbitrator has awarded and declared that:-

1. the Respondent shall pay to the Claimant within 14 days from 23 February 2021:-
 - a. the sum of RM10,000,000.00; and

APPENDIX I – FURTHER INFORMATION (CONT'D)

- b. the amount awarded in item 1(a) above or in the event of part payment by the due date, the outstanding balance thereof shall be subject to the addition of simple interest at 5% per annum from the date of this award to the date of payment; and
- 2. the Respondent shall pay and/or reimburse all the legal costs and expenses, the Arbitrator's fees and the Asian International Arbitration Centre (AIAC) booking fees to the Claimant.

As the Final Award is in favour of the Claimant, our Board is of the view that the outcome is in favour of the Claimant and that there is no exposure of liability to the Claimant save for the legal costs and expenses incurred by the Claimant in the arbitration proceedings.

On 23 April 2021, the Claimant had successfully enforced the Arbitration Award against the Respondent pursuant to Section 38 of the Arbitration Act 2005, by way of an ex-parte Originating Summons.

ii. **Fajarbaru Builder Sdn Bhd ("Claimant") vs Shaw Plaza Sdn Bhd ("Respondent")**

On 12 March 2019, the Claimant issued a Notice of Arbitration on the Respondent. On 19 April 2019, the Claimant and the Respondent agreed to refer their disputes and differences to Arbitration.

The disputes and differences between the parties arose from the Mutual Termination Agreement dated 25 May 2015 ("**MTA**") relating to the Shaw Parade Project.

The Claimant is claiming for the sum of RM22,797,715.97 under the Final Account.

The Respondent is counter-claiming against the Claimant for the sums of RM9,179,842.03.

Our Board is of the view that the Claimant has a reasonable chance of success against the Respondent.

The maximum exposure of liability to the Claimant is RM9,179,842.03 plus the legal costs and expenses incurred by both the Claimant and the Respondent in the arbitration proceedings in the event that the Claimant's claim is dismissed and the Respondent's counter-claim is allowed with costs.

The arbitration is fixed for Hearing between 18 October 2021 and 12 November 2021.

5. MATERIAL COMMITMENTS

Save as disclosed below, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

	RM'000
Approved and contracted for property, plant and equipment	<u>5,194</u>

APPENDIX I – FURTHER INFORMATION (CONT'D)

6. CONTINGENT LIABILITIES

Save as disclosed below, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

	RM'000
Performance and tender bond granted to contract customers	<u>46,700</u>

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of FBG at No. 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Constitution of FBG;
- ii. Audited consolidated financial statements of the Group for the past 2 financial years up to the FYE 30 June 2020 and the latest unaudited quarterly results for the 9-month FPE 31 March 2021;
- iii. The letter of consent and declaration of conflict of interest referred to in Sections 2 and 3 above, respectively;
- iv. The draft Deed Poll;
- v. The undertaking letter from the Undertaking Shareholder dated 15 April 2021; and
- vi. The cause papers referred to in Section 4 above.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--



FAJARBARU BUILDER GROUP BHD

Registration No. 199301026907 (281645-U)
(Incorporated in Malaysia)

**ADMINISTRATIVE GUIDE FOR THE
EXTRAORDINARY GENERAL MEETING (“EGM”)**

Date & Time	:	Wednesday, 16 June 2021 at 10.00 a.m.
Broadcast Venue	:	Tricor Leadership Room Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Meeting Platform	:	TIIH Online website at https://tiih.online
Mode of Communication	:	a) Type text and submit in the Meeting Platform b) Submit questions through Tricor’s TIIH online website at https://tiih.online by selecting “e-Services” to login, prior to the EGM

MODE OF MEETING

In view of the Coronavirus Disease (“Covid-19”) pandemic and with the safety of the Company’s shareholders, employees and directors being our primary concern, the Board of Directors (“the Board”) and Management decided that the EGM of the Company will be conducted **FULLY VIRTUAL through live streaming from the Broadcast Venue and online remote voting** using the remote participation and voting facilities (“RPV”).

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders / proxies **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.

Please note that only shareholder whose name appears on the Record of Depositors (“ROD”) on 8 June 2021 (General Meeting ROD) shall be entitled to attend or appoint proxy to attend and / or vote on his / her behalf.

REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders / proxies are able to attend virtually, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the EGM using the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via TIIH Online website at <https://tiih.online>. Please refer to the Procedures for RPV herein.

A shareholder who has appointed proxy(ies) or corporate representative(s) or attorney(s) to participate at the EGM via the RPV must request his / her proxy(ies) or corporate representative(s) or attorney(s) to register himself / herself / themselves for the RPV at TIIH Online website at <https://tiih.online>. Please refer to the Procedures for RPV herein.

PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate in the EGM will need to follow the requirements and procedures as summarized below:

	Procedure	Action
BEFORE THE EGM DAY		
(a)	Register as a user with TIIH online	<ul style="list-style-type: none"> Using your computer, access the TIIH Online website at https://tjih.online. Register as a user under the “e-services”, select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via email. If you are already a user with TIIH Online, you are not required to register again. You will receive an email to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your registration for RPV	<ul style="list-style-type: none"> Registration is open from Monday, 31 May 2021 until the day of the EGM, Wednesday, 16 June 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate at the EGM using the RPV. To register for the RPV, visit the TIIH Online website and login with your used ID and password and select the corporate event: “(REGISTRATION) FAJARBARU EGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. The system will send an email to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 8 June 2021, the system will send you an email to approve your registration for remote participation and the procedures to use the RPV will be detailed therein. In the event your registration is not approved, you will also be notified via email. <p>(Note: Please allow the sufficient time for the approval of new user of TIIH Online and registration for the RPV).</p>
ON THE DAY OF THE EGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> To participate in the EGM, visit the TIIH Online website and log in with your user ID and password at any time from 9.00 a.m. i.e. one hour before the commencement of the EGM on Wednesday, 16 June 2021 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAMING MEETING) FAJARBARU EGM” to engage in the proceedings of the EGM remotely. If you have any question for the Chairman / Board, you may use the query box to transmit your question. The Chairman / Board will endeavour to respond to all questions submitted during the EGM. If there is time constraint, the responses will be emailed to you at the earliest possible, after the meeting.

(e)	Online Remote Voting	<ul style="list-style-type: none"> • The voting session will commence from 10.00 a.m. on Wednesday, 16 June 2021 until a time when the Chairman announces the end of the session. • To submit your vote, on the TIIH Online website, select the corporate event: “(REMOTE VOTING) FAJARBARU EGM” or if you are in the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button located below the query box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolution(s) that is / are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> • Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your registration for the RPV be approved, we will make available to you the rights to join the live streaming meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event that you encounter any issues with logging in, connection to the live streaming meeting or voting online on the day of the meeting, kindly call Tricor Help Line at 011 - 4080 5616 / 011 – 4080 3168 / 011 – 4080 3169 / 011 – 4080 3170 or email to tiih.online@my.tricorglobal.com for assistance.

APPOINTMENT OF PROXY OR CORPORATE REPRESENTATIVE OR ATTORNEY

Shareholders who appoint proxy(ies) to participate via the RPV at the EGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than Monday, 14 June 2021 at 10.00 a.m.

The appointment of a proxy may be made in hard copy form or electronically as below:

1. In hard copy form

The form of proxy must be deposited with Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at Tricor’s Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

2. Electronically

The form of proxy can be electronically submitted via Tricor’s TIIH Online website at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Procedure for Electronic Submission of Form of Proxy.

Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than 14 June 2021 at 10.00 a.m. to participate via the RPV in the EGM. A copy of the power of attorney may be accepted provided that it is certified notarially and / or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment at the Tricor's office, or alternatively, at its Customer Service Centre at the above addresses not later than 14 June 2021 at 10.00 a.m. to participate via the RPV in the EGM.

Shareholders who have appointed proxy(ies) or corporate representative(s) or attorney(s) to participate in the EGM must request his / her proxy(ies) or corporate representative(s) or attorney(s) to register himself / herself / themselves for the RPV at TIIH Online website at <https://tiih.online>.

PROCEDURES FOR ELECTRONIC SUBMISSION OF FORM OF PROXY

The procedures to submit your Form of Proxy electronically via TIIH Online website are summarized below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "FAJARBARU EGM – SUBMISSION OF FORM OF PROXY". Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print the Form of Proxy for your record.
ii. Steps for Corporation or Institutional Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working day(s). Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he / she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>

Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> ▪ Login to TIIH Online at https://tiih.online ▪ Select the corporate exercise name: “FAJARBARU EGM – SUBMISSION OF FORM OF PROXY”. ▪ Agree to the Terms & Conditions and Declaration. ▪ Proceed to download the file format for “Submission of Form of Proxy” in accordance with the Guidance Note set therein. ▪ Prepare the file for the appointment of proxies by inserting the required data. ▪ Submit the proxy appointment file. ▪ Login to TIIH Online, select corporate exercise name: “FAJARBARU EGM – SUBMISSION OF FORM OF PROXY”. ▪ Proceed to upload the duly completed proxy appointment file. ▪ Select “Submit” to complete your submission. ▪ Print the confirmation report of your submission for your record.
--	--

POLL VOTING

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from 10.00 a.m. on Wednesday, 16 June 2021 but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from Tricor’s TIIH Online website at <https://tiih.online>.

Upon completion of the voting session for the EGM, the Scrutineers will verify the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the EGM via TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than Monday, 14 June 2021 at 10.00 a.m. The Board will endeavour to answer the questions received at the EGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the EGM.

ENQUIRY

Should you require any assistance on the above, please contact our Share Registrar during office hours on Monday to Friday from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd

General / Fax No.	:	+603 - 2783 9299 / +603 - 2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Ms Lim Lay Kiow	:	+603 - 2783 9232 / Lay.Kiow.Lim@my.tricorglobal.com
Pn. Zakiah Wardi	:	+603 - 2783 9287 / Zakiah@my.tricorglobal.com
Mr Keith Lim	:	+603 - 2783 9240 / Keith.Lim@my.tricorglobal.com



FAJARBARU BUILDER GROUP BHD
Registration No. 199301026907 (281645-U)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Fajarbaru Builder Group Bhd ("**FBG**" or the "**Company**") will be held on a fully virtual basis and entirely via remote participation and voting. The EGM will be broadcasted live from Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Wednesday, 16 June 2021 at 10.00 a.m., or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

ORDINARY RESOLUTION

THE PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 373,882,456 NEW ORDINARY SHARES IN FBG ("FBG SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 1 EXISTING FBG SHARE HELD, TOGETHER WITH UP TO 373,882,456 FREE DETACHABLE WARRANTS IN FBG ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED FOR ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"THAT, subject to the approvals of all relevant authorities and/ or parties (if required) being obtained, where required, approval be and is hereby given to the Board of Directors of FBG ("**Board**") for the following:-

- i. to provisionally allot and issue by way of a renounceable rights issue of up to 373,882,456 Rights Shares together with up to 373,882,456 Warrants to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, on the basis of 1 Rights Share for every 1 existing FBG Shares held and 1 Warrant for every 1 Rights Share subscribed;
- ii. to issue such Rights Shares together with Warrants as may be required to give effect to the Proposed Rights Issue with Warrants, including any persons entitled on renunciation of the provisional allotments; and
- iii. to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Rights Shares;

THAT any Rights Shares together with Warrants which are not taken up or validly taken up shall be made available for excess applications to the entitled shareholders and/ or their renounee(s) who have applied for the excess Rights Shares with Warrants, and are intended to be allocated on a fair and equitable basis;

THAT any fractional entitlements of the Rights Shares together with Warrants arising from the Proposed Rights Issue with Warrants, if any, shall be disregarded and dealt with in such manner as the Board shall in its sole and absolute discretion deems fit and expedient, and is in the best interest of the Company;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised as set out in the circular to the shareholders dated 31 May 2021 ("**Circular**"), and the Board be and is hereby authorised with full power to vary the manner and/ or purposes of utilisation of such proceeds in such manner as the Board, may at its absolute discretion, deem fit, necessary, expedient and/ or in the best interest of the Company, subject to the approval of the relevant authorities, where required;

THAT the Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing FBG 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;

THAT the Board be and is hereby authorised to sign and execute all documents, enter into any arrangements, agreements and/ or undertakings with any party or parties, do all things as may be required to give effect to the Proposed Rights Issue with Warrants with full powers to assent to any conditions, variations, modifications and/ or amendments including to vary the manner and/ or the purpose of the utilisation of proceeds arising from the Proposed Rights Issue with Warrants, if necessary, in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants in the best interest of the Company;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue to be in full force and effect until the Rights Shares together with Warrants to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants."

BY ORDER OF THE BOARD

TAN KOK AUN (SSM PC No. 201908003805) (MACS 01564)
NIP CHEE SIEN (SSM PC No. 202008003954) (MAICSA 7066996)
Company Secretaries

Kuala Lumpur
31 May 2021

NOTES:-

- 1) *A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote instead of him/her at a general meeting who shall represent all the shares held by such member, and where a member holding more than one thousand (1,000) ordinary shares may appoint more than one (1) proxy to attend and vote instead of him/her at the same meeting. Where a member appoints more than (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
- 2) *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
- 3) *A proxy may but need not be a member of the Company.*
- 4) *If the appointer is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its attorney.*
- 5) *The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified true copy thereof shall be deposited at the Company's Registrar Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Center at Unit G-3 Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur Malaysia not less than 48 hours before the time set for the meeting. Alternatively, the proxy appointment can be lodged electronically via **TIIH Online** at <https://tiih.online> before the form of proxy lodgement cut-off time as mentioned above. For further information on the electronic lodgement of form, kindly refer to the Administrative Guide.*
- 6) *Depositor whose name appears on the Record of Depositors as at 8 June 2021 shall be regarded as member of the Company and entitled to attend and vote at the meeting or to appoint proxy(ies) to attend and vote at the meeting.*



FAJARBARU BUILDER GROUP BHD
199301026907 (281645-U)
(Incorporated in Malaysia)

No. of Shares held

CDS No.

Form of Proxy

I/ We _____
(Full name in block letters)

of _____
(Address)

being a member of **FAJARBARU BUILDER GROUP BHD**, hereby appoint _____
(Full name in block letters)

of _____
(Address)

and _____
(Full name in block letters)

of _____
(Address)

as my/ our proxy to vote for me/ us and on my/ our behalf at the **EXTRAORDINARY GENERAL MEETING** of the Company to be held on a fully virtual basis and entirely via remote participation and voting; to be broadcasted live from Broadcast Venue: Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Wednesday, 16 June 2021 at 10.00 a.m., or any adjournment thereof.

My/ our proxy is to vote as indicated hereunder.

Resolution		For	Against
Ordinary Resolution	Proposed Rights Issue with Warrants		

Date this ____ day of _____, 2021.

Signature

NOTES:-

- 1) A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote instead of him/her at a general meeting who shall represent all the shares held by such member, and where a member holding more than one thousand (1,000) ordinary shares may appoint more than one (1) proxy to attend and vote instead of him/her at the same meeting. Where a member appoints more than (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- 2) Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 3) A proxy may but need not be a member of the Company.
- 4) If the appointer is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its attorney.
- 5) The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified true copy thereof shall be deposited at the Company's Registrar Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Center at Unit G-3 Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur Malaysia not less than 48 hours before the time set for the meeting. Alternatively, the proxy appointment can be lodged electronically via **TIIH Online** at <https://tiih.online> before the form of proxy lodgement cut-off time as mentioned above. For further information on the electronic lodgement of form, kindly refer to the Administrative Guide.
- 6) Depositor whose name appears on the Record of Depositors as at 8 June 2021 shall be regarded as member of the Company and entitled to attend and vote at the meeting or to appoint proxy(ies) to attend and vote at the meeting.

Please fold here

AFFIX
STAMP

The Company Registrar
FAJARBARU BUILDER GROUP BHD
Unit 32-1, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Please fold here