



Corporate Office:
A-2-6, Glomac Damansara,
No. 699, Jalan Damansara,
60000 Kuala Lumpur

2022

ANNUAL REPORT

www.fsbm.com.my



The Symbol represents the Chinese character '**Big**' signifying growth, progressive steps and our capacity to turn the tides of the ICT industry with new waves. The vertical stroke is associated to the beginning of the Jawi alphabet '**Alif**' which expresses the spirit of pioneering and initiative.

The stylised '**F**' symbolizes forging ahead, fortitude and forward thinking. The red dot forms the head, representing the creativity of our human resources. The dot also indicates our focus on ICT, whereby the horizontal upward stroke forms the shoulder of a man carrying the '**I**' of '**ICT**' to greater achievements.

Red is the colour of life, energy, zeal and with it, the connotation of prosperity. Black communicates solidity and stability, our commitment to integrity, wisdom and honour.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting (“38th AGM”) of FSBM Holdings Berhad (“FSBM” or “the Company”) will be held at Strive Room, Level M3, VE Hotel & Residence, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Monday, 22 May 2023 at 3.00 p.m. to transact the following businesses:

ORDINARY BUSINESS

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon. | EXPLANATORY NOTE 8(I) |
| 2. | To approve payment of Directors’ fees amounting to RM87,500 for the financial year ended 31 December 2021. | RESOLUTION 1 |
| 3. | To approve payment of Directors’ fees amounting to RM178,590 for the financial year ended 31 December 2022. | RESOLUTION 2 |
| 4. | To re-elect the following Directors who retire by rotation in accordance with Clause 97 of the Company’s Constitution:
a) Mr. Ng Yew Soon
b) Ms. Tan Wan Yen | RESOLUTION 3
RESOLUTION 4 |
| 5. | To re-appoint Messrs. Moore Stephens Associates PLT as the Company’s Auditors for the ensuing financial year and to authorise the Directors to fix their remuneration. | RESOLUTION 5 |

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolution, with or without modifications:

- | | | |
|----|---|---------------------|
| 6. | RENEWAL OF AUTHORITY FOR DIRECTORS TO ISSUE SHARES | RESOLUTION 6 |
|----|---|---------------------|

“THAT, subject always to the Companies Act 2016 (the “Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), any directives or modifications or reliefs issued by Bursa Securities from time to time in relation to the general mandate for issue of securities, and the approvals of the relevant governmental and/or regulatory authorities, where such approval is necessary, approval be and is hereby given to the Directors of the Company pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force provided always that the total number of new shares issued pursuant to this resolution when aggregate with the number of new shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.

THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

THAT the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

AND THAT the Directors of the Company are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad.

FURTHER THAT pursuant to Section 85 of the Act read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the existing shareholders of the Company to be offered with new shares ranking equally to the existing issued shares arising from the issuance and allotment of the new shares in the Company pursuant to Sections 75 and 76 of the Act AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.”

ANY OTHER BUSINESS

7. To transact any other business of which due notice shall be given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

WONG YOUN KIM

Practicing Certificate No. 201908000410 (MAICSA 7018778)
Secretary

Kuala Lumpur
20 April 2023

NOTES:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialised.
3. The instrument appointing a proxy must be deposited at the Company's Share Registrar office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than twenty-four (24) hours before time appointed for the taking of poll at this meeting or at any adjournment thereof.
4. A member entitled to attend and vote at this meeting is entitled to appoint one (1) or more proxies to attend and vote instead of him/her. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
5. Where a member of the company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
6. The Company has put all the Resolutions as set out in the Notice of AGM to be voted by poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

7. GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 15 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend and vote on his/her behalf.

8. EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

(i) Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2022.

The Audited Financial Statements are laid pursuant to the provision of Section 340(1)(a) of the Companies Act 2016 and is meant for discussion only. It does not require formal approval by the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(ii) Ordinary Resolutions 1 and 2 – Directors' fees

Section 230(1) of the Companies Act 2016 provides amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved by shareholders at a general meeting. In this respect, the Board seeks the shareholders' approval at this AGM on the payment of Directors' fees.

The Board did not recommend seeking shareholders' approval for payment of Directors' fees for the financial year ended 31 December 2021 at the last Annual General Meeting (“AGM”) held on 20 May 2022 having taken into consideration the Company's unhealthy financial position at that time. The Board is pleased that the Group achieved a successful turnaround in the financial year 2022. The Board is of the view that it is fair and equitable for the Directors to be paid the Directors' fees for their effort to turn the Group from a loss-making position in the past to profit in 2022. The Remuneration Committee had reviewed the proposed Directors fees and it was recognised that the Directors' fees payable is fair and equitable and it is in the best interest of the Company. Hence, the Board seeks the shareholders to vote in favour of these resolutions.

(iii) Ordinary Resolutions 3 and 4 – Re-election of Directors pursuant to Clause 97 of the Constitution.

Clause 97 of the Constitution of the Company provides that an election of Directors shall take place each year at the AGM of the Company where one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire and be eligible for re-election provided that each Director must retire from office at least once in every three (3) years.

The profile of the retiring Directors, namely Mr. Ng Yew Soon and Ms. Tan Wan Yen who stand for re-election and their interest in the securities of the Company are set out in the section of Directors' Profile in the Annual Report.

The Nomination Committee had assessed Mr. Ng Yew Soon and Ms. Tan Wan Yen and had rated their performance as “Competent” in discharging his duties and responsibilities as a Director. Both of them meet the Directors' fit and proper criteria as set out in the Directors' Fit and Proper Policy of the Company. Based the above, the Board supported the recommendation for re-election of them as Directors. Hence, the Board seeks the shareholders to vote in favour of these resolutions.

(iv) Ordinary Resolution 6 – Renewal of Authority for Directors to Issue Shares.

The Proposed Ordinary Resolution 6, if passed, is to give the Directors of the Company flexibility to issue and allot shares up to an amount not exceeding ten per centum (10%) of the Company's total number of issued shares for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the best interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for the possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions. The Board of Directors emphasises that the Company will not issue new shares unless it is an exercise that will ultimately increase shareholders' value. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate sought for Directors to issue shares is a renewal of the mandate that was approved by the shareholders at the last AGM of the Company held on 20 May 2022 (“previous mandate”) which will lapse at the conclusion of this AGM. There were no new shares issued pursuant to the previous mandate.

Shareholders are advised to take note that the approval given to the Directors in this resolution for the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive and deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 54 of the Constitution of the Company and this will allow the Directors of the Company to issue new shares in the Company which rank equally to the existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate which this will result in a dilution to their shareholding percentage in the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of individual who is standing for election as Director

No individual is seeking for election as Director at the Thirty-Eighth Annual General Meeting of the Company other than the following retiring Directors seeking for re-election at the AGM:

- 1) Mr. Ng Yew Soon
- 2) Ms. Tan Wan Yen

Their profiles and their interest in the securities of the Company are set out in the section of Directors' Profile in the Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir Dr Abdul Rahim Bin Daud

*(Chairman, Senior Independent Non-Executive Director)
(Resigned on 12 April 2022)*

Tan Ee Ern

*(Executive Director)
(Resigned on 11 March 2022)*

Pang Kiew Kun

(Executive Director)

Tan Wan Yen

(Executive Director)

Abdul Jalil Bin Abdul Jamil

*(Independent Non-Executive Director)
(Resigned on 11 March 2022)*

Dato' Tan Hock San @ Tan Hock Ming

*(Redesignated from Managing Director to
Non-Independent Non-Executive Director on 12 April 2022)*

Mok Kar Foo

(Non-Independent Non-Executive Director)

Ng Yew Soon

(Independent Non-Executive Director)

Tey Giap Turn

*(Independent Non-Executive Director)
(Appointed on 12 April 2022)*

AUDIT COMMITTEE

Ng Yew Soon *(Chairman)*

Tey Giap Turn *(Member)*

Mok Kar Foo *(Member)*

NOMINATION COMMITTEE

Mok Kar Foo *(Chairman)*

Ng Yew Soon *(Member)*

Tey Giap Turn *(Member)*

REMUNERATION COMMITTEE

Tey Giap Turn *(Chairman)*

Mok Kar Foo *(Member)*

Ng Yew Soon *(Member)*

REGISTERED OFFICE

Level 5, Tower 8, Avenue 5

Horizon 2, Bangsar South City

59200 Kuala Lumpur

Wilayah Persekutuan Kuala Lumpur

Malaysia

Telephone: 603 2280 6388

Facsimile : 603 2280 6399

PRINCIPAL PLACE OF BUSINESS

A-2-6, Glomac Damansara

699, Jalan Damansara

60000 Kuala Lumpur

Wilayah Persekutuan Kuala Lumpur

Malaysia

Telephone: 603 7932 2313

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32

Tower A, Vertical Business Suite

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Wilayah Persekutuan Kuala Lumpur

Malaysia

Telephone: 603 2783 9299

Facsimile: 603 2783 9222

COMPANY SECRETARY

Wong Youn Kim

SSM Practicing Certificate No. 201908000410

(MAICSA 7018778)

AUDITORS

Moore Stephens Associates PLT (AF002096)

Surian Tower, Unit 3.3A, 3rd Floor

No. 1, Jalan PJU 7/3, Mutiara Damansara

47810 Petaling Jaya, Selangor

Malaysia

Telephone: 603 7728 1800

Facsimile: 603 7728 9800

PRINCIPAL BANKERS

United Oversea Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market Bursa Malaysia Securities Berhad

Stock Name: FSBM Stock Code: 9377

WEBSITE

www.fsbm.com.my

DIRECTORS' PROFILE

PANG KIEW KUN

Executive Director
Aged 50, Malaysian, Male

Mr. Pang Kiew Kun was appointed as an Executive Director of the Company on 12 October 2021.

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

Mr. Pang has more than 24 years of working experience in business development, sales & marketing in various multinational companies. He started his career in 1997 in KLA-Tencor Sdn. Bhd., a USA-based public company listed in Fortune 500.

From 2001 to 2009, he worked with companies engaged in Semiconductor/IC Packaging Assembly and Testing i.e., ASM Assembly Equipment (M) Sdn. Bhd. and Kulicke & Soffa Global Holding Corporation. From 2009 till 2016, he assumed the position as General Manager in GoIndustry DoveBid Malaysia (listed in NASDAQ with HQ located in Washington).

In 2016, he set up a company named Aresys Industries Sdn. Bhd., an Industrial Automation and Digital System Integration Provider specialized in providing Industry 4.0 transformation, IoT system integration and smart factory solutions. Mr. Pang currently is the Managing Director of Aresys Industries Sdn. Bhd. He has successfully supported various Malaysian SME factories to embark on factory digitalization journey via OEE and MES.

Other major accomplishments are the complete digitalization rollout for a plantwide MES+OEE+ERP+CRM+E-commerce implementation for 1 factory under Industry4WRD Intervention Fund and also awarded to implement Vision Inspection System for 5 Rubber Glove Manufacturers in Malaysia and Thailand. In 2020, his company had been appointed by SIRIM Bhd to implement IoT & Digitalization for 3 factories, at the same time they also secured Vision Inspection system contract from 2 large Glove manufacturers and Factory Automation Project from a world-leading disk drive manufacturer and data storage company.

Presently, Mr. Pang does not hold any directorship in any other public or public listed companies.

Mr. Pang does not have any conflict of interest in any business arrangement involving the Company.

He holds 2,790,00 shares in the Company and does not hold any indirect interest in the Company. He also does not hold any shares directly or indirectly, in the subsidiary companies of the Company.

He has no family relationship with any director and/or major shareholder of the Company.

He has not been convicted for offences within the past five (5) years (other than traffic offences), and there are no public sanction and/or penalty imposed by the relevant regulatory bodies on Mr. Pang during the financial year.

DIRECTORS' PROFILE (CONT'D)

TAN WAN YEN

Executive Director
Aged 40, Malaysian, Female

Ms. Tan Wan Yen was appointed as Executive Director of the Company on 27 November 2008.

She graduated from the London School of Economics and Political Science with a BSc (Hons) in Accounting and Finance in 2004, and she completed internships at PricewaterhouseCoopers and Accenture.

After graduation, Ms. Tan worked in the Corporate Finance division of Aseambankers Malaysia Berhad for 2 years. Thereafter she joined Bina Fikir Sdn. Bhd., a boutique financial advisory firm, as an analyst. She has since been with FSBM.

Ms. Tan does not have any conflict of interest in any business arrangement involving the Company.

She holds 1,900 shares in the Company and does not hold any indirect interest in the Company. She also does not hold any shares directly or indirectly, in the subsidiary companies of the Company.

Ms. Tan is the daughter of Dato' Tan Hock San @ Tan Hock Ming who is the Non-Independent Non-Executive Director of the Company (Dato' Tan Hock San @ Tan Hock Ming was redesignated from the position of Managing Director to Non-Independent Non-Executive Director on 12 April 2022).

She was in 2021 publicly reprimanded and fined RM56,800 for breaching Paragraph 16.13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on 12 October 2020. Save for that, she has not been convicted for offences within the past five (5) years (other than traffic offences).

DATO' TAN HOCK SAN @TAN HOCK MING

Non-Independent Non-Executive Director
Aged 74, Malaysian, Male

Dato' Tan Hock San @ Tan Hock Ming was one of the first Directors and founder of the Company. He was appointed as Managing Director since the incorporation of the Company on 27 February 1984. On 12 April 2022, he was redesignated from Managing Director to Non-Independent Non-Executive Director.

Dato' Tan holds a Bachelor of Computer Science (Hons) degree from the University of London. He has over 40 years of experience in Information and Communication Technology ("ICT"). Prior to the founding of the Company, he had served in several large corporations including IBM World Trade Corporation, Exxon Production Malaysia Incorporation, HRM Sdn. Bhd. and Business Computers Sdn. Bhd. Being one of the pioneers in the computer industry in Malaysia, and with his extensive experience, he is well positioned to gauge the direction of the industry as a whole. He is pivotal in setting the overall direction of the Company and has successfully listed the Company on the Bursa Malaysia Securities Berhad in October 1994. As the Managing Director of the Company, he steers the development and growth of the Group's business.

Dato' Tan does not hold any directorship in any other public or public listed companies.

Dato' Tan does not have any conflict of interest in any business arrangement involving the Company.

He does not hold any shares directly in the Company. However, he has deemed interest of 106,200 ordinary shares in the Company via Sanyee Corporation Sdn. Bhd., spouse, and children. He does not hold any shares in the subsidiary companies of the Company.

Dato' Tan Hock San is the father of Ms. Tan Wan Yen who is the Executive Director of the Company.

Save as disclosed above, Dato' Tan has no family relationship with any director and/or major shareholder of the Company.

He was in 2021 publicly reprimanded and fined RM142,000 for breaching Paragraph 16.13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on 12 October 2020. Save for that, he has not been convicted of offences within the past five (5) years (other than traffic offences).

MOK KAR FOO

Non-Independent Non-Executive Director
Aged 41, Malaysian, Male

Mr. Mok Kar Foo was appointed as a Non-Independent Non-Executive Director of the Company on 12 October 2021. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

Mr. Mok graduated from Staffordshire University with a Bachelor's Degree in Computer Science/Information Technology in 2005. He obtained an Advanced/Higher/Graduate Diploma in Computer Science/Information Technology from APIT in 2003.

Mr. Mok started his career in 2005 as JAVA Developer in Maestro Planning Solutions and subsequently in AsiaEP Berhad till 2007.

Thereafter, he worked as Senior Software Engineer in Firium Sdn. Bhd. involved mainly in designing and managing the development of wealth management software. Subsequently, in 2011, he joined Funtogether Sdn. Bhd. as Chief Technical Officer for 2 years where he engaged in prototype, design and manage the development of social games and mobile games/applications, 777define the technology used and consultation on the possibility of the use of new technology.

Currently, he is the Chief Technology Officer in Sodontt Bizworks Sdn. Bhd. which provides solutions, support and develop system for various projects such as Mobile Claim Management System, Oracle VM Installation & Configuration, Flight Cargo System and Fraud Detection Management System.

Presently, Mr. Mok does not hold any directorship in any other public or public listed companies.

Mr. Mok does not have any conflict of interest in any business arrangement involving the Company.

He does not hold any shares, directly or indirectly, in the Company and in the subsidiary companies of the Company. He has no family relationship with any director and/or major shareholder of the Company. He has not been convicted for offences within the past five (5) years (other than traffic offences), and there are no public sanction and/or penalty imposed by the relevant regulatory bodies on Mr. Mok during the financial year.

NG YEW SOON

Independent Non-Executive Director Aged 65, Malaysian, Male

Mr. Ng Yew Soon was appointed to the Board as an Independent Non-Executive Director on 27 August 2020. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

Mr. Ng graduated from Tunku Abdul Rahman College with a Diploma in Commerce (Financial Accounting). He completed his examination of The Association of Chartered Certified Accountants in 1984. He was admitted as Associate of the Association in 1986 and later as Fellowship of the Association in 1991. Mr. Ng was admitted as Chartered Accountant of Malaysian Institute of Accountants in 1988. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants (MIA).

Mr. Ng Yew Soon is a finance professional with a broad range of experience in accounting, taxation, mergers, and acquisitions. He spent the early years of his professional career as auditor in an international accounting firm for approximately 9 years. He joined a conglomerate Group as Finance Manager subsequently and 2 years later he joined a public listed company as Group Accountant where he held various senior finance positions over the 22 year-period with the last position as Director of Finance before his retirement in 2016.

Mr. Ng served on the Adjudication Committee for the National Annual Corporate Report Awards (NACRA) in 2005. He has continued to serve on the Adjudication Committee up to 2018.

Presently, Mr. Ng does not hold any directorship in any other public or public listed companies.

Mr. Ng does not have any conflict of interest in any business arrangement involving the Company.

He does not hold any shares, directly or indirectly, in the Company and in the subsidiary companies of the Company. He has no family relationship with any director and/or major shareholder of the Company. He has not been convicted for offences within the past five (5) years (other than traffic offences), and there are no public sanction and/or penalty imposed by the relevant regulatory bodies on Mr. Ng during the financial year.

DIRECTORS' PROFILE (CONT'D)

TEY GIAP TURN

Independent Non-Executive Director
Aged 44, Malaysian, Male

Mr. Tey Giap Turn was appointed as an Independent Non-Executive Director of the Company on 12 April 2022. He is the Chairman of the Remuneration Committee and a member of the Nomination Committee and Audit Committee.

Mr. Tey graduated from Edinburgh Napier University, United Kingdom with a Bachelor of Business in Business Management. He obtained Specialist Diploma in Productivity Management from Nanyang Polytechnic, Singapore.

Mr. Tey decided once he finished his Specialist Diploma back in 1999 to join Schlumberger up until January 2022. He has accumulated more than 23 years of experience in REDA Production Systems. REDA Production Systems is a Schlumberger company specialized in manufacturing of electrical submersible pumps for the oil and gas industry.

He holds a few Professional Qualifications, in year 2009, he collected Lean Six Sigma Yellow Belt by Duggan Associates Inc. achieved total savings of USD 1,000,000, Workplace Safety & Health Committee Training Course by BOND International Consultants and Basic Industrial Safety and Health Course for Supervisors. In year 2012, he collected CAPM (Certified Associate in Project Management) at NTUC Learning Hub. 2013, Lean Six Sigma Green Belt by TUV SUD PSB Learning Pte Ltd, Singapore and achieved total department saving of USD 1,150,000. Between year 2011 and 2013, Mr. Tey Giap Turn also collected 1 ATG Gold Award and 4 ATG Silver Awards by Schlumberger Singapore Integration Centre Manager.

Presently, Mr. Tey does not hold any directorship in any other public or public listed companies.

Mr. Tey does not have any conflict of interest in any business arrangement involving the Company.

He does not hold any shares, directly or indirectly, in the Company and in the subsidiary companies of the Company. He has no family relationship with any director and/or major shareholder of the Company. He has not been convicted for offences within the past five (5) years (other than traffic offences), and there are no public sanction and/or penalty imposed by the relevant regulatory bodies on Mr. Tey during the financial year.

Notes to Directors' Profile:

Board Meeting attendance in 2022:

The details of the Directors' attendance at the Board Meetings are disclosed in the Corporate Overview Statement on page 18 of this Annual Report.

The composition of the Board of Directors complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad whereby one-third (1/3) of the Board are Independent Directors.

PROFILE OF KEY SENIOR MANAGEMENT

The Key Senior Management of FSBM Holdings Berhad comprises of Mr. Pang Kiew Kun and Mr. Low Kang Wei (Chief Technology Officer) and Mr. Wong Jing Kai (Finance Director).

Save for Mr. Low Kang Wei and Mr. Wong Jing Kai, Mr. Pang Kiew Kun is also the Executive Director of the Company. His profile is disclosed under the section of Directors' Profile of the Annual Report.

The profile of Mr. Low Kang Wei and Mr. Wong Jing Kai are as follows:

LOW KANG WEI

Chief Technology Officer
Aged 40, Malaysian, Male

Mr. Low Kang Wei was appointed as Chief Technology Officer of the Company on 14 October 2021.

Mr. Low graduated from Multimedia University with a Bachelor's Degree In Electronic Engineering majoring in Computer. With a background in Electronic Engineering majoring in Computer, he was a Researcher in Multimedia University for 2 years from 2006 till 2008, and thereafter as Software Engineer in Accenture Technology Solutions Sdn. Bhd.

Mr. Low has 13 years of experience in IT software and solution design and development. Mr. Low is the co-founder and Technical Director of Hola Media Sdn. Bhd., which consists of a group of people with many years of experience in digital signage consultation. He has been involved in this Company since 2010. His scope of work includes IT planning, development, installation and maintenance services to businesses from various industries such as hospitality, food and beverages, retail stores and education.

Presently, Mr. Low does not hold any directorship in any other public or public listed companies.

Mr. Low does not have any conflict of interest in any business arrangement involving the Company.

He does not hold any shares, directly or indirectly, in the Company and in the subsidiary companies of the Company. He has no family relationship with any director and/or major shareholder of the Company. He has not been convicted of offences within the past five (5) years (other than traffic offences), and there are no public sanction and/or penalty imposed by the relevant regulatory bodies on Mr. Low during the financial year.

WONG JING KAI

Finance Director
Aged 38, Malaysian, Male

Mr. Wong Jing Kai was appointed as the Finance Director of the Company on 1 April 2022.

Mr. Wong graduated from Multimedia University with a Bachelor Degree (Honours) in Accounting in 2008.

Mr. Wong started his career as an Audit Assistant with an Audit Firm in 2008. In 2010, he joined an international accounting firm as Senior Audit Associate.

In 2014, he joined a public listed company, an IT and provider of automation solution company, as an Accountant. Subsequently in 2015, Mr. Wong joined as Senior Finance Manager in a company engaged in providing supply chain logistics and related services. In 2018, Mr. Wong joined IT Company as an Account Manager, primarily assisting the company in the preparation of financial statements, budgets and forecasts.

Presently, Mr. Wong does not hold any directorship in any other public or public listed companies.

Mr. Wong does not have any conflict of interest in any business arrangement involving the Company.

He does not hold any shares, directly or indirectly, in the Company and in the subsidiary companies of the Company. He has no family relationship with any director and/or major shareholder of the Company. He has not been convicted of offences within the past five (5) years (other than traffic offences), and there are no public sanction and/or penalty imposed by the relevant regulatory bodies on Mr. Wong during the financial year.

LETTER TO SHAREHOLDER

DEAR SHAREHOLDERS,

I AM PLEASED TO PRESENT ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY, THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF FSBM HOLDINGS BERHAD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022.

As we all know, FSBM Holdings Bhd lapsed into Practice Note 17 (PN17) status back in December 2019 after its auditor expressed a disclaimer of opinion on its audited financial statements for the financial year ended June 30, 2018 (FY18). Since then, the company has undergone a restructuring to realign our business objectives. On 10th April 2023, we received vide its letter from Bursa Malaysia Securities Berhad dated 7th April 2023 that our Proposed Regularisation Plan has been approved.

FSBM's current initiatives and focus are in Managed Security Services, Smart Manufacturing Solutions, Platform Design and Development, Technical Support and Other Services, and their alignment with the current initiatives in Malaysia's tech sector. We have secured projects during the year, the Group will continue to build on our strengths and pitch for new contracts to increase its pipeline.

Looking forward, we remain committed to meeting the evolving needs of our customers and staying ahead of the curve in the fast-changing tech industry. We will continue to invest in our technical capabilities and stay up to date with emerging technologies to better serve our customers.

In conclusion, we are confident that FSBM's focus on Managed Security Services, Smart Manufacturing Solutions, Platform Design and Development, Technical Support and Other Services aligns with the current initiatives in Malaysia's tech sector and will continue to drive our growth and success in the future.

Further information on FSBM's performance in the financial year is detailed in the Management Discussion and Analysis on page 13 of the Annual Report.

I want to thank our staff for their hard work, management for their leadership, customers for their loyalty, and shareholders for their confidence in our company. Your contributions have been critical to our success, and we remain committed to delivering value to all stakeholders. We look forward to continuing to work together to build a brighter future for our company and our community.

Sincerely,

PANG KIEW KUN
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

FSBM Holding Berhad was incorporated in 1984, previously known as Talasco Computers Sdn Bhd and listed on Bursa Securities (Second board of the Kuala Lumpur Stock Exchange) in 1994. In 2001, the Company diversified its business to sell non-Fujitsu products and services and extended its business outside of Malaysia, resulting in a change in company name to its present name, FSBM Holdings Berhad. In the following years, the Company was transferred to the Main Market of Bursa Securities.

FSBM's current objectives and strategies will be focusing on Managed Security Services, Smart Manufacturing Solutions, Platform Design and Development and Technical Support and Other Services. It has been disclosed in Business Segments.

FINANCIAL

In the financial year ended 31 December 2022, the Group reported a profit of RM 4.45 million. The Group also recorded a revenue of RM 12.51 million respectively which is close to 3000% increase year-on-year.

During the Financial Year, 36,435,540 new ordinary shares in the Company were issued arising from the conversion of warrants with exercise price of RM 0.30 per ordinary share. The unexercised Warrants 2012/2022 was expired on 16 May 2022.

On 30 December 2019, FSBM was classified as an Affected Listed Issuer pursuant to Paragraph 8.04 of the Listing Requirements and Paragraph 2.1(d) of Practice Note 17 ("PN17"). The Company had subsequently announced a Proposed Regularization Plan and submitted it to Bursa Malaysia Securities Berhad for their review.

Bursa Malaysia Securities Berhad has vide its letter dated 7th April 2023 approved on FSBM's Proposed Regularisation Plan comprising of:

- 1) Proposed Capital Reduction exercise, pursuant to Section 116 of the Act to reduce the share capital of FSBM.
- 2) Proposed Shares Issuance of 60.0 million Subscription Shares to Tan Sri Syed Zainal, Mr Pang Kiew Kun and Mr Low Kang Wei at the subscription price of RM0.08 per Subscription Share.
- 3) Proposed renounceable rights issue of up to 236,659,300 Rights Shares on the basis of 1 Rights Share for every 1 existing FSBM Share held, at an issue price of RM0.03 per Rights Share, together with up to 118,329,650 free Warrants on the basis of 1 Warrant for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced later.

With the turnaround in financial results successfully achieved by the board and management team, we are committed to following through on the progress we made so far in the year of 2022 together with the approved regularisation plan.

BUSINESS SEGMENTS

Managed Security Services

A typical DDoS demonstrates itself in high volumes of requests sent at the same time from multiple points on the Internet targeted to overwhelm the network system resources or overload the bandwidth of the network infrastructure. Should a DDoS attack be successful, it will render a network infrastructure unstable or unavailable to its users. If the customers' network or services are inaccessible, this could damage the customers' industry reputation, which could materially and adversely impact its business operations. Our Anti-DDoS Managed Security Services involves the use of our internal expertise to solve the issues.

Smart Manufacturing Solutions

The Company offers customisable Manufacturing Execution Solutions ("MES") solutions to help our customer to achieve a lower-cost, higher-performance, and more flexible manufacturing capacity, from planning to execution. MES is defined as a computerized systems that provide solutions for optimizing and improving the manufacturing process for executive management, production floor managers and engineers.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Platform Design and Development

The Company provides cutting edge IT consulting services and create custom applications and platforms that meet industry standards, to drive your business with emerging technologies quickly and cost effectively.

Technical Support and Other Services

Technical Support are critical functions for any company. These functions ensure that the company's products and services are running smoothly and meeting the needs of customers. The Company also provides the refurbishment and/or lease/rental services for the IT equipment and products.

OUTLOOK

During the financial year, the Malaysian economy successfully rebounded with strong growth for the year 2022 at 8.7%, exceeding the estimates of 6.5% to 7.0% made in October 2022. This growth performance also far exceeds the 3.1% of economic growth in 2021. There are several economic indicators that have shown strong performance in the fourth quarter of 2022, namely domestic demand continues to be driven by private consumption supported by better labour market prospects and business confidence.

Malaysia's economy is expected to grow, supported by continued expansion in domestic demand. The economy would benefit from the improvement in labour market conditions, realisation of multi-year projects and higher inbound tourism activity. While external demand is expected to moderate, this will be partly cushioned by Malaysia's diversified export base. The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

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

The Digital Economy is expected to expand in the country and as such, the demand for IT platforms are expected to increase. As the demand for IT platforms increases, this will also lead to a greater need for IT services to design and develop these IT platforms. IT services refer to the provision of professional services supporting IT solutions, including design and development of IT solutions, maintenance services, refurbishment of IT hardware and managed IT services (such as managed security services). Moving into 2023, the Group is looking for more new opportunities to expand its offering into the Managed Security Services, with the objective to enhance the Group's business sustainability and continuity. The group has set up the Managed Security Service during year 2022. Moreover, the Group is now offering smart manufacturing solutions. The Group continues to explore opportunities in digital technology to further innovative solutions to customers and create value for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FSBM Holdings Berhad Group is managed according to a Malaysian Corporate Governance Framework and guided by Corporate Governance Guidelines and is operated within Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements, the provisions of the Companies Act, 2016, the Company's Constitution and other applicable laws.

The Board is committed to ensuring that it provides effective leadership to lead and oversee the performance and effective control of the Group and the Company towards achieving the desired goals and objectives while meeting its fiduciary duty to protect and enhance interest of shareholders and other stakeholders. The Board recognises the spirit of the Malaysian Code on Corporate Governance ("MCCG") and acknowledges that the practice of a high standard of corporate governance is key to realise the Board's commitment.

This Corporate Governance Overview Statement ("CG Overview Statement") is presented in compliance with paragraph 15.25(1) of Bursa Securities' Main Market Listing Requirements. It is intended to give shareholders an overview of the Company's application of the Practices contained in the three (3) Key Principles of the MCCG outline below, how they operated and the extent of application of each of the practices during the financial year ended 31 December 2022 as well as the Board's key focus areas and future priorities:

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

- Board Responsibilities
- Board Composition
- Remuneration

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

- Audit Committee
- Risk Management and Internal Control Framework

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

- Engagement with Stakeholders
- Conduct of General Meetings

This CG Overview Statement is to be read together with the Corporate Governance Report 2022 ("CG Report") of the Company which discloses the details of the Company's application of each Practice. The CG Report is available at the Company's website at <https://fsbm.com.my/investor-relations/>.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board's primary responsibility is to ensure the Company's prosperity by directing and overseeing the Company's affairs and business operations. The Board is accountable to shareholders for the performance of the Group and the Company. Thus, the Board has at all times exercised their powers for the purpose they are conferred, for the benefit and best interest of the Company, shareholders and stakeholders.

The Board set the mission and vision of the Group and the Company, assuring that all actions are related to and adhere to that mission. Based on the corporate mission statement, the Board determines the Group's and Company's direction, formulates strategic plans, financial objectives and significant policies for the Group and the Company toward achievement of long-term success. The details of the principal responsibilities and procedures of the Board are disclosed in the CG Report under Practice 1.1.

The Board's key focus areas during the financial year was to strengthen the Group's and Company's core business activities via its continuous effort to pursue potential projects and to participate in the accelerating growth of the economy as business activity recovers.

Delegation to Senior Management

The Board has delegated to the Executive Directors ("ED") and through the EDs to the Senior Management, the authority and responsibilities for implementation of policies, strategies and business plans, and managing the operational activities and financial performance of the Group and the Company. The Board's role is to oversee the management and governance of the Company and guide the implementation of the strategy and the achievement of objectives. The Board reviews and monitors Management's action and performance. While supporting Management's duties, the Board ensures the Group and the Company has adequate and well-managed resources at its disposal.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS BOARD RESPONSIBILITIES (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

Delegation to Board Committees

The Board has established the following committees to assist it in the execution of specific responsibilities:

1. Audit Committee
2. Nomination Committee
3. Remuneration Committee

The Board ensures that all Committees are provided with sufficient resources to undertake their duties. All the Committees are operating under clearly defined Terms of Reference detailing their responsibilities and the extent to which they have been delegated powers of the Board of Directors. The Committees report directly to the Board. The ultimate responsibility for the final decision on all matters lies with the Board. Moving forward, the Board will activate the roles of the Risk Monitoring Committee in accordance with the Group's activities.

Board Chairman

The Board has not appointed a Board Chairman and it is currently led by Pang Kiew Kun and Tan Wan Yen, who are Executive Directors. Both Mr. Pang Kiew Kun and Ms. Tan Wan Yen are responsible to implement the Board's decisions and to assist the Board in its collective oversight of the management and overall performance of the Group and ensures the efficient organisation and conduct of the Board's function while instilling positive culture and good corporate governance within the Board.

The Board will identify for a suitable candidate for the Chairman position.

Managing Director/Chief Executive Officer

The Board has not appointed a Chief Executive Officer (CEO), rather the operation of the Group and the Company is led by the Executive Directors. The Executive Directors responsible for managing the Group and the Company's operations and resources. The Executive Directors ensure that the Board decisions are implemented, and Board directions are responded to.

The Board will identify a suitable candidate for the position of Managing Director/Chief Executive Officer.

Board Charter

There is demarcation of responsibilities between the Board, Board Committees and Management. The Board is guided by the Board Charter in discharging its duties and fiduciary obligation to the Group and the Company as per Practice 2.1 of the MCCG. The Board Charter clearly specified the roles of the Board, Board Committees, Chairman, Managing Director, Executive and Non-Executive Directors. The Board Committees are also guided by their Terms of Reference.

The Board Charter and Terms of Reference of the Committees can be viewed on the Company's website at www.fsbm.com.my/investor-relations.

Code of Ethics and Conduct

With the commitment to maintaining a culture of high standard of ethical business behaviors as per Practice 3.1 of the MCCG, the Board has established a Code of Ethics and Conduct to be observed by the Directors. Management and employees are guided by the Code of Ethics and Conduct contained in the Group HR Policies and Procedures. The Code of Conduct seeks to ensure that Directors, Management and employees conduct themselves ethically, without conflict of interest, diligently and appropriately in discharging their duties.

The Code of Ethics and Conduct can be viewed on the Company's website at www.fsbm.com.my/investor-relations.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS BOARD RESPONSIBILITIES (CONT'D)**BOARD RESPONSIBILITIES (CONT'D)****Whistleblowing Policy**

Besides that, the Board has also put in place a Whistleblowing Policy to encourage employees and others who have serious concerns about any aspect of the Company and Group including, but not limited to unethical or fraudulent practices within the Group to come forward and voice those concerns. The purpose of a Whistleblowing Policy is to establish a system for the reporting, investigation and resolution of reportable conduct, so that, damage control or remedial action can be taken promptly. The Board has applied Practice 3.2 of the MCGG.

The Whistleblowing Policy can be viewed on the Company's website at www.fsbm.com.my/investor-relations.

Directors' Fit and Proper Policy

On 29 June 2022, the Board has also put in place a Directors' Fit and Proper Policy that can provide strategic leadership that influences the financial position and future direction of the Group. Directors are required to possess the competence, character, diligence, honesty, integrity and judgement to properly perform their duties, in tandem with good corporate governance practices. The Directors' Fit and Proper Policy ("policy") serves to guide the Nomination Committee and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking re-election.

The Directors' Fit and Proper Policy can be viewed on the Company's website at www.fsbm.com.my/investor-relations.

Sustainability

The Board is committed to the Company's strategies to promote "Sustainability" with attention given particularly to Environmental, Social and Governance ("ESG") aspects of business which underpin sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhancing investor perception and public trust.

The details of the sustainability effort are presented in the Sustainability Statement of this Annual Report.

Company Secretary

The Board is supported by a competent Company Secretary who is qualified to act as Company Secretary under Section 235 of the Companies Act, 2016. She is a Chartered Secretary (ICSA) and is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She is accountable directly to the Board on all matters relating to the proper functioning of the Board including the provision of secretarial support to the Board and Board Committees. She plays an advisory role in ensuring the Board complies with relevant regulations, laws and Bursa's Listing Requirement and assists the Board in applying the best practices of the MCGG to meet the Board's needs and shareholders' expectation. To be equipped with the necessary knowledge and skills to carry out her functions, the Company Secretary and her team have attended continuous professional development programs and conferences to keep themselves abreast of the changing regulatory environment, and development on corporate governance. The Board has applied Practice 1.5 of the MCGG.

Board Meetings

In discharging the role of overseeing the management and governance of the Group and the Company vested in the Board, the Board meets at least once in every quarter with additional meetings to be convened as and when necessary. Meeting materials relating to agenda items are provided to Board members in advance of meetings to allow the Directors to prepare for discussion of matters at the meeting. To ensure smooth running of the meeting and time efficiency, certain discussion papers, particularly the financial results are circulated via electronic mail to the Board for their comment before the papers are finalised for circulation to the Board. The Company Secretary records the meeting proceedings, matters presented and reported at the meeting, the discussion and how the decision is reached. The minutes are circulated to all Directors for their review and comment to ensure the minutes correctly reflect the deliberation and decision of the Board and Board Committee. All minutes are tabled and confirmed at the next meetings. The Company Secretary ensures that all minutes and meeting materials are properly kept to facilitate future references. The Board has applied Practice 1.6 of the MCGG.

Apart from formal meeting, urgent matters that require Board's review are also frequently discussed via electronic mail or informal discussions and all decisions are confirmed by way of circular resolutions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS BOARD RESPONSIBILITIES (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

Board Commitment

All Board members' has demonstrated high commitment in terms of time and knowledge contribution with full attendance at Board Meetings. None of the Directors holds directorship in more than five (5) public or public listed companies to ensure sufficient devotion time to the affair of the Company. The Directors' attendance at Board and Board Committee meetings are disclosed below:

Director	No. of Meeting Attended/No. of Meeting Held from 1/1/2022 to 31/12/2022**			
	Board meeting	AC meeting	NC meeting	RC meeting
Dato' Ir Dr Abdul Rahim Daud	2/7**	1/6**	1/1**	1/1**
Dato' Tan Hock San @ Tan Hock Ming	6/7	^5/6	*n/a	1/1
Mr. Ng Yew Soon	7/7	6/6	1/1	*n/a
Encik Abdul Jalil Bin Abdul Jamil	1/7**	1/6**	1/1**	1/1**
Mr. Tan Ee Ern	1/7**	^1/6**	*n/a	*n/a
Ms. Tan Wan Yen	7/7	^6/6	*n/a	*n/a
Mr. Pang Kiew Kun	7/7	^5/6	*n/a	*n/a
Mr. Mok Kar Foo	7/7	5/6	*n/a	*n/a
Mr. Tey Giap Turn	5/7***	5/6***	*n/a	*n/a

Director	No. of Meeting Attended/No. of Meeting Held from 1/1/2023 to the date of approving this Report**			
	Board meeting	AC meeting	NC meeting	RC meeting
Dato' Tan Hock San @ Tan Hock Ming	2/2	^2/2	*n/a	*n/a
Mr. Ng Yew Soon	2/2	2/2	1/1	1/1
Ms. Tan Wan Yen	2/2	^2/2	*n/a	*n/a
Mr. Pang Kiew Kun	2/2	^2/2	*n/a	*n/a
Mr. Mok Kar Foo	2/2	2/2	1/1	1/1
Mr. Tey Giap Turn	2/2	2/2	1/1	1/1

* n/a Not applicable

** Dato' Ir Dr Abdul Rahim Daud resigned as Chairman on 12 April 2022. Mr. Tan Ee Ern and Encik Abdul Jalil Bin Abdul Jamil resigned on 11 March 2022.

*** Mr. Tey Giap Turn was appointed as Non-Executive Director on 12 April 2022.

^ By invitation

BOARD COMPOSITION

The Board of Directors shall comprise of such number of Directors as the Board deems appropriate to function efficiently subject to the Company's Constitution, the provision of the Companies Act 2016, Main Market Listing Requirements of Bursa Securities and the application of the MCGG.

During the financial year ending 31 December 2022, the Board comprises consists of six (6) members, two (2) of whom are Executive Directors, two (2) are Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Director. The Board composition has not fulfilled the Practice 5.2 of the MCGG which requires at least half of Board comprises Independent Directors.

While concentrating on strengthening the Group's business activities, the Board had focused on sourcing for a suitable qualified candidate to be appointed as Independent Director. During the financial year ending 31 December 2022, with the resignation of Mr. Tan Ee Ern and Encik Abdul Jalil Bin Abdul Jamil on 11 March 2022 and the resignation of Dato' Ir Dr Abdul Rahim Daud on 12 April 2022, the Board has appointed Mr. Tey Giap Turn as Independent No-Executive Director; and Mr. Mok Kar Foo as Non-Independent Non-Executive Director on 12 April 2022. The Board will continue with its effort to identify a suitable candidate so that the Company fulfils Practice 5.2 of the MCGG.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS BOARD RESPONSIBILITIES (CONT'D)**BOARD COMPOSITION (CONT'D)****Board Gender Diversity Policy**

The Board has not applied Practice 5.10 to formalise its Board Gender Diversity Policy alongside its measures to meet the targets. The Board currently comprises a woman Director, namely Ms. Tan Wan Yen who is the Executive Director of the Group, equivalent to 16% women representation on the Board. Given the current state of the Group's business activities, the Board is of the view that it is more crucial to have the right mix of skills on the Board to lead the Company to the right track instead of merely achieving the 30% gender target. Nonetheless, the Board recognises the spirit of the MCCG. Moving forward, proper measures will be taken to achieve sufficient board gender diversity when the Group's activities increase.

Tenure of Independent Directors

The Board recognises that shareholders are increasingly concerned about the potential negative impact of long tenure Independent Directors due to their familiarity and close relationship with the Board and Management. Bearing this in mind, the Board has laid down a policy in its Board Charter on the tenure of its Independent Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.

Role and Activities of Nomination Committee

The Board has delegated to the Nomination Committee ("NC") the following responsibilities:

1. Nomination and appointment process for new Directors and Key Senior Management, and its succession planning.
2. Assessment of effectiveness and performance of the Board, Board Committees and individual Directors.

During the financial year ending 31 December 2022, the NC comprises three (3) members, and all the member are Non-Executive Directors with the a majority of them being independent directors, and is chaired by an Independent Non-Executive Director. The Company has not applied Practice 5.8 of the MCCG which recommends that the NC is chaired by an Independent Director or the Senior Independent Director.

1. Mr. Mok Kar Foo – Chairman
2. Mr. Tey Giap Turn – Member
3. Mr. Ng Yew Soon – Member

The Board will continue to source for suitable and qualified candidates to fulfil the Practice 5.8 of MCCG.

The Terms of Reference of the NC can be viewed on the Company's website at www.fsbm.com.my

The NC had performed the following activities during the financial year:

- a) Perform selection and assessment of the suitable candidates for appointment as Directors.
- b) Perform annual review of the Board composition to ensure Board continue to function adequately.
- c) Perform an annual assessment of the performance and effectiveness of the Board, Board committees and individual Directors.
- d) Perform an ESG Evaluation Assessment.
- e) Review the term of office and performance of the Audit Committees.
- f) Review the training need of Directors.
- g) Recommend the re-election of retiring Directors based on the outcome of annual assessment as well as Directors' fit and proper criteria.
- h) Review the Terms of Reference of the NC.

Nomination and Appointment Process

The NC assesses the strength, effectiveness, and the level of diversity of the Board and Senior Management in determining the need for proposing new appointments of Director or Senior Management. As and when necessary, recommendations will be made to the Board for consideration.

The Board concurs with Practice 5.5 of the MCCG that the selection and appointment of members of the Board and Senior Management are based on merit and objective criteria with due regard for the benefits of diversity with no restriction on ethnicity, age and gender. The Board and Senior Management should have the right mix of skills.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS BOARD RESPONSIBILITIES (CONT'D)

BOARD COMPOSITION (CONT'D)

Nomination and Appointment Process (cont'd)

The appointment of Senior Management is based on pre-determined criteria according to position and job descriptions with due regard for equality in the workplace. At present, the Key Senior Management of FSBM is represented by the two Executive Directors, a Chief Technology Officer and a Finance Director. The Senior Management team will be expanded with the increase of the Group's activities.

During the financial year under review, the Board composition was refreshed to improve the Group's operations and to identify more business opportunities. The NC and the Board endeavoured to identify suitable and qualified candidates to fill the positions on the Board. The main sources of candidates for the appointment of Directors were through the Company's networking and referral from independent sources as recommended by Practice 5.6 of the MCCG. The appointment of new Directors is approved by the Board in consultation with and based on the recommendation of the Nomination Committee after assessing the candidates' suitability.

After going through a thorough selection process, a qualified candidate, namely Mr. Pang Kiew Kun was selected for appointment as Executive Director. In addition, Mr. Mok Kar Foo who has more than 15 years of working experience in IT industry had accepted the offer for appointment of Non-Independent Non-Executive Director; and Mr. Tey Giap Turn who more than 23 years' experience in REDA Production Systems was selected for appointment as an Independent Non-Executive Director. The appointment of Mr. Pang and Mr. Mok was formalised on 12 October 2021 and the appointment of Mr. Tey was formalised on 12 April 2022. Moving forward, with the adoption of the Directors' Fit and Proper Policy ("policy") adopted by the Board on 29 June 2022, the policy will be used as a guide for the Board and Nomination Committee in the future recruitment exercises.

Annual Assessment Process

The Board has undertaken a formal and objective annual evaluation to determine the effectiveness of the Board, its Committees and each individual Director as per Practice 6.1 of the MCCG.

The NC assists the Board on the assessment process:

- The assessment is performed annually and internally facilitated. The evaluation process is facilitated by the Company Secretary.
- The NC applies the Directors' fit and proper criteria as stipulated in the Directors' Fit and Proper Policy of the Company alongside with the performance evaluation criteria, included with the ESG Evaluation Assessment, as recommended in the Corporate Governance Guide in conducting the annual assessments of Board and Board Committees and individual Directors. Assessment of the independence of the Independent Directors is based on the independence criteria as stipulated in the Main Market Listing Requirements.
- Prior to the NC meeting, the respective performance appraisal forms are circulated to the NC members and individual Directors via electronic mail. While the NC assessing the performance of the Board and Board Committees, individual Directors are invited to self-assess and comment on their character and integrity; experience and competence; and time and commitment.
- At the NC meeting, the NC discusses and comments on the performance of the Board and Board Committees, and each individual Director.
- The NC then recommends the outcome of the assessments to the Board for its review.

The NC had conducted an annual assessment on the performance and effectiveness of the Board, Board Committees and each individual Director in respect of the financial year ending 31 December 2022.

The following assessment outcomes were reported by the NC:

- The Group and the Company, the Board had discharged its fiduciary duties adequately.
- The Board Committees i.e., Audit Committee, Nomination Committee and Remuneration Committee had performed well in discharging their duties, except for the Risk Monitoring Committee which was not active during the year as the Group operating with minimum activities.
- Each Director continues to meet the Directors' fit and proper criteria, sufficiently contributing his/her skills, experience, business and industry knowledge and time in discharging their duties and responsibilities.
- The Independent Directors have exercised due care during their tenure as Independent Directors of the Company and have discharged their duties with reasonable skill and competence, bringing independent judgment into the decision making of the Board in the best interest of the Company and its shareholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS BOARD RESPONSIBILITIES (CONT'D)**BOARD COMPOSITION (CONT'D)****Re-election of Directors**

Pursuant to Clause 97 of the Company's Constitution, an re-election of the Directors who retire by rotation shall take place each year at the annual general meeting of the Company where one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Pursuant to Clause 104 of the Company's Constitution, any new Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Based on its assessment outcomes, the NC reviewed the continued appropriateness of the Directors who retire at the forthcoming Annual General Meeting (AGM) and made recommendation to the Board to seek shareholders' approval for re-election at the forthcoming AGM:-

1. Mr. Ng Yew Soon
2. Ms. Tan Wan Yen

The Nomination Committee concluded both retiring Directors meet the Directors' fit and proper criteria in terms of character and integrity; experience and competence; and time and commitment.

Directors' Training

Paragraph 15.08 of the Listing requirements of Bursa Securities requires Directors to undertake continuous professional development programs to keep themselves abreast with the changing business environment, regulatory and corporate governance. Based on the results of the annual assessments, the NC assisted the Board undertake an assessment on the training needs of each Directors. All Directors were also requested to identify their areas of training needs. Directors were encouraged to continually update their skills and knowledge of the business and to actively participate on continuous professional development programs, so that, the Board is equipped to meet the competitive business environment and technological changes.

During the financial year, the Directors had attended training programs, with details as follows:-

Director	Training Title	Date
Ng Yew Soon	Bursa Malaysia Immersive Session: The Board "Agender"	November 2022
	ACCA Evening Talk Series 2022: Young Professionals on Corporate Borad Game Changer	October 2022
	ACCA - The role of accountants in Sustainability reporting	December 2022
	ACCA - Setting SMP Strategies to meet global challenges	November 2022
	ACCA - Exploring the frontier of fintech skills	November 2022
Tey Giap Turn	Bursa Malaysia's Mandatory Accreditation Programme (3 days programme)	July 2022
Tan Wan Yen	Bursa Malaysia Immersive Session: The Board "Agender"	December 2022
Dato' Tan Hock San @ Tan Hock Ming	n/a*	n/a
Pang Kiew Kun	Bursa Malaysia's Mandatory Accreditation Programme	February 2022
Mok Kar Foo	Bursa Malaysia's Mandatory Accreditation Programme	February 2022

* Dato' Tan Hock San @ Tan Hock Ming has extensive experience and is well positioned to gauge the direction of the industry and the company in this sector. He has yet been able to find a suitable training to attend.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS BOARD RESPONSIBILITIES (CONT'D)

REMUNERATION

As per Practice 7.1 of the MCGG, the Board has put in place a Remuneration Policy and Procedure to determine the remuneration at a level sufficient to attract, retain and motivate Directors and Senior Management who are the personnel to run the Group and the Company.

The details of the Remuneration Policy and Procedure are disclosed in Practice 7.1 of the MCGG Report.

Role and Activities of Remuneration Committee

As per Practice 7.2 of the MCGG, the Remuneration Committee ("RC") assists the Board in setting the remuneration framework on remuneration packages for Directors and Senior Management, and implements the remuneration policy and procedures.

The Terms of Reference of the NC can be viewed on the Company's website at www.fsbm.com.my.

At per Guidance 7.2 of the MCGG, the RC comprises three (3) members, all are Non-Executive Directors with a majority of them are Independent Directors. The RC is chaired by an Independent Non-Executive Director.

The members of the RC are as follows: -

1. Mr. Tey Giap Turn – Chairman
2. Mr. Ng Yew Soon – Member
3. Mr. Mok Kar Foo – Member

During the financial year ended 31 December 2022, Mr. Tey Giap Turn and Mr. Ng Yew Soon and Mr. Mok Kar Foo were appointed as RC on 12 April 2022.

The RC applies the following procedures on implementation of the remuneration policy:

- The RC conducts its annual review of the remuneration packages of the Executive Directors, Non-Executive Directors and Senior Management, and makes recommendations to the Board.
- The RC is guided by the assessment outcome of the NC in its review of the remuneration packages. Comparisons are made with the remuneration paid by other comparable public listed companies.
- None of the individual Directors are involved in the discussion and decision relating to their own remuneration.

The RC had conducted its annual review of the remuneration package of the Board in respect of the financial year ended 31 December 2022.

The RC has deliberated and put forward the following recommendation to the Board for approval:

- The remuneration packages of the Executive Directors shall remain unchanged as per the remuneration approved by the Board since January 2009. However, in view of the Company and Group's recent financial turnaround, the remuneration committee has decided to accrue the salary and remuneration for 2021 and 2022.
- The Directors fees for the independent Non-Executive Directors shall also remain unchanged. Likewise, their remuneration for 2021 and 2022 will be accrued this year as the Group is back to a better financial position.

Moving forward, the RC's key area of focus is to review again the remuneration packages of the Executive Directors and Non-Executive Directors and make adjustment according to the market rate along the next financial year.

The above recommendations were approved by the Board.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS BOARD RESPONSIBILITIES (CONT'D)**REMUNERATION (CONT'D)****Directors' remuneration**

The Board applies Practice 8.1 of the MCG to disclose Directors' remuneration on a named basis for individual Directors with detailed remuneration breakdown. The remunerations received or receivable by the Directors in respect of the financial year ended 31 December 2022 are disclosed below:-

Company and Group (2021)**Non-Executive Directors**

No.	Name	Directors' Fees RM	Other Emoluments RM	Total RM
1.	Dato' Ir Dr Abdul Rahim Bin Daud # (Senior Independent Non-Executive Chairman)	25,000	nil	25,000
2.	Ng Yew Soon (Independent Non-Executive Director)	22,500	nil	22,500
3.	Abdul Jalil Bin Abdul Jamil # (Independent Non-Executive Director)	22,500	nil	22,500
4.	Mok Kar Foo *** (Non-Independent Non-Executive Director)	nil	nil	nil
5.	Tey Giap Turn *** (Independent Non-Executive Director)	nil	nil	nil

*** Mr. Mok Kar Foo was appointed as Director on 12 October 2021. Mr. Tey Giap Turn was appointed on 12 April 2022

Encik Abdul Jalil Bin Abdul Jamil resigned as Director on 11 March 2022. Dato' Ir Dr Abdul Rahim Daud was resigned on 12 April 2022.

Executive Directors

No.	Name	Directors' Fees RM	Bonus RM	Statutory Contribution RM	Benefits in- kind RM	Other Allowance RM	Total RM
1.	Dato' Tan Hock San @Tan Hock Ming (Redesigned from Managing Director to Non-Independent Non-Executive Director on 12 April 2022)	2,500	nil	nil	nil	nil	2,500
2.	Tan Wan Yen (Executive Director)	nil	nil	nil	nil	nil	nil
3.	Tan Ee Ern # (Executive Director)	15,000	nil	nil	nil	nil	15,000
4.	Pang Kiew Kun *** (Executive Director)	nil	nil	nil	nil	nil	nil

*** Mr. Pang Kiew Kun was appointed as Director on 12 October 2021.

Mr. Tan Ee Ern resigned as Director on 11 March 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS BOARD RESPONSIBILITIES (CONT'D)

REMUNERATION (CONT'D)

Company and Group (2022)

Non-Executive Directors

No.	Name	Directors' Fees RM	Other Emoluments RM	Total RM
1.	Dato' Ir Dr Abdul Rahim Bin Daud # (Senior Independent Non-Executive Chairman)	8,340	2,000	10,340
2.	Ng Yew Soon (Independent Non-Executive Director)	40,000	4,000	44,000
3.	Abdul Jalil Bin Abdul Jamil # (Independent Non-Executive Director)	5,625	1,000	6,625
4.	Mok Kar Foo (Non-Independent Non-Executive Director)	36,000	3,000	39,000
5.	Tey Giap Turn *** (Independent Non-Executive Director)	25,875	2,000	27,875
6.	Dato' Tan Hock San @Tan Hock Ming (Redesigned from Managing Director to Non-Independent Non-Executive Director on 12 April 2022)	31,000	13,000	44,000

*** Mr. Tey Giap Turn was appointed on 12 April 2022.

Encik Abdul Jalil Bin Abdul Jamil resigned as Director on 11 March 2022. Dato' Ir Dr Abdul Rahim Daud was resigned as Chairman on 12 April 2022.

Executive Directors

No.	Name	Directors' Fees/Salary RM	Bonus RM	Statutory Contribution RM	Benefits in- kind RM	Other Allowance RM	Total RM
1.	Tan Wan Yen (Executive Director)	nil	nil	nil	nil	nil	nil
2.	Tan Ee Ern # (Executive Director)	3,750	nil	nil	nil	nil	3,750
3.	Pang Kiew Kun (Executive Director)	144,000	nil	18,281.80	nil	3,000	165,282

Mr. Tan Ee Ern resigned as Director on 11 March 2022.

Key Senior Management's remuneration

The Remuneration Committee and the Board are of the view that it is not to the Company's advantage or best interest to disclose the various remuneration components in detail considering the highly competitive market for senior management personnel with the requisite knowledge, technical expertise and working experience in the industry the Company operates. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

As an alternative, the Remuneration Committee and the Board believe that the disclosure of other key management personnel's remuneration that includes the top senior management, in the audited financial statements is adequate as it complies with the requirements of Paragraph 17 of MFRS 124 "Related Party Disclosures"

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Audit Committee (“AC”) assists the Board to fulfil its corporate governance and oversight responsibilities in relation to financial reporting, internal control system, risk management system and internal and external audit functions.

An independent AC is a fundamental component of good corporate governance.

It has been the practice of the Company that the AC is chaired by an Independent Director Non-Executive Director who is not the Chairman of the Board. The Board has applied Practice 9.1 of the MCGG.

At present, AC comprise two (2) Independent Directors and one (1) Non-Independent Directors. Its members are as follows:-

1. Mr. Ng Yew Soon – Chairman
2. Mr. Mok Kar Foo – Member
3. Mr. Tey Giap Turn – Member

The composition of the AC fulfils the requirement of Paragraph 15.09(1)(a) of the Main Market Listing Requirements that requires AC composed of not less than three (3) members.

However, the Board will continue to source suitable qualified candidates for appointment as additional Independent Director and AC member to comply with Practice 9.4 of the MCGG.

To further enhance the independence of AC, the Board has applied Practice 9.2 of the MCGG to adopt the policy that requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. During the financial year, none of the AC members was a former key audit partner of the Company and Group.

Practice 9.5 of the MCGG recommends AC should possess an appropriate mix of skills, experience and expertise. They should have a mix of accounting and financial expertise, as well as industry knowledge to enable them to discharge their duties effectively. The Chairman of the Audit Committee is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants (MIA). The AC possesses the necessary skills to discharge its duties. Although not all of the AC members possess the accounting qualification as prescribed by the Main Market Listing Requirements, the members of the AC have an understanding of the industry in which the Company operates, they also keep themselves up-to-date with developments of the accounting and auditing standards through various avenues so that they are able to assume the responsibility on overseeing the financial report of the Group and the Company effectively.

The AC is responsible for overseeing the relationships with the External Auditors, the selection process, review the scope of the audit, and monitor the independence and effectiveness of the External Auditors and remuneration payable to them. The AC has put in place policies and procedures to assess the suitability, objectivity and independence of the External Auditors as per Practice 9.3 of the MCGG before recommending to the Board on the appointment, removal or whether to put forward the Auditors for re-appointment at the AGM, and the Auditors’ remuneration. Further details are disclosed in the CG Report under Practice 9.3, and this Annual Report under the section of AC Report

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges that risk management and internal control are an integral part of good management practice.

The Board has established a Risk Management Framework as per Practice 10.1 of the MCGG which provides key principles and concepts, and a clear direction and guidance on risk management to give assertion on the state of risks and controls, with the objective to protect the interest of shareholders and stakeholders and achieve the Group’s business objectives.

The Risk Management Framework lays down the following:

1. The risk management policy
2. Key objectives for financial risk management
3. Risk management process
4. Risk responsibilities

Instead of establishing a Risk Management Committee as recommended by Practice 10.3 of the MCGG, the Board assumes the role to oversee the risk management framework and policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT AUDIT COMMITTEE (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Details of the Risk Management and Internal Control Framework and its adequacy and effectiveness are disclosed in the CG Report under Practice 10.2 and this Annual Report under the section of Statement of Risk Management and Internal Control.

In light with the increases business activities of the Group, the Board will activate the roles of the Risk Monitoring Committee to ensure the risk management is in place.

The Board and Management have been continuously mitigating the risks and that may have a considerable impact on the Company. Current risks on which the Board and management are continuing to focus are operational and financial risks. Various initiatives have been taken by the Board and management to sufficiently manage the risks to ensure the Group is operating on a going concern basis. With the increase in the Group's activities, more resources have been made available to enhance the risk management process.

Internal Audit Function

The Company outsources its Internal Audit Function to a professional services firm. The Internal Auditors are engaged to conduct regular reviews and appraisals of the effectiveness of governance, risk management and internal control processes within the Company and Group.

Internal Audit Function is important in assisting the AC in execution of its oversight function and discharge its responsibilities by performing independent reviews to ensure the adequacy and effectiveness of the internal control and risk management systems established by the Group.

The Management has provided assurance to the AC and the Board that the Group's risk management and internal control system has operated adequately.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

ENGAGEMENT WITH STAKEHOLDERS

The Board is responsible for reporting to shareholders and ensures accountability to the stakeholders. The Board has put in place Corporate Disclosure Policies and Procedures and ensures that it is implemented effectively. The Board has applied Practice 12.1 of the MCGG.

The Board has ensured that all disclosure requirements are duly complied with the Listing Requirements. All financial reports and statements, news releases, presentations, corporate governance documents and other information are accessible to shareholders via the Company's corporate website.

Besides that, Annual General Meetings are properly held, and the procedures are compliant with the regulatory requirements and MCGG.

The Board has not applied Practice 12.2 to adopt an integrated reporting based on a globally recognised framework in its reporting approach to stakeholders as the Company is not a Large Company as defined in the MCGG.

CONDUCT OF GENERAL MEETINGS

Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders.

The Company has been practising the recommendation of Practice 13.1 of the MCGG by sending Notice of Annual General Meeting ("AGM") to shareholders more than 28 days prior to the meeting. Apart from that, the Board ensures suitability of venue and timing of meeting and undertake other measures to encourage shareholders' participation at the meetings. The Notice of AGM provides the relevant information pertaining to each Agenda to facilitate shareholders' understanding and evaluation of the resolution and make informed decision. The Board ensures that all information and explanatory notes provided in the Notice of AGM are in compliance with the Listing Requirements and MCGG.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

CONDUCT OF GENERAL MEETINGS (CONT'D)

The Company has practised the recommendation of Practice 13.2 to ensure all Directors and members of the Board Committees are present at the AGM or General Meetings. The Company's AGM/General Meetings provide the opportunity for all shareholders to meet and to put questions to the Board of Directors. All Directors are present at the AGM each year to provide responses to questions from the shareholders during these meetings.

In view of the endemic of COVID-19, the Company conducted its 2022 AGM in a physical manner which allows a better and more meaningful engagement between the Board, senior management and shareholders.

This CG Overview Statement was approved by the Board on 13 April 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FINANCIAL REPORTING

The Directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year.

The Board of Directors considers that, in preparing the financial statements for the financial year ended 31 December 2022, the Group and the Company have:

- complied with the applicable financial reporting standards in Malaysia and the provisions of the Companies Act, 2016;
- selected and consistently applied the suitable and appropriate accounting policies; and
- made estimates and judgments which are reasonable and prudent.

The Board of Directors is responsible for ensuring that the Group and the Company maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Group and the Company to enable them to ensure that the financial statements comply with the provisions of the Act. The Board of Directors also has responsibilities to safeguard the assets of the Group and the Company.

ADDITIONAL INFORMATION

The information set out below are disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”):

1. UTILISATION OF PROCEEDS

During the financial year ended 31 December 2022, the Company had raised 36.4 million new ordinary from the conversion of warrants with exercise price of RM 0.30 per ordinary share with proceeds totaling RM10.9 million. The unexercised Warrants 2012/2022 was expired on 16 May 2022. The proceeds raised from Warrants 2012/2022 are for general working capital purposes, such as administrative expenses and staff remuneration. As at 31 December 2022, the proceed derived from the warrant conversation are fully utilised.

2. REVALUATION POLICY ON INVESTMENT PROPERTIES

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers.

3. LIST OF PROPERTIES

There was no property held by the Company during the financial year ended 31 December 2022.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

During the year, there are interco transaction eliminated.

5. MATERIAL LITIGATION

FSBM and FSBM CTech Suit against Individuals and Technitium Sdn Bhd (“TSB”)

In furtherance to the actions brought by FSBM and FSBM CTech against TSB for the recovery of debts amounting to RM8,563,212.64 and RM32,409,434.77 respectively, FSBM CTech have filed a suit in the High Court on 22 April 2014 against Dr Azman Bin Awang as 1st Defendant, Haliza Binti Bidin as 2nd Defendant, Mariana Binti Ahmad Tahar as 3rd Defendant, and TSB as 4th Defendant.

The Defendant had applied for a Stay of Execution, which was dismissed on 8 May 2017 with costs of RM3,000.00.

Following the judgment on 6 January 2017 the 1st and 2nd Defendants (the “Appellants”) filed a Notice of Appeal on 25 January 2017. The appeal was fixed for hearing on 30 August 2021 and on 22 February 2022. The decision on the appeal was as follows:

- (i) Appeal is allowed in part;
- (ii) The Appellants are liable for the sum of RM1,948,330.45;
- (iii) Interest of 5% per annum from 18 June 2012 on the sum of RM1,948,330.45 until the date of realisation;
- (iv) The sum of RM1,948,330.45 and the 5% per annum until the date of realisation (ii and iii above) to be paid by the Appellants (jointly and severally) to the liquidator of TSB;
- (v) Costs of RM60,000.00 pursuant to the 6 January 2017 is set aside and be fixed at RM20,000.00 to be paid by the Appellants to FSBM and CTech;
- (vi) Costs of RM10,000.00 to be paid by FSBM and CTech to the Appellants for this appeal.

The 1st Defendant and 2nd Defendant had on 27 July 2017 brought action against FSBM and CTech to inter alia impeach and set aside the judgments given on 20 January 2012 and 6 January 2017. FSBM and CTech have filed an application to strike out their claim on 29 September 2017 but was dismissed on 30 January 2018 by the High Court. An appeal to the Court of Appeal was subsequently filed against the dismissal of the striking out application on 28 February 2018. On 28 August 2020, the High Court allowed the 1st Defendant and 2nd Defendants’ claim against FSBM and CTech, and hearing of the assessment of damages was on 18 May 2021 and the decision of the said assessment of damages was delivered on 4 June 2021.

ADDITIONAL INFORMATION (CONT'D)

5. MATERIAL LITIGATION (CONT'D)

FSBM and CTech have lodged an appeal on 25 September 2020 against the High Court's decision in allowing the 1st Defendant and 2nd Defendant claim. Hearing at the Court of Appeal was held on 30 August 2021 and on 22 February 2022. The decision on the appeal was as follows:

- (i) Appeal is allowed;
- (ii) High Court judgment dated 28 August 2020 is set aside;
- (iii) Costs of RM 120,000 to be paid by the 1st Defendant and 2nd Defendant to FSBM and CTech.

As the time limit to file a motion in the Federal Court for leave to appeal has since lapsed, therefore the decision of the court of appeal is final and conclusive.

On 23 May 2022, FSBM and FSBM Ctech filed 2 Judgment Debtor Summons against Azman and Haliza respectively for the outstanding RM135,200-00 costs granted by the court. The Court delivered its Decision on 2 March 2023 which is as follows:-

- (i) The first Judgment Debtor to pay the Judgment Creditor in monthly installments of RM3,000.00 effective March 2023 on/before the 7th of each month until full settlement of the outstanding amount of RM118,720.00; and
- (ii) Cost of RM500.00 to be paid by the first Judgment Debtor to the Judgment Creditor.
- (iii) The 2nd judgment debtor to pay the judgment creditor in monthly installments of RM200.00 effective March 2023 on/before the 7th of each month until full settlement of the outstanding sum of RM118,720.00; and
- (iv) Costs of RM500.00 to be paid by the 2nd Judgment Debtor to the Judgment Creditor.

Despite the decision of the High Court, the probable cash inflow is in doubt as TSB is going through liquidation. The Group and the Company did not recognise any income for this litigation. FSBM and FSBM CTech will continue to pursue to recover the sum from TSB and/or its directors Azman and Haliza including bankruptcy proceedings.

There is no other outstanding material litigation during the financial period under review.

6. MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiaries involving Directors and major shareholders' interest which were subsisting at the end of the financial year or if not then subsisting, entered into since the end of previous financial year.

SUSTAINABILITY STATEMENT

The Board has been committed to the Group's sustainability in evolving global Environment, Social and Governance (ESG) aspects of the business which underpins sustainability. In line with good governance practices, with the direction of our Executive Director overseeing the management and implementation of material economic, environmental and social risks and opportunities presented in our business activities.

The responsibility to promote and embed sustainability in our business strategy lies with the Board of Directors. To this end, the Board of Directors oversees the incorporation of sustainability in the Group's business, as well as to prepare the Group for its sustainability disclosure. The primary objective is to facilitate the preparation of the sustainability statement for inclusion in the Annual Report, as required by Bursa Malaysia's new Listing Requirements.

Among others, the responsibility includes overseeing the following:

- Stakeholder engagement process (e.g. identification of key stakeholders and engagement with stakeholders);
- Materiality assessment (e.g. identification of sustainability risks relevant to the Group's business, risk assessment on sustainability risks, and identification of material sustainability risks);
- Oversee the management of material sustainability matters identified; and
- Preparation of sustainability disclosures.



SUSTAINABILITY MATTERS

To identify what is deemed material to the Group's business, we adopt a materiality assessment process, which is guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits. Our materiality assessment process considers:

- (a) Whether it reflects our economic, environmental and social impacts in a significant way; or
- (b) Whether it substantively influences the assessments and decisions of stakeholders.

We take on a prioritization approach, taking into consideration important sustainability issues from both the perspective of our Group, as well as our stakeholders. We therefore undertake to engage with stakeholders to determine the important sustainability matters and to solicit their views and input.

In our journey towards integrating sustainability in our business, we seek to establish formal procedures in internalising sustainability considerations in our organisation. We will strive to further seek enhancement opportunities in pursuing Business and environmental and social sustainability.

REPORT OF AUDIT COMMITTEE

The Board is pleased to present the Report of the Audit Committee (“Report”). This Report is intended to give an overview of the role and activities of the Audit Committee in assisting the Board to fulfill its oversight responsibilities relating to the integrity of the Group’s financial statements, the monitoring of the financial risk management and system of internal control, and the independence of the External Auditors in respect of the financial year ended 31 December 2022.

COMPOSITION OF MEMBERS

During the financial year under review, the composition of the Audit Committee are:

- Mr. Ng Yew Soon (Chairman) (Independent Non-Executive Director)
- Mr. Tey Giap Turn (Member) (Independent Non-Executive Director)
- Mr. Mok Kar Foo (Member) (Non-Independent Non-Executive Director)

The Audit Committee composed of three (3) members with the majority of them being independent directors. The Chairman of the Audit Committee is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants (MIA). This met the requirement of Paragraph 15.09(1) (a), (b) and (c) of the Main Market Listing Requirements (“Main Market LR”) in respect of the financial year ended 31 December 2022,

Although not all the Audit Committee members possess the accounting qualification as prescribed by the Main Market LR, they are financially literate, able to interpret and understand the financial statements, and have extensive business experience and skills to enable the Audit Committee to discharge its duties and responsibilities effectively.

AUTHORITY

The Audit Committee is authorised by the Board to independently investigate any activity within its Terms of Reference and shall have unrestricted access to information pertaining to the Group and the Company, from the internal and external auditors, Management and all employees. The Terms of Reference of the Audit Committee can be viewed on the Company’s corporate website at www.fsbm.com.my.

KEY RESPONSIBILITIES OF THE AUDIT COMMITTEE

Audit Committee should assume four (4) fundamental responsibilities:

- (a) Oversee financial reporting;
- (b) Assess the financial risk management and internal control environment;
- (c) Evaluate internal and external audit process; and
- (d) Review conflict of interest situations and related party transactions.

The Board has reviewed and assessed the performance of the Audit Committee based on the Nomination Committee’s Report, and is satisfied that the Audit Committee has discharged its functions, duties and responsibilities effectively in accordance with its Terms of Reference.

MEETING

During the financial year ended 31 December 2022, the Audit Committee held six (6) meetings and their attendance are disclosed below:

Audit Committee	No. of Meetings Attended/ No. of Meetings held from 1/1/2022 to 31/12/2022
Ng Yew Soon	6/6
Tey Giap Turn	5/6*
Mok Kar Foo	5/6*

* Mr. Tey Giap Turn and Mr. Mok Kar Foo were appointed as Audit Committee on 12 April 2022.

MEETING (CONT'D)

As at the date of Board’s approval of this Report, two (2) meetings were held during the period from 1 January 2023 to the date of approving this Report. The attendance of the Audit Committee are disclosed below:

Audit Committee	No. of Meetings Attended/ No. Of Meetings Held from 1/1/2023 and up to the date of approving this Report
Ng Yew Soon	2/2
Tey Giap Turn	2/2
Mok Kar Foo	2/2

Proceedings of meeting

Each Audit Committee Meeting is scheduled in advance and has been conducted with proper meeting proceedings. The quorum for a meeting of the Audit Committee shall be two (2) members.

Relevant notice, agenda, information and supporting documents were circulated to the Audit Committee members prior to the meeting to provide the Audit Committee with relevant and timely information to enable the Audit Committee to review and analyse the subject matters for effective and meaningful discussions during the meeting. It has been the practice that discussion papers such as financial results are circulated via electronic mail to the Audit Committee for their review and comments before the papers are finalised for formal circulation to the Audit Committee.

The Audit Committee meetings are held without the presence of other Directors, Management and employees, except when the Audit Committee requests their attendance. The Audit Committee also has the right to hold private discussion with the External Auditors for an exchange of free and honest views and opinion without the presence of other Directors and Management, whenever deemed necessary. Both the Internal and External Auditors have unfettered access to members of the Audit Committee. The Company Secretary was in attendance at all the meetings.

With a view to facilitate the efficiency of the Board’s subsequent reviewing and deliberating the recommendations of the Audit Committee pertaining to the quarterly financial results and other subject matters, the Audit Committee may invite other Board members to be present at the Audit Committee meetings, except the private discussion sessions with the External Auditors. The Management is invited to the meetings to provide clarification on audit issues and updates on the Group’s operations and legal suits to facilitate direct communication and discussion. The Management were also invited to present the quarterly financial statements and report any related party transaction and conflict of interest in situation that may rise within the Company or its Group. Apart from that, the lead audit engagement partner of the External Auditors was invited to some of the meetings to present the Audit Plan, Audit Results and Audited Financial Statements.

Deliberation during the meetings is recorded by the Company Secretary and the minutes of meeting will be tabled at the next Audit Committee meeting before disseminating to the Board for perusal.

The Audit Committee Chairman reports to the Board after every meeting where recommendations and significant issues are brought up for discussion at the Board meetings.

SUMMARY OF ACTIVITIES

In the discharge of its duties and responsibilities, the major activities undertaken by the Audit Committee in respect of the financial year ended 31 December 2022 comprised the following:

1. Financial Reporting

(a) Review of quarterly financial reports

The Audit Committee reviewed the quarterly financial reports on a quarterly basis at its quarterly Audit Committee meetings.

REPORT OF AUDIT COMMITTEE (CONT'D)

SUMMARY OF ACTIVITIES (CONT'D)

1. Financial Reporting (cont'd)

(a) Review of quarterly financial reports (cont'd)

The first (1st), second (2nd), third (3rd) and fourth (4th) quarterly financial results in respect of the financial year ended 31 December 2022 were presented by Management to the Audit Committee for its review at the quarterly meetings held on 12 May 2022, 29 August 2022, 10 November 2022 and 23 February 2023 respectively.

At the quarterly meetings, the Audit Committee reviewed the quarterly financial results and reports and in consultation with Management deliberated the integrity of the quarterly financial results as well as the significant issues of concerns before recommending to the Board for approval for submission to Bursa Malaysia Securities Berhad for public release.

The Audit Committee enquired as to the reliability of the quarterly financial reports to ensure compliance with the applicable Financial Reporting Standards. It was satisfied that the quarterly financial reports were prepared in compliance with the Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad, including Appendix 9B of the Main Market LR. Meanwhile, the lawyers had reviewed the status of the material litigations as disclosed in the quarterly financial reports.

(b) Audited Financial Statements

In each financial year, the Audit Committee reviews the draft Audited Financial Statements before recommending to the Board for approval. The Audit Committee while reviewing the draft Audited Financial Statements also discusses with the External Auditors and Management regarding the audit findings, disclosures and key areas related to the draft Audited Financial Statements, the Management Letter issued by the External Auditors and the implementation of audit recommendations.

On 13 April 2023, the Audit Committee reviewed the draft Audited Financial Statements for the financial year ended 31 December 2022, and a private meeting with the External Auditors was held without the presence of Executive Directors.

During the financial year, the Audit Committee also reviewed and deliberated the reports of the special audit of the financial statements of FSBM Holdings Berhad and its subsidiary, namely FSBM I-Design Sdn. Bhd. which was requested to be performed to support the application documents for the proposed regularisation plan for submission to Bursa Securities.

2. External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the External Auditors and their remuneration and makes recommendations to the Board as to the re-appointment or appointment of new External Auditors, and audit fees.

(a) Re-appointment/appointment of External Auditors

The Audit Committee performs assessment of the suitability and independence of the External Auditors by considering the following criteria:

- i. The independence, objectivity and professionalism of the External Auditors in accordance with the terms of the professional and regulatory requirements of the Malaysian Institute of Accountants;
- ii. The experience and resources of the audit firm;
- iii. The performance and competencies of the External Auditors;
- iv. The quality of services including the responsiveness to issues and ability to provide realistic analysis with technical knowledge and independent judgement, and sufficiency of resources they provide to the Group; and
- v. The level of non-audit services to be rendered by the External Auditors and its affiliates.

Following the completion of the audit for the financial year ended 31 December 2022, the Audit Committee was satisfied with the suitability and independence of Messrs Moore Stephens Associates PLT as External Auditors the Group and the Company.

SUMMARY OF ACTIVITIES (CONT'D)

2. External Auditors (cont'd)

(a) Re-appointment/appointment of External Auditors (cont'd)

At the Audit Committee held in 13 April 2023, the Audit Committee recommended to the Board for approval of the re-appointment of Messrs Moore Stephens Associates PLT as External Auditors of the Group and the Company for the ensuing financial year.

The Board approved the Audit Committee's recommendation to re-appoint Messrs Moore Stephens Associates PLT as External Auditors subject to the shareholders' approval at the forthcoming Annual General Meeting.

(b) Audit and Non-Audit Fees

Before recommending the proposed audit fees and the assurance-related fees to the Board for approval, the Audit Committee evaluated the quantum of audit work, the audit process and approach; the engagement team's credentials and experience, their ability to provide value advice and services and to perform audit work within the Group timeline.

At the Audit Committee meeting held on 13 April 2023, the Audit Committee recommended to the Board for approval of paid/payable to the Company's external auditors or a firm or corporation affiliated to the auditors' firm as prescribed by Paragraph 18(b) of Part A of Appendix 9C of the Main Market Listing Requirements of audit fee RM80,000 and non-audit fee of RM5,000, and the Group's total audit fee of RM168,000 and total non-audit fee of RM5,000 in respect of the financial year ended 31 December 2022.

3. Internal Audit

During the financial year, the Audit Committee endorsed the engagement of the new Internal Auditors, namely Messrs Vaersa Services Sdn. Bhd., an independent professional service firm. The Internal Auditors report directly to the Audit Committee.

The Audit Committee reviewed and deliberation the scope of internal audit and the audit timeline proposed by the Internal Auditors in their Internal Audit Plan.

The Audit Committee reviewed and deliberated the Internal Control Report and Risk Management Report ("ICR") presented by the Internal Auditors.

Statement on Internal Control and Risk Management

At the Audit Committee meeting held on 13 April 2023, the Audit Committee reviewed the Statement on Internal Control and Risk Management for inclusion in Annual Report 2022.

4. Review of related party transaction and conflict of interest

At each quarterly meeting, the Audit Committee reviews any related party transaction ("RPT") and conflict of interest ("COI") situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of management integrity.

The Audit Committee reviews RPT and/or COI situation presented by Management prior to the Company entering into such transactions.

As such, the Audit Committee must ensure:

- (a) Adequate oversight over the controls on the following:
 - i. identification of the interested parties; and
 - ii. identification of the related party transactions and possible conflict of interest situations; and

REPORT OF AUDIT COMMITTEE (CONT'D)

SUMMARY OF ACTIVITIES (CONT'D)

4. Review of related party transaction and conflict of interest (cont'd)

- (b) Assess and address the reasonableness of the RPT or COI situation to ensure that interested parties do not abuse their powers to gain unfair advantage.

Upon receiving a report of RPT transaction and/or COI situation, the Audit Committee reviews and determines whether the RPT or COI situation is fair, reasonable, on normal commercial terms and in the best interest of the company.

The key considerations taken by the Audit Committee when it reviews the RPT or COI situation are as follows:

- (a) Whether the transaction price is at arm's length basis or whether the terms are fair to the Group and the Company;
- (b) Whether there are business reasons for the Group and the Company to enter into the transaction with the related party and not a third party;
- (c) Whether the business reasons are in line with the overall strategy and objectives of the Group and the Company;
- (d) What benefits the interested party will derive from the transaction;
- (e) What impact the transaction will have on the financial statements;
- (f) Whether there is economic substance in entering into the transaction; and
- (g) Enquire to ascertain whether, apart from the review of related party transactions and conflicts of interest, transactions entered into have been disclosed in the company's financial statements under the relevant financial reporting standards.

The Audit Committee reports to the Board of any related party transactions (including recurrent related party transactions) and conflict of interest situations that may arise within the Group and the Company.

For the financial year ended 31 December 2022, the Audit Committee reviewed and deliberated the status of the outstanding related party receivables at its quarterly meetings and the Audit Committee also reviewed the related party transactions in the Company's proposed regularization plan.

INTERNAL AUDIT FUNCTION

The role of the Internal Audit Function is to ensure the effectiveness of the system of risk management and internal control, and this is performed with impartiality, proficiency and due professional care. The Internal Audit Function plays a critical role in providing assurance to the Board in the Group's governance process, particularly in risk management and control.

The Group outsources its Internal Audit Function to an independent professional services firm, namely Messrs Vaersa Services Sdn. Bhd.. The Internal Auditors are engaged to conduct regular reviews and appraisals of the effectiveness of governance, risk management and internal control processes within the Group and the Company. The Audit Committee relies on the Internal Auditors as one of its primary resources in executing its oversight of the adequacy and effectiveness of the risk management and internal control process that Management has established.

Activities of the Internal Audit Function

The activities of the Internal Audit Function for the financial year ended 31 December 2022 covers the following:

- (a) Conduct internal audit reviews;
- (b) Report the results of internal audits and make recommendations for improvements to the internal control systems;
- (c) Perform follow-up audits to ensure that recommendations for improvement to the internal control systems were satisfactorily implemented.

With the Group's activities increasing, more resources have been made available to the Internal Audit Function for its effective functioning. The Board, with the support of its Audit Committee and Management, has been continuously identifying the risks and deficiencies of internal control, and mitigating the risks that may have a considerable impact on the Group and the Company. The Board has undertaken various initiatives to establish adequate and effective risk management and control within the Group and the Company to ensure the Group and the Company are operating on a going concern basis.

The cost incurred for Internal Audit Function for the financial year ended 31 December 2022 was below RM500.

This Report of Audit Committee was approved by the Board on 13 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is required, under paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad (“Bursa Malaysia) Listing Requirements, to issue a statement about the state of internal control. The Board is also guided by the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”) issued by Bursa Malaysia Securities Berhad.

REPONSIBILITY

The Board has the overall responsibility to oversee the Group’s internal control and risk management system to safeguard shareholders’ investment and the Group’s assets as well as reviewing the adequacy and effectiveness of the said system. The system is designed to manage, rather than eliminate, the risk of failure to achieve the Group’s business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

The Group has an on-going process for identifying, evaluating and managing the significant risks it faces. The Board regularly reviews the results of this process, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

RISK MANAGEMENT

Currently, there are multiple processes to manage risks in the Group. The Risk Management for each business activity is carried out by the Management team, Executive Directors and is chaired by an Independent Non- Executive Director.

The significant business risks faced by the business units and key issues pertaining to operational and external environment are typically discussed regularly at the board meetings. However, as the Group had minimal activities, the risk management were applied as and when appropriate and applicable.

The Board also undertakes ongoing reviews of the key commercial and financial risks facing by the Group’s businesses together with more general risks such as those relating to compliance with law and regulation.

The monitoring arrangements in place gives reasonable assurance that the structure of controls and operation is appropriate to the Group’s and the Company’s situation and that there is an acceptable level of risk management throughout the Group’s businesses.

As our business expands and becomes more active, we are contemplating the formation of a Risk Monitoring Committee to ensure effective management and oversight of our evolving risk landscape.

INTERNAL CONTROL

The key elements of the Group’s internal control system are described below:

(a) Limits of authority and responsibility

Clearly defined delegations of responsibilities to committees of the Board, the Management and operating units, including authorization levels for all aspect of the businesses. Each operating unit has clear by policies for ensuring that appropriate risk and control procedures are in place. The delegations are subject to ongoing review throughout the year as to their implementation and suitability to continue;

(b) Written policies and procedures

Standard operating procedures are issued to address business needs, and to manage the risks to which they are exposed. Ongoing reviews carried out to ensure adequacy and effectiveness of the Group’s system of internal control;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL (cont'd)

(c) Planning, monitoring and reporting

- I. Regular and comprehensive information provided by management covering financial performance, key business indicators and cash flow performance;
- II. A detailed budgeting process where operating units prepare and submit budgets for the ensuing year;
- III. Monitoring of results against budget, with major variances being addressed and management action taken, where necessary;
- IV. Assurance by internal auditors on the adequacy and effectiveness of the Group's system of internal control; and
- V. Review on risk and control issues identified by Risk Monitoring Committee and the status of corrective actions taken by management;

As the Group had minimal activities, the controls were applied as and when appropriate and applicable.

(d) Human Resource

The professionalism and competence of staff is maintained through a rigorous recruitment process, a performance appraisal system and a wide variety and continuous training and development programs.

INTERNAL AUDIT FUNCTION

The independent internal audit function is outsourced to a professional services firm and reports to the Audit Committee. Further details of the activities of the internal audit function are provided in the Report of the Audit Committee.

EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

In line with the Guidelines, the Management have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

The Board is of the view that the risk management and internal control systems are satisfactory. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2022 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of internal control of the Group.

Their review was performed under a limited assurance engagement in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of our Group's risk management and internal control system.

Based on the procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines and Practice 10.1 and 10.2 of MCCG 2021, nor the Statement on Risk Management and Internal Control is factually inaccurate.

ANALYSIS OF SHAREHOLDINGS

AS AT 11 APRIL 2023

Total Number of Issued Shares	:	176,659,300 ordinary shares (excluding a total of 1,090,700 ordinary shares bought back by the Company and retained as Treasury Shares)
Issued Shares Capital	:	RM10,064,275.24 (inclusive of RM2,998,552.24 being the amount reclassification from the share premium account pursuant to the Companies Act 2016).
Classes of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share (on poll)

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 to 99	3	0.288	130	0.000
100 to 1,000	239	22.980	168,738	0.095
1,001 to 10,000	506	48.653	2,154,762	1.219
10,001 to 100,000	186	17.884	6,421,600	3.635
100,001 to 7,065,722 (less than 5% of issued holdings)	104	10.000	110,389,100	62.487
7,065,723 (5% of issued holdings) and above	2	0.192	57,524,970	32.562
Total	1,040	100.000	176,659,300	100.000

SUBSTANTIAL SHAREHOLDERS (DIRECT & INDIRECT)

No.	Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
1.	Chew Weng Yew	47,073,970	26.646	-	-
2.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Ann Seck) (MY0696)	10,500,000	5.943	-	-

DIRECTORS' SHAREHOLDINGS (DIRECT & INDIRECT)

Name of Directors	Direct Interest	%	Indirect Interest	%
Pang Kiew Kun	2,790,000	1.579	-	-
Tan Wan Yen	1,900	0.001	-	-
Dato' Tan Hock San @ Tan Hock Ming	-	-	106,200 ¹	0.060
Ng Yew Soon	-	-	-	-
Mok Kar Foo	-	-	-	-
Tey Giap Turn	-	-	-	-

¹ Deemed interest via spouse and daughter by virtue of Section 8 of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

TOP THIRTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Chew Weng Yew	47,024,970	26.619
2.	CGS-Cimb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeo Ann Seck (MY0696)	10,500,000	5.943
3.	Ooi Kong Tiong	6,905,000	3.908
4.	Yuu Speed Sdn Bhd	5,000,000	2.830
5.	PEG Capital Sdn. Bhd.	4,845,000	2.742
6.	Lee Wai Yee	4,500,000	2.547
7.	Fong See Mun	4,494,300	2.544
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Chong Guan (7005299)	4,123,300	2.344
9.	Eng Soh Chng (Eric)	3,785,300	2.142
10.	Tay Kok Seng	3,700,000	2.094
11.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lai Ooi Ling	3,500,000	1.981
12.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Allan Wong Sai Wah	3,469,500	1.963
13.	Chia Su Yen	3,173,000	1.796
14.	Lee Sook Wan	3,075,000	1.741
15.	Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Pang Kiew Kun (Sta2)	2,790,000	1.579
16.	Chen Thiam Fook	2,300,000	1.301
17.	Chia Kee Horng	2,280,000	1.290
18.	Tee Bee Leng	2,233,200	1.264
19.	Mohamed Azam Shah Bin Aziz Mohammed	2,000,000	1.132
20.	Tay Kok Seng	2,000,000	1.132
21.	Twe Fook Chuan	2,000,000	1.132
22.	HSBC Nominees (Asing) Sdn Bhd Exempt An For The Hongkong And Shanghai Banking Corporation Limited (Pb-Hkdiv-Accl)	1,959,160	1.109
23.	Twe Fook Ping	1,900,000	1.075
24.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	1,860,000	1.052
25.	Teh Kong Yaw	1,682,000	0.952
26.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Liaw Hock Choon	1,630,400	0.922
27.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Bank Julius Baer & Co. Ltd. (Hongkong Branch)	1,441,600	0.816
28.	Ng Chee Chau	1,350,000	0.764
29.	Hms Mansion Sdn Bhd	1,332,000	0.753
30.	Ah Sang	1,300,000	0.735
	TOTAL	138,154,430	78.200

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FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services, provision of management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	4,415	586
Non-controlling interests	31	-
	<u>4,446</u>	<u>586</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUANCE OF SHARES OR DEBENTURES

During the financial year, the Company has increased its issued ordinary shares from RM10,064,000 to RM24,314,000 by way of issuance of 36,435,000 new ordinary shares at an issue price of RM0.30 per share pursuant to the exercise of Warrant 2012/2022, which give rise to a transfer of warrant reserve to share capital of RM3,318,000.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

Further information is disclosed in Note 18 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

WARRANTS 2012/2022

During the financial year, 36,436,000 units of Warrant 2012/2022 were exercised at an exercise price of RM0.30 per Warrant 2012/2022. On 16 May 2022, the remaining unexercised warrant of 13,347,000 units expired.

The principal terms of the Warrants 2012/2022 are disclosed in Note 20 to the financial statements.

DIRECTORS OF THE COMPANY

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Tan Hock San @ Tan Hock Ming *

Mok Kar Foo

Ng Yew Soon

Pang Kiew Kun *

Tan Wan Yen

Darren Tey Giap Turn

(Appointed on 12 April 2022)

Abdul Jalil Bin Abdul Jamil

(Resigned on 11 March 2022)

Tan Ee Ern *

(Resigned on 11 March 2022)

Dato' Ir Dr Abdul Rahim bin Daud *

(Resigned on 12 April 2022)

* These Directors are also the Director of subsidiaries included in the financial statements of the Group for the financial year ended 31 December 2022.

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries of the Company since the beginning of the financial year to the date of this report excluding those who are already the Directors of the Company are as follows:

Ng Kok Kiong

Ting Teck Kai

Liew Yew Soon

(First Director of newly incorporated subsidiary)

(appointed on 5 July 2022)

DIRECTORS' INTERESTS

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name of Director	Number of Ordinary Shares			At 31.12.2022 Unit
	At 01.01.2022 Unit	Bought Unit	Sold Unit	
<i>Ordinary shares in the Company</i>				
FSBM Holdings Berhad				
Direct interest:				
- Dato' Tan Hock San @ Tan Hock Ming	17,005,700	-	(17,005,700)	-
- Pang Kiew Kun	-	2,790,000	-	2,790,000
- Tan Wan Yen	1,900	-	-	1,900
Indirect interest*:				
<i>Sanyee Corporation Sdn. Bhd.</i>				
- Dato' Tan Hock San @ Tan Hock Ming	22,008,200	-	(21,902,000)	106,200
- Tan Wan Yen	21,412,000	-	(21,412,000)	-
Number of Warrants 2012/2022				
Warrants 2012/2022	Number of Warrants 2012/2022			At 31.12.2022 Unit
	At 01.01.2022 Unit	Exercised Unit	Expired Unit	
Direct interest:				
- Dato' Tan Hock San @ Tan Hock Ming	4,200	-	(4,200)	-
- Dato' Ir Dr Abdul Rahim bin Daud	24,500	-	(24,500)	-
- Tan Wan Yen	5,700	-	(5,700)	-
- Pang Kiew Kun	2,790,000	(2,790,000)	-	-
Indirect interest*:				
- Dato' Tan Hock San @ Tan Hock Ming	11,028,600	-	(11,028,600)	-
- Tan Wan Yen	10,778,000	-	(10,778,000)	-

* Indirect interest (shares held by companies in which the Director is deemed to have an interest and/or shares held by children).

The Directors in office at the end of the financial year do not have any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company or its subsidiaries for their services to the Company or its subsidiaries were as follows:

	Company RM'000
Directors' fee	366
Directors' salaries	144
Contributions to statutory contribution	18
Other emoluments	28
	<hr/>
	556

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 24 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the Warrants 2012/2022 held by certain Directors, which have expired during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (cont'd)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries are disclosed in Note 5 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company and its subsidiaries.

SIGNIFICANT EVENT

The details of the significant event during the financial year are disclosed in Note 30 to the financial statements.

Registration No.: 198401003091 (115609-U)

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 17 April 2023.

TAN WAN YEN

PANG KIEW KUN

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 12 to 78 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 17 April 2023.

TAN WAN YEN

PANG KIEW KUN

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Wong Jing Kai, being the Officer primarily responsible for the financial management of the Group and of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 12 to 78 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed
at
on 17 April 2023

WONG JING KAI

Before me,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD

Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statement of FSBM Holdings Berhad, which comprise the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 78.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Requirements

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

We have determined that there are no key audit matters to communicate in our report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (cont'd)**

Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Emphasis of Matters

- (i) Without qualifying our opinion, we draw attention to Note 30 to the financial statements which discloses the Practice Note 17 status of the Company.
- (ii) Reference is made to our audit report dated 14 April 2022 for the financial year ended 31 December 2021 whereby a Disclaimer of Opinion was issued pertaining to opening balances and going concern matters.

The adjustments found to be necessary in respect of the matters pertaining to opening balances may consequently have significant impact on the Statements of Comprehensive Income and Statements of Cash Flows of the Group and of the Company, including related disclosures, for the financial year ended 31 December 2021 and prior, whereby we were unable to obtain sufficient appropriate audit evidence as to correct accounting period in which the adjustments had pertained to.

The matter described above no longer have possible effects on the figures presented in the Statements of Financial Position of the Group and of the Company as at 31 December 2021.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements of the Company

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (cont'd)**

Registration No.: 198401003091 (115609-U)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We are also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

FSBM HOLDINGS BERHAD (cont'd)

Registration No.: 198401003091 (115609-U)

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

Petaling Jaya, Selangor
Date: 17 April 2023

CHUAH SOO HUAT
03002/07/2024 J
Chartered Accountant

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	4	12,514	405	1,097	-
Cost of sales		(6,303)	(224)	-	-
Gross profit		6,211	181	1,097	-
Other income		1,436	2,394	1,180	1,039
Administrative expenses		(1,176)	(48)	(802)	(32)
Selling and marketing expenses		(136)	(4)	(69)	(4)
Other expenses		(1,490)	(11,793)	(820)	(1,918)
Profit/(Loss) from operations		4,845	(9,270)	586	(915)
Finance cost		(8)	-	-	-
Profit/(Loss) before tax	5	4,837	(9,270)	586	(915)
Tax expense	6	(391)	-	-	-
Profit/(Loss) net of tax, for the financial year representing total comprehensive income for the financial year		<u>4,446</u>	<u>(9,270)</u>	<u>586</u>	<u>(915)</u>
Total comprehensive income attributable to:					
Owners of the Company		4,415	(9,326)	586	(915)
Non-controlling interests		31	56	-	-
		<u>4,446</u>	<u>(9,270)</u>	<u>586</u>	<u>(915)</u>
Basic earning/(loss) per ordinary share (sen)	7	<u>2.69</u>	<u>(6.65)</u>		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Plant and equipment	8	1,873	-	-	-
Right-of-use assets	9	169	-	-	-
Intangible assets	10	405	-	5	-
Investment in subsidiaries	11	-	-	100	-
Other investments	12	-	360	-	360
Deferred tax assets	13	268	-	-	-
		<u>2,715</u>	<u>360</u>	<u>105</u>	<u>360</u>
Current assets					
Trade receivables	14	5,045	153	1,097	-
Other receivables	15	1,356	-	6,923	-
Contract assets	16	818	123	-	-
Marketable securities	17	4	7	-	-
Tax recoverable		-	-	-	-
Cash and cash equivalents		4,503	229	832	19
		<u>11,726</u>	<u>512</u>	<u>8,852</u>	<u>19</u>
TOTAL ASSETS		<u>14,441</u>	<u>872</u>	<u>8,957</u>	<u>379</u>

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (cont'd)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	18	24,314	10,064	24,314	10,064
Treasury shares	19	(712)	(712)	(712)	(712)
Warrants reserve	20	-	4,534	-	4,534
Accumulated losses		(11,109)	(16,740)	(24,168)	(25,970)
Equity attributable to					
Owners of the Company					
		12,493	(2,854)	(566)	(12,084)
Non-controlling interests		(2,062)	(2,093)	-	-
Total equity		<u>10,431</u>	<u>(4,947)</u>	<u>(566)</u>	<u>(12,084)</u>
LIABILITIES					
Non-current liabilities					
Lease liabilities	21	77	-	-	-
Deferred tax liabilities	13	166	-	-	-
		<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	22	1,242	76	32	32
Other payables	23	2,238	5,743	9,491	12,431
Lease liabilities	21	94	-	-	-
Tax payables		193	-	-	-
		<u>3,767</u>	<u>5,819</u>	<u>9,523</u>	<u>12,463</u>
TOTAL LIABILITIES		<u>4,010</u>	<u>5,819</u>	<u>9,523</u>	<u>12,463</u>
TOTAL EQUITY AND LIABILITIES		<u>14,441</u>	<u>872</u>	<u>8,957</u>	<u>379</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Attributable to Owners of the Company		Attributable to Owners of the Company		Total Equity RM'000
	Share Capital RM'000	Non-distributable	Treasury Shares RM'000	Warrants Reserve RM'000	
2021					
Group					
At 1 January 2021	10,064		(712)	4,534	6,472
Loss net of tax, for the financial year representing total comprehensive income for the financial year	-		-	-	(9,326)
At 31 December 2021	10,064		(712)	4,534	(2,854)
					56
					(2,093)
					4,323
					(9,270)
					(4,947)

Registration No.: 198401003091 (115609-U)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)**

	Attributable to Owners of the Company		Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non-distributable			
2021					
Group					
At 1 January 2021	10,064	(712)	4,534	(2,149)	4,323
Loss net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	56	(9,270)
At 31 December 2021	10,064	(712)	4,534	(2,093)	(4,947)
2022					
Group					
At 1 January 2022	10,064	(712)	4,534	(2,093)	(4,947)
Transactions with Owners of the Company:					
Conversion of Warrants	14,250	-	(3,318)	-	10,932
Expiry of Warrants	-	-	(1,216)	-	-
Total transactions with Owners of the Company	14,250	-	(4,534)	-	10,932
Profit net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	31	4,446
At 31 December 2022	24,314	(712)	-	(2,062)	10,431

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)**

	←	Non-distributable			→	
	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000	
2021						
Company						
At 1 January 2021	10,064	(712)	4,534	(25,055)	(11,169)	
Loss net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	(915)	(915)	
At 31 December 2021	10,064	(712)	4,534	(25,970)	(12,084)	
2022						
Company						
At 1 January 2022	10,064	(712)	4,534	(25,970)	(12,084)	
Transactions with Owners of the Company:						
Conversion of Warrants	14,250	-	(3,318)	-	10,932	
Expiry of Warrants	-	-	(1,216)	1,216	-	
Total transactions with Owners of the Company	14,250	-	(4,534)	1,216	10,932	
Profit net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	586	586	
At 31 December 2022	24,314	(712)	-	(24,168)	(566)	

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash Flows from Operating Activities					
Profit/(Loss) before tax		4,837	(9,270)	586	(915)
<i>Adjustments for:</i>					
Depreciation of plant and equipment		236	-	-	-
Depreciation of right-of-use assets		64	-	-	-
Fair value loss on marketable securities		3	278	-	-
Fair value gain on other investments		-	(60)	-	(60)
Impairment loss on amount due from subsidiaries		-	-	175	-
Interest expense on lease liabilities		8	-	-	-
Reversal of impairment loss on investment in subsidiary		-	-	(100)	-
Reversal of accruals no longer required		(1,387)	-	(1,063)	-
Unrealised loss on foreign exchange		80	-	-	-
Write off of:					
- Trade receivables		-	6,174	-	5
- Other receivables		-	2,348	-	340
- Tax recoverable		-	35	-	-
- Plant and equipment		-	7	-	-
Write back of:					
- Trade payables		-	(667)	-	(157)
- Other payables		-	(1,417)	-	(734)
Operating profit/(loss) before changes in working capital		3,841	(2,572)	(402)	(1,521)
<i>Changes in working capital:</i>					
Receivables		(6,328)	(125)	(2,084)	(164)
Payables		295	1,830	(1,088)	1,147
Contract assets		(695)	(123)	-	-
Cash used in operations		(2,887)	(990)	(3,574)	(538)
Income tax paid		(300)	-	-	-
Interest paid		(8)	-	-	-
Net cash used in operating activities		(3,195)	(990)	(3,574)	(538)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash Flows from Investing Activities					
Purchase of plant and equipment		(2,109)	-	-	-
Additions of intangible assets		(405)	-	(5)	-
Proceed from disposal of other investment		360	-	360	-
Advance to subsidiaries		-	-	(6,111)	-
Net cash used in investing activities		<u>(2,154)</u>	<u>-</u>	<u>(5,756)</u>	<u>-</u>
Cash Flows from Financing Activities					
Repayment to subsidiaries (Repayment to)/Advance from Directors	(ii)	-	-	(23)	(234)
Proceed from issuance of shares	18	10,932	1,174	(766)	768
Repayment of lease liabilities	(i)(ii)	(62)	-	-	-
Net cash from financing activities		<u>9,623</u>	<u>1,174</u>	<u>10,143</u>	<u>534</u>
Net increase/(decrease) in cash and cash equivalents		4,274	184	813	(4)
Cash and cash equivalents at beginning of the financial year		<u>229</u>	<u>45</u>	<u>19</u>	<u>23</u>
Cash and cash equivalents at end of the financial year		<u>4,503</u>	<u>229</u>	<u>832</u>	<u>19</u>

Cash and cash equivalents represent cash and bank balances only.

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)

Note:

(i) Cash outflow for leases as a lessee is as follows:

	Group		Company	
	2022 RM'000 RM	2021 RM'000 RM	2022 RM'000 RM	2021 RM'000 RM
Included in net cash used in operating activities:				
- Interest paid in relation to lease liabilities	8	-	-	-
- Payment related to short-term leases	25	75	21	75
Included in net cash from financing activities:				
- Payment for the principal portion of lease liabilities	62	-	-	-
Total cash outflows for leases	<u>95</u>	<u>75</u>	<u>21</u>	<u>75</u>

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Lease liabilities RM'000	Amount due to Directors RM'000
Group		
2022		
At beginning of the financial year	-	1,277
Addition of leases	233	-
Interest	8	-
Repayment	(70)	(1,247)
Net changes from financing cash flows	(62)	(1,247)
At end of the financial year	<u>171</u>	<u>30</u>

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (cont'd)

Note: (cont'd)

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities: (cont'd)

		Amount due to Directors RM'000
Group		
2021		
At beginning of the financial year		103
Advances from, representing net changes from financing cash flows		<u>1,174</u>
At end of the financial year		<u>1,277</u>
	Amount due to subsidiaries RM'000	Amount due to Directors RM'000
Company		
2022		
At beginning of the financial year	8,971	768
Repayment to, representing net changes from financing cash flows	<u>(23)</u>	<u>(766)</u>
At end of the financial year	<u>8,948</u>	<u>2</u>
2021		
At beginning of the financial year	9,205	-
Advances from	-	768
Repayment to	(234)	-
Net changes from financing cash flows	<u>(234)</u>	<u>768</u>
At end of the financial year	<u>8,971</u>	<u>768</u>

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The principal place of business of the Company is located at A-2-6, Glomac Damansara, 699, Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services, provision of management services and investment holding. The principal activities of its subsidiaries are disclosed in Note 11. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 17 April 2023.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncement that are effective and adopted during the financial year

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 to 2020	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncement that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sales and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial applications.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency and all values are rounded to nearest thousand (RM’000) except when otherwise indicated.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below.

Platform design and development revenue (over time)

The Group measures the performance of platform design and development work done by comparing the actual costs incurred with the estimated total costs required to complete the project. Significant judgements are required to estimate the total costs to complete. In making estimates, management relies on professionals' estimates and also on past experience of completed projects. A change in estimates will directly affect the revenue to be recognised.

Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

For other receivables and amounts due from subsidiaries, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements unless otherwise stated.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Consolidation (cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference recognised directly in equity and attributed to Owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combinations is taken to equity.

Subsidiaries

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Non-Controlling Interests

Non-controlling interest in a partly-owned subsidiary represents its share of net assets, other than goodwill, of the subsidiary and is presented as a component of equity separately from owner's equity. Non-controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition date and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

The Group treats a change in a parent's controlling interest in a subsidiary that does not result in a loss of control as a transaction with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to the Owners of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Transactions eliminated on consolidation (cont'd)

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in functional currencies using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation.

(c) Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition (cont'd)

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

Platform design and development

Over time

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation. In making the estimate, management relies on opinion/services of experts, past experience and a continuous monitoring mechanism.

Point in time

Revenue from services rendered is recognised upon performance of services, net of discounts.

The Group entered into short-term contract with customer to provide contractual services in respect of development of web-based and mobile application for customers. Revenue is recognised at point in time when service has been performed and customer acceptance has been obtained.

Refurbishment services

Revenue from sales of refurbishment of pre-owned Information Technology ("IT") hardware is recognised at point in time upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and services taxes and discounts.

Management fees

Management fees are recognised at point in time when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition (cont'd)

Smart manufacturing solutions

Revenue from smart manufacturing solutions is recognised at point in time when performance obligation is delivered.

The Group entered into short-term contract with customer to provide contractual services in respect of system integration, commissioning and setup services for customers. Revenue is recognised at point in time when service has been performed and customer acceptance has been obtained.

Technical support and maintenance services

Over time

Revenue from after-sales service is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

Point in time

Revenue from technical support and maintenance services is recognised at point in time when services are rendered based on monthly usage by respective customers.

Managed security service

Revenue from managed security services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance. The duration of the operational support generally takes 24 months to complete.

Lease services

Rental income is recognised over time on a straight-line basis over the term of the lease agreement.

Other services

Revenue from other services related to provision of IT-related services. Revenue is recognised at point in time upon deliverable of services, net of sales and services taxes and discounts.

(d) Employee benefit

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Employee benefit (cont'd)

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases

As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as follow:

Office premises	Over the lease term of 2 to 3 years
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In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(m)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group and the Company change its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(h) Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and their costs can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of plant and equipment at the following annual rates:

Leasehold improvement and office renovation	3 to 10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	6 to 10 years
Computer hardware and software	4 to 5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

(i) Intangible assets

Trademark

The cost of trademark is recognised as an intangible asset. At initial recognition, trademark is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Trademark, which is considered to have definite useful live, is amortised over 10 years, from the date of registration.

Software development

The cost for software development is capitalised as an intangible asset. Costs include their purchase prices and any directly attributable costs of preparing the assets for their intended use. These costs are amortised on a straight line basis over the period the asset is expected to generate economic benefits. Software development, which is considered to have definite useful live, is amortised over 10 years, from the date of available for use.

Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired. The policy for the recognition and measurement of impairment loss is in accordance with Note 3(m)(ii).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Contract assets and liabilities

Contract assets and liabilities in development contracts represent the timing differences in revenue recognition and the milestone billings. Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issue billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(I) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(a) Amortised cost

The amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 3(m)(i)] where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment under Note 3(m)(i).

Financial liabilities

Amortised cost

Other financial liabilities categorized as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial instruments (cont'd)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(m) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. ECL is a probability-weighted estimate of credit losses.

Loss allowances of the Group and the Company are measured on either of the following bases:

- (i) 12-month ECL – represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (ii) Lifetime ECL – represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(i) Financial assets (cont'd)

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach – trade receivables

The Group and the Company apply the simplified approach to provide ECL for all trade receivables as permitted by MFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where applicable.

General approach – other financial instruments

The Group and the Company apply the general approach to provide for ECL on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECL.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and to the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset suffers past due events.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Credit Impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(i) Financial assets (cont'd)

Credit Impaired financial assets (cont'd)

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(n) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares.

When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(q) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(t) Warrants reserve**Rights Issue with Warrants

Total proceeds received by the Company arising from the Rights Issue with warrants are allocated to two types of equity instruments i.e. share capital and warrants. The amount allocated to warrants represent the fair value of the warrants issued and are credited to a warrants reserve account which is non-distributable. The warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

Bonus Issue of Warrants

As there are no proceeds received by the Company arising from the Bonus Issue of warrants, accordingly, no allocation of proceeds is required to account for the fair value of warrants issued.

4. REVENUE

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Point in time					
Platform design and development		3,748	-	-	-
Refurbishment services		458	-	-	-
Management fees		-	-	1,097	-
Smart manufacturing solutions		784	-	-	-
Technical support and maintenance		128	140	-	-
Others		87	-	-	-
		<u>5,205</u>	<u>140</u>	<u>1,097</u>	<u>-</u>
Over time					
Platform design and development	(i)	6,465	265	-	-
Technical support and maintenance	(ii)	33	-	-	-
Managed security service	(iii)	500	-	-	-
Lease services	(iv)	311	-	-	-
		<u>7,309</u>	<u>265</u>	<u>-</u>	<u>-</u>
		<u>12,514</u>	<u>405</u>	<u>1,097</u>	<u>-</u>

The accounting policy for the Group's revenue is disclosed in Note 3(c).

4. REVENUE (cont'd)

The following table shows unsatisfied PO resulting from the platform design and development, technical support and maintenance, managed security service and lease services:

(i) Platform design and development

	Group	
	2022	2021
	RM'000	RM'000
Total contracted revenue	8,000	2,850
Less: Cumulative revenue recognised		
- on-going contracts	(3,730)	(265)
- completed during the year	<u>(3,000)</u>	<u>-</u>
Unsatisfied PO as at 31 December	<u>1,270</u>	<u>2,585</u>

The remaining unsatisfied PO are expected to be recognised as revenue within the next 12 months (2021: 12 months).

(ii) Technical support and maintenance

	Group	
	2022	2021
	RM'000	RM'000
Total contracted revenue	198	-
Less: Cumulative revenue recognised		
- on-going contracts	<u>(33)</u>	<u>-</u>
Unsatisfied PO as at 31 December	<u>165</u>	<u>-</u>

The remaining unsatisfied PO are expected to be recognised as revenue within the next 12 months (2021: Nil).

(iii) Managed security service

	Group	
	2022	2021
	RM'000	RM'000
Total contracted revenue	2,139	-
Less: Cumulative revenue recognised		
- on-going contracts	<u>(500)</u>	<u>-</u>
Unsatisfied PO as at 31 December	<u>1,639</u>	<u>-</u>

The remaining unsatisfied PO are expected to be recognised as revenue within the next 24 months (2021: Nil).

4. REVENUE (cont'd)

The following table shows unsatisfied PO resulting from the platform design and development, technical support and maintenance, managed security service and lease services: (cont'd)

(iv) Lease services

	Group	
	2022	2021
	RM'000	RM'000
Total contracted revenue	1,723	-
Less: Cumulative revenue recognised		
- on-going contracts	(311)	-
Unsatisfied PO as at 31 December	1,412	-

The remaining unsatisfied PO are expected to be recognised as revenue within the next 36 months (2021: Nil).

5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Statutory audit	168	138	80	80
- Other services	5	5	5	5
Depreciation of property, plant and equipment	236	-	-	-
Depreciation of right-of-use assets	64	-	-	-
Fair value loss on marketable securities	3	278	-	-
Fair value gain on other investments	-	(60)	-	(60)
Employees benefit expenses [Note 5(a)]	2,489	31	749	32
Impairment loss on amount due from subsidiaries	-	-	175	-
Interest expense on lease liabilities	8	-	-	-
Loss on foreign exchange:				
- Realised	14	-	-	-
- Unrealised	80	-	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	(100)	-
Reversal of accruals no longer required	(1,387)	-	(1,063)	-
Short-term leases	25	75	21	75

5. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Write off of:				
- Trade receivables	-	6,174	-	5
- Other receivables	-	2,348	-	340
- Tax recoverable	-	35	-	-
- Plant and equipment	-	7	-	-
Write back of:				
- Trade payables	-	(667)	-	(157)
- Other payables	-	(1,417)	-	(734)
	<u>-</u>	<u>(1,417)</u>	<u>-</u>	<u>(734)</u>

(a) Employees benefit expenses comprise of:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Staff costs				
Salaries and wages	1,615	29	171	15
Contributions to statutory contribution	188	2	22	-
	<u>1,803</u>	<u>31</u>	<u>193</u>	<u>15</u>
Executive and Non-executive Directors				
Directors of the Company				
Directors' fee	366	-	366	-
Directors' salaries	144	-	144	-
Contributions to statutory contribution	18	-	18	-
Other emoluments	28	-	28	17
	<u>556</u>	<u>-</u>	<u>556</u>	<u>17</u>
Directors of subsidiaries				
Directors' salaries	114	-	-	-
Contributions to statutory contribution	16	-	-	-
	<u>130</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total employees benefit expenses	<u>2,489</u>	<u>31</u>	<u>749</u>	<u>32</u>

6. TAX EXPENSE

No provision for tax has been made in the financial year ended 31 December 2022 and 31 December 2021 for the Company as the Company has no taxable income.

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

	Group	
	2022	2021
	RM'000	RM'000
Current tax:		
- Current year	493	-
Deferred tax (Note 13):		
- Relating to origination or reversal of temporary differences	<u>(102)</u>	<u>-</u>
Tax expense for the financial year	<u>391</u>	<u>-</u>

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	<u>4,837</u>	<u>(9,270)</u>	<u>586</u>	<u>(915)</u>
Tax at the Malaysian statutory income tax rate of 24% (2021: 24%)	1,161	(2,225)	141	(220)
Income not subject to tax	(169)	-	(114)	-
Tax effect arising from non-deductible expenses	76	2,225	41	220
Utilisation of previously unrecognised tax losses	(706)	-	(68)	-
Deferred tax recognised on tax losses	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>391</u>	<u>-</u>	<u>-</u>	<u>-</u>

6. TAX EXPENSE (cont'd)

The Group and the Company have estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	122,300	123,989	62,660	62,945
Unabsorbed capital allowances	<u>2,136</u>	<u>2,154</u>	<u>647</u>	<u>647</u>
	<u>124,436</u>	<u>126,143</u>	<u>63,307</u>	<u>63,592</u>

The comparative figures have been restated to reflect the actual unutilised tax losses and unabsorbed capital allowances carry forward available to the Group and the Company.

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

The unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") (previously 7 YAs) deemed to be effective from YA 2019.

7. BASIC EARNING/(LOSS) PER ORDINARY SHARE

Basic earning/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) after tax attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
Profit/(Loss) after tax attributable to the Owners of the Company (RM'000)	<u>4,415</u>	<u>(9,326)</u>
Weighted average number of ordinary shares (excluding treasury shares)		
Number of ordinary shares at beginning of the financial year ('000 units)	140,224	140,224
Effect of ordinary shares issued pursuant to exercise of Warrants ('000 units)	<u>23,711</u>	<u>-</u>
Weighted average number of ordinary shares for basic earning/(loss) per ordinary share excluding treasury shares ('000 units)	<u>163,935</u>	<u>140,224</u>
Basic earning/(loss) per ordinary share (sen)	<u>2.69</u>	<u>(6.65)</u>

Diluted earning/(loss) per share for the financial year is not computed as the Group has no potential dilutive ordinary shares at the end of the financial year.

8. PLANT AND EQUIPMENT

2022 Group Cost	Computer hardware and software RM'000	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Furniture fittings and office equipment RM'000	Total RM'000
At 1 January	-	-	-	-	-
Additions	1,596	326	134	53	2,109
At 31 December	1,596	326	134	53	2,109
Accumulated depreciation					
At 1 January	-	-	-	-	-
Charge for the financial year	201	17	16	2	236
At 31 December	201	17	16	2	236
Net carrying amount					
At 31 December	1,395	309	118	51	1,873

8. PLANT AND EQUIPMENT (cont'd)

	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Total RM'000
2021 Group Cost				
At 1 January	125	787	600	1,512
Written off	(125)	(787)	(600)	(1,512)
At 31 December	-	-	-	-
Accumulated depreciation				
At 1 January	125	786	594	1,505
Written off	(125)	(786)	(594)	(1,505)
At 31 December	-	-	-	-
Net carrying amount				
At 31 December	-	-	-	-

	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Total RM'000
2021 Company Cost			
At 1 January	90	647	737
Written off	(90)	(647)	(737)
At 31 December	-	-	-
Accumulated depreciation			
At 1 January	90	647	737
Written off	(90)	(647)	(737)
At 31 December	-	-	-
Net carrying amount			
At 31 December	-	-	-

Included in computer hardware and software of the Group is an amount of RM1,250,000 (2021: Nil) representing the carrying amount of computers that are leased to customers.

9. RIGHT-OF-USE-ASSETS

	2022
	RM'000
Group	
Office premises	
Cost	
At 1 January	-
Addition	<u>233</u>
At 31 December	<u>233</u>
Accumulated depreciation	
At 1 January	-
Charge for the financial year	<u>64</u>
At 31 December	<u>64</u>
Net carrying amount	
At 31 December	<u><u>169</u></u>

The expenses charged to profit or loss during the financial year are as follows: -

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of right-of-use assets	64	-	-	-
Interest expense on lease liabilities	8	-	-	-
Short-term leases	<u>25</u>	<u>75</u>	<u>21</u>	<u>75</u>

The Group leases several office premises with lease terms that run between 2 to 3 years with an option to renew the leases after the expiry date.

10. INTANGIBLE ASSETS

	Software development	Trademark	Total
	RM'000	RM'000	RM'000
2022			
Group			
Cost			
At 1 January	-	-	-
Additions	<u>400</u>	<u>5</u>	<u>405</u>
At 31 December, representing net carrying amount	<u>400</u>	<u>5</u>	<u>405</u>

10. INTANGIBLE ASSETS (cont'd)

	Trademark RM'000
2022	
Company	
Cost	
At 1 January	-
Addition	5
At 31 December, representing net carrying amount	<u>5</u>

Software development

These relate to development costs in respect of the enhancement and continuing development of the Manufacturing Execution System ("MES system"). The amortisation will begin when the Group launches the enhanced modules commercially.

Trademark

Trademark relates to the intellectual property registered by the Group and the Company with an estimated useful life of 10 years. The amortisation is immaterial to be recognised since the trademark was registered in September 2022.

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost		
At beginning of the financial year	36,099	36,099
Add: Addition	*	-
At end of the financial year	<u>36,099</u>	<u>36,099</u>
Less: Accumulated impairment loss		
At beginning of the financial year	(36,099)	(36,099)
Reversal	100	-
At end of the financial year	<u>(35,999)</u>	<u>(36,099)</u>
Net carrying amount	<u>100</u>	<u>-</u>

* representing RM2

Reversal of impairment losses on investment in subsidiaries is on the basis of its respective recoverable amount exceeding its carrying amount but not exceeding the initial cost of investment.

11. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
Asian Technology Resources Sdn. Bhd.* #	Malaysia	100.00	100.00	Provision of car park management services and investment holding
FSBM CTech Sdn. Bhd. #	Malaysia	100.00	100.00	Development of software applications and systems integration
FSBM Datatech Sdn. Bhd.* #	Malaysia	100.00	100.00	Investment holding
FSBM I-Centre Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and delivery of multimedia learning and teaching products and services
FSBM I-Command Sdn. Bhd.* #	Malaysia	100.00	100.00	Development of intelligent city, municipal and building solutions and the provision of related system engineering services
FSBM I-Design Sdn. Bhd.	Malaysia	100.00	100.00	Provider of enterprise-wide ICT and systems integration services
FSBM Mes Elite Sdn. Bhd. (formerly known as FSBM Learning Media Sdn. Bhd.)*	Malaysia	100.00	100.00	Development in manufacturing execution system software and system integration services
FSBM Mantissa (Malaysia) Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and provision of study plans, programs and courses including instruct, teach and delivery of courses
FSBM MSC Gateway Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services

11. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
FSBM M2B Sdn. Bhd.* # ("FSBM M2B")	Malaysia	53.66	53.66	Contents syndication and distribution, contents aggregation, channel development, electronic programming, consultancy and design
FSBM Net Media Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Smart Comm Sdn. Bhd.* #	Malaysia	100.00	100.00	Property management
Jaring Sekitar Sdn. Bhd.* #	Malaysia	100.00	100.00	Provision of car park management and investment holding
MyUnos Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Smart 360 Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and delivery of training products and services for schools and teachers
Unos Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Solutions Sdn. Bhd.*	Malaysia	100.00	-	Provider of network security solutions and other information technology related services

Subsidiary of Asian Technology Resources Sdn. Bhd.

Televas Holdings Sdn. Bhd. ("Televas")*	Malaysia	51.00	51.00	Project management
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* Not audited by Moore Stephens Associates PLT.

Currently inactive.

11. INVESTMENT IN SUBSIDIARIES (cont'd)**Non-controlling interests in subsidiaries**

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	FSBM M2B RM'000	Televas RM'000	Total RM'000
Group			
2022			
NCI percentage of ownership interest and voting interest	46.34%	49.00%	-
Carrying amount of NCI	(825)	(1,237)	(2,062)
(Loss)/Profit allocated to NCI	<u>(2)</u>	<u>33</u>	<u>31</u>
2021			
NCI percentage of ownership interest and voting interest	46.34%	49.00%	-
Carrying amount of NCI	(823)	(1,270)	(2,093)
Profit allocated to NCI	<u>3</u>	<u>53</u>	<u>56</u>

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	FSBM M2B RM'000	Televas RM'000
Group		
2022		
Assets and liabilities		
Current assets	2	71
Current liabilities	<u>(1,782)</u>	<u>(2,595)</u>
Net liabilities	<u>(1,780)</u>	<u>(2,524)</u>
Results		
Revenue	-	128
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year	<u>(4)</u>	<u>68</u>
Cash flows (used in)/from:		
- Operating activities	<u>(4)</u>	<u>50</u>

11. INVESTMENT IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries (cont'd)

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (cont'd)

	FSBM M2B RM'000	Televas RM'000
Group 2021		
Assets and liabilities		
Current assets	2	11
Current liabilities	<u>(1,778)</u>	<u>(2,603)</u>
Net liabilities	<u>(1,776)</u>	<u>(2,592)</u>
Results		
Revenue	-	140
Profits for the financial year, representing total comprehensive income for the financial year	<u>6</u>	<u>109</u>
Cash flows used in:		
- Operating activities	<u>*</u>	<u>(1)</u>

* Represents RM91

12. OTHER INVESTMENTS

	Group and Company	
	2022 RM'000	2021 RM'000
At fair value through profit or loss:		
Investment in unquoted shares in Malaysia		
At 1 January	300	300
Disposal	(300)	-
At 31 December	-	300
Changes in fair value:		
At 1 January	60	-
Fair value gain	-	60
Disposal	(60)	-
At 31 December	-	60
	<u>-</u>	<u>360</u>

12. OTHER INVESTMENTS (cont'd)

The above investment represents an investment in one entity only and does not have a quoted market price in an active market. The fair value was determined by reference to the call option pursuant to the shareholders agreement dated 23 March 2022 whereby the call option has been exercised during the financial year at a price of RM1.20 per share, totaling 300,000 number of unquoted shares held by the Company, giving a premium on investment of RM0.20 per share.

The basis of determination of the carrying value of the other investment by the Directors falls within Level 3 of the fair value hierarchy and there were no transfers between all three levels of the fair value hierarchy in prior financial year.

During the financial year, the investment in unquoted shares has been disposed at a consideration of RM360,000 on 15 June 2022.

13. DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group	
	2022	2021
	RM'000	RM'000
At beginning of the financial year	-	-
Recognised in profit or loss (Note 6)	(102)	-
At end of the financial year	<u>(102)</u>	<u>-</u>
Presented after appropriate offsetting:		
- Deferred tax assets	(329)	-
- Deferred tax liabilities	<u>227</u>	<u>-</u>
	<u>(102)</u>	<u>-</u>
Represented by:		
Deferred tax assets	(268)	-
Deferred tax liabilities	<u>166</u>	<u>-</u>
	<u>(102)</u>	<u>-</u>

13. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

The components and movements of deferred tax liabilities and (assets) during the financial year prior to offsetting are as follows:

	At 01.01.2022 RM'000	Recognised in profit or loss (Note 6) RM'000	At 31.12.2022 RM'000
Group			
Deferred tax liabilities			
Differences between plant and equipment and its tax base	-	186	186
Differences between net of right-of-use assets and its tax base	-	41	41
	<u>-</u>	<u>227</u>	<u>227</u>
Deferred tax assets			
Unutilised tax losses	-	(268)	(268)
Other deductible temporary differences	-	(61)	(61)
	<u>-</u>	<u>(329)</u>	<u>(329)</u>
	<u>-</u>	<u>(102)</u>	<u>(102)</u>

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	121,185	123,988	62,660	62,945
Unabsorbed capital allowances	2,136	2,155	647	647
	<u>123,321</u>	<u>126,143</u>	<u>63,307</u>	<u>63,592</u>

14. TRADE RECEIVABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
External parties	(a)	4,629	153	-	-
Subsidiaries	(b)	-	-	1,097	-
Related party	(a)	416	-	-	-
		<u>5,045</u>	<u>153</u>	<u>1,097</u>	<u>-</u>
Accumulated impairment loss					
- External parties					
At 1 January		-	(29,695)	-	(9,813)
Written off		-	29,695	-	9,813
At 31 December		-	-	-	-
- Subsidiaries					
At 1 January		-	-	-	(2,746)
Written off		-	-	-	2,746
At 31 December		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>5,045</u>	<u>153</u>	<u>1,097</u>	<u>-</u>

The normal credit terms of trade receivables of the Group and of the Company range from 1 to 90 days (2021: 30 to 90 days).

In prior financial year, the Directors of the Company had conducted a review of the assets and liabilities of the Group and of the Company as majority of these balances have been outstanding for many years. Consequently, the Group and the Company had recognised trade receivables written off of RM6,174,000 and RM5,000 respectively in the line item of "Other Expenses" in Statements of Comprehensive Income.

- (a) Included in trade receivables from external parties is an amount due from Technitium Sdn. Bhd. ("TSB") as below:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables	-	-	-	-
Accumulated impairment loss				
At 1 January	-	(25,319)	-	(7,913)
Written off	-	25,319	-	7,913
At 31 December	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14. TRADE RECEIVABLES (cont'd)

- (a) Included in trade receivables from external parties is an amount due from Technitium Sdn. Bhd. ("TSB") as below: (cont'd)

In furtherance to the actions brought by FSBM Holdings Berhad ("FSBM") and FSBM CTech Sdn. Bhd. ("FSBM CTech") against TSB for the recovery of debts amounting to RM8,563,212.64 and RM32,409,434.77 respectively, FSBM CTech has filed a suit in the High Court on 22 April 2014 against Dr Azman Bin Awang as 1st Defendant, Haliza Binti Bidin as 2nd Defendant, Mariana Binti Ahmad Tahar as 3rd Defendant, and TSB as 4th Defendant. The Court delivered its Decision on 6 January 2017 which is as follows:-

- (i) the business of TSB has been carried on by the 1st and 2nd Defendants with the creditors of TSB in particular the Plaintiffs;
- (ii) the 1st and 2nd Defendants shall be jointly and severally liable and personally responsible, without any limitation of liability, for all the debts or other liabilities of TSB;
- (iii) the 1st and 2nd Defendants, jointly and/or severally do pay the outstanding debt due and owing to the 1st Plaintiff in the sum of RM 32,409,434.77 as at 18 June 2012;
- (iv) 1st and 2nd Defendants, jointly and/or severally do pay the outstanding debt due and owing to the 2nd Plaintiff in the sum of RM 8,563, 212.64 as at 18 June 2012;
- (v) Interest at the rate of 5% per annum from 18 June 2012 (the date of the Judgment) on RM40,972,647 until full settlement thereof;
- (vi) Costs of RM60,000 to be paid by the 1st and 2nd Defendants to the Plaintiffs respectively;
- (vii) Plaintiffs' claim against the 3rd Defendant dismissed with costs of RM15,000.00 to be paid by the Plaintiffs.

The Defendant had applied for a Stay of Execution, which was dismissed on 8 May 2017 with costs of RM3,000.

Following the Judgment on 6 January 2017 on the suit filed by FSBM and FSBM CTech in the High Court on 22 April 2014 against Dr Azman Bin Awang as 1st Defendant, Haliza Binti Bidin as 2nd Defendant, Mariana Binti Ahmad Tahar as 3rd Defendant, and TSB as 4th Defendant, the 1st and 2nd Defendants ("the Appellants") have filed a Notice of Appeal on 25 January 2017. The appeal was fixed for Hearing on 30 August 2021 and on 22 February 2022. The Decision on the appeal was as follows:

- (i) Appeal is allowed in part;
- (ii) The Appellants are liable for the sum of RM1,948,330;
- (iii) Interest of 5% per annum from 18.6.2012 on the sum of RM1,948,330 until the date of realisation;
- (iv) The sum of RM1,948,330 and the 5% per annum until the date of realisation (ii and iii above) to be paid by the Appellants (joint and severally) to Liquidator of Technitium Sdn Bhd (In Liquidation) (Company No. 517516-X);
- (v) Costs of RM60,000 pursuant to the High Court Judgment dated 6.1.2017 is set aside and be fixed at RM20,000 to be paid by the Appellants to the Respondents;
- (vi) Costs of RM10,000 to be paid by the Respondents to the Appellants for this appeal.

Professor Emeritus Dr Azman Bin Awang ("Azman") and Haliza Binti Bidin ("Haliza") had on 27 July 2017 brought action against FSBM and FSBM CTech to inter alia impeach and set aside the judgments given on 20 January 2012 and 6 January 2017. FSBM and FSBM CTech have filed an application to strike out their claim on 29 September 2017 but was dismissed on 30 January 2018 by the High Court. An appeal to the Court of Appeal was subsequently filed against the dismissal of the striking out application on 28 February 2018. On 28 August 2020, the High Court allowed Azman dan Haliza's claim against FSBM and FSBM CTech, and Hearing of the assessment of damages was on 18 May 2021 and the decision of the said assessment of damages was delivered on 4 June 2021.

14. TRADE RECEIVABLES (cont'd)

- (a) Included in trade receivables from external parties is an amount due from Technitium Sdn. Bhd. ("TSB") as below: (cont'd)

FSBM and FSBM CTech have lodged an appeal on 25 September 2020 against the High Court's decision in allowing Azman and Haliza's claim. Hearing at the Court of Appeal was held on 30 August 2021 and on 22 February 2022. The Decision on the appeal was as follows:

- (i) Appeal is allowed;
- (ii) High Court Judgment dated 28 August 2021 is set aside;
- (iii) Costs of RM120,000 to be paid by the Respondents to the Appellants.

As the time limit to file a motion in the Federal Court for leave to appeal has since lapsed, therefore the decision of the Court of Appeal is final and conclusive.

On 23 May 2022, FSBM and FSBM Ctech had filed 2 Judgment Debtor Summons against the Directors of TSB respectively for the outstanding RM135,200 costs granted by the High Court. Hearing was held on 2 March 2023. The final decision was as follows:

- (i) The 1st Judgement Debtor, Azman to pay the Judgement Creditors, FSBM and FSBM CTech in monthly instalments of RM3,000 effective March 2023 on/before the 7th of each month until full settlement of the outstanding amount of RM118,720;
- (ii) Cost of RM500 to be paid by the first Judgement Debtor to the Judgement Creditors;
- (iii) The 2nd Judgement Debtor, Haliza to pay the Judgement Creditors, FSBM and FSBM CTech in monthly instalments of RM200 effective March 2023 on/before the 7th of each month until full settlement of the outstanding sum of RM118,720;
- (iv) Cost of RM500 to be paid by the 2nd Judgement Debtor to the Judgement Creditors.

Despite the decision of the High Court, the probable cash inflow is in doubt as TSB is going through liquidation. The Group and the Company did not recognise any income from this litigation and will recognise the income on a receipt basis.

- (b) These amounts are trade in nature, unsecured, interest free and are subject to normal trade credit terms.

15. OTHER RECEIVABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables					
- External parties	(a)	37	-	-	-
- Subsidiaries	(b)	-	-	6,111	-
Deposits		332	-	-	-
Prepayments		987	-	987	-
		<u>1,356</u>	<u>-</u>	<u>7,098</u>	<u>-</u>
Accumulated impairment loss					
- External parties					
At 1 January		-	(6,487)	-	(4,661)
Written off		-	6,487	-	4,661
At 31 December		-	-	-	-
- Subsidiaries					
At 1 January		-	-	-	(39,545)
Addition		-	-	(175)	-
Written off		-	-	-	39,545
At 31 December		-	-	(175)	-
		<u>-</u>	<u>-</u>	<u>(175)</u>	<u>-</u>
		<u>1,356</u>	<u>-</u>	<u>6,923</u>	<u>-</u>

In prior financial year, the Directors of the Company had conducted a review of the assets and liabilities of the Group and of the Company as majority of these balances have been outstanding for many years. Consequently, the Group and the Company had recognised other receivables written off of RM2,348,000 and RM340,000 respectively in the line item of "Other Expenses" in Statements of Comprehensive Income.

- (a) Included in other receivables is an amount due from Technitium Sdn. Bhd. ("TSB") as below:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables	-	-	-	-
Accumulated impairment loss				
At 1 January	-	(2,377)	-	(862)
Written off	-	2,377	-	862
At 31 December	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (b) These amounts are non-trade in nature, unsecured, interest free and are collectible on demand.

16. CONTRACT ASSETS

Contract assets solely relate to the Group's right to consideration for work completed on the platform design and development but not yet billed at the reporting date.

	Group	
	2022 RM'000	2021 RM'000
At beginning of the year	123	-
Revenue recognised during the year (Note 4)	6,465	265
Progress billing during the year	<u>(5,770)</u>	<u>(142)</u>
At end of the year	<u>818</u>	<u>123</u>

The amount is expected to be billed within 3 months and payment is expected within 90 days upon issuance of billing.

17. MARKETABLE SECURITIES

	Group	
	2022 RM'000	2021 RM'000
At fair value through profit or loss		
- Investment in quoted shares outside Malaysia		
At beginning of the financial year	7	285
Fair value loss	<u>(3)</u>	<u>(278)</u>
At end of the financial year	<u>4</u>	<u>7</u>

18. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 Unit '000	2021 Unit '000	2022 RM'000	2021 RM'000
Issued and fully paid:				
At 1 January	141,315	141,315	10,064	10,064
Conversion of Warrants	<u>36,435</u>	<u>-</u>	<u>14,250</u>	<u>-</u>
At 31 December	<u>177,750</u>	<u>141,315</u>	<u>24,314</u>	<u>10,064</u>

During the financial year, 36,435,000 of Warrant 2012/2022 were exercised at an exercise price of RM0.30 per Warrant 2012/2022, which give rise to a transfer of warrant reserve to share capital of RM3,318,000.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

18. SHARE CAPITAL (cont'd)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

19. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

Such treasury shares are held at carrying amount of RM712,000 (2021: RM712,000) as at financial year end. As at 31 December 2022, the Company had a total of 1,091,000 (2021: 1,091,000) ordinary shares of its 177,750,000 (2021: 141,315,000) ordinary shares as treasury shares.

20. WARRANTS RESERVE

	Group and Company			
	Number of ordinary shares		Amount	
	2022 Unit '000	2021 Unit '000	2022 RM'000	2021 RM'000
At 1 January	49,783	49,783	4,534	4,534
Exercised	(36,435)	-	(3,318)	-
Expired	(13,348)	-	(1,216)	-
At 31 December	-	49,783	-	4,534

Warrants 2012/2022

The Company had on 23 May 2012 issued 59,116,530 warrants in conjunction with the Rights Issue. The warrants are constituted by a Deed Poll dated 5 April 2012. The salient features of the warrants are as follows:

- Each warrant entitles the registered holder to subscribe for one new ordinary share of RM0.05 each in the Company at an exercise price of RM0.30 per ordinary share;
- The exercise price of the warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;
- The warrant holders are not entitled to any voting rights or to participate in any distribution, rights, allotments and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares; and
- The warrants are for a period of ten years and expire on 16 May 2022.

The fair value per Warrant on initial recognition on 23 May 2012 was determined to be RM0.09 per Warrant.

On 16 May 2022, the total number of Warrants that remain unexercised of 13,348,000 units expired.

21. LEASE LIABILITIES

	Group 2022 RM'000
Future minimum lease payments:	
- not later than 1 year	101
- later than 1 year but not later than 2 years	60
- later than 2 years but not later than 5 years	<u>20</u>
	181
Less: Unexpired finance charges	<u>(10)</u>
Total present value of minimum lease payments	<u><u>171</u></u>
Present value of lease liabilities:	
- not later than 1 year	94
- later than 1 year but not later than 2 years	58
- later than 2 years but not later than 5 years	<u>19</u>
	<u><u>171</u></u>
Represented by:	
Current liabilities	94
Non-current liabilities	<u>77</u>
	<u><u>171</u></u>

The lease liabilities bear effective interest rate of 5.63% (2021: Nil) per annum.

22. TRADE PAYABLES

The normal trade credit terms granted by trade creditors to the Group and to the Company range from 1 to 60 days (2021: 1 to 30 days).

In prior financial year, the Directors of the Company and its subsidiaries had conducted a review of trade and other payables, the details of which are set out in Note 23 below. This gave rise to write back of trade payables in the Group and in the Company of RM667,000 and RM157,000 respectively.

23. OTHER PAYABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables					
- External parties		1,843	1,421	422	1,221
- Subsidiaries	(a)	-	-	8,948	8,971
Accruals		365	3,045	119	1,471
Amount owing to Directors	(b)	<u>30</u>	<u>1,277</u>	<u>2</u>	<u>768</u>
		<u><u>2,238</u></u>	<u><u>5,743</u></u>	<u><u>9,491</u></u>	<u><u>12,431</u></u>

23. OTHER PAYABLES (cont'd)

- (a) In prior financial year, the Directors of the Company and its subsidiaries had conducted a review of the trade and other payables as these balances have been long outstanding for many years. As part of the process, a confirmation exercise, similar to a “proof of debt” exercise, was performed whereby confirmation letters (via lawyers) were sent to the respective payables on a best effort basis based the available information and, predicated on the replies together with the judgements made by the management, the carrying amounts of these payables as at 31 December 2021 have been determined based on the liabilities established through the confirmation exercise and with provisions and accruals estimated based on the probability of outflow of resources required to settle these obligations. This gave rise to write back of other payables in the Group and in the Company of RM1,417,000 and RM734,000 respectively.
- (b) These amounts are non-trade in nature, unsecured, interest free, and are repayable on demand.

24. RELATED PARTY TRANSACTIONS

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with its subsidiaries, related parties, Directors and key management personnel. Related parties refer to companies in which certain Director of the Company have substantial financial interests and/or are also Directors of the companies.

The related parties' balance is disclosed in Notes 14, 15 and 23.

Related party transactions

Related parties' transactions during the financial year are as follows:

	2022	2021
	RM'000	RM'000
Group		
Transactions with Directors		
(Repayment to)/Advances from	<u>(1,247)</u>	<u>1,174</u>
Transactions with related party		
Revenue	(450)	-
Repayment from	<u>34</u>	<u>-</u>

24. RELATED PARTY TRANSACTIONS (cont'd)

Related party transactions (cont'd)

Related parties' transactions during the financial year are as follows: (cont'd)

	2022	2021
	RM'000	RM'000
Company		
Transactions with Directors		
(Repayment to)/Advances from	<u>(766)</u>	<u>768</u>
Transactions with subsidiaries		
Management fee income	(1,097)	-
Advances to	(6,111)	-
Repayment to	<u>(23)</u>	<u>(234)</u>

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel is made up of all the Directors and certain Officer of the Company and its subsidiaries.

The remunerations paid by the Group and the Company to Directors during the financial year have been disclosed in Note 5(a). The remuneration paid by the Group to key senior management other than Directors are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries	255	-	135	-
Contributions to defined contribution plan	30	-	16	-
Social security contributions	<u>2</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>287</u>	<u>-</u>	<u>152</u>	<u>-</u>

25. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

Platform design and development	Development of web-based and mobile platforms for customers
Refurbishment services	Refurbishment of pre-owned IT hardware
Lease services	Leasing of IT hardware
Technical support and maintenance services	After-sales service following the completion of platform design and development projects
Others	Principal activities related to managing security solutions, provision of smart manufacturing solutions and other services

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments. No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statements of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Financial year ended 31 December 2021

The comparatives for operating segments in respect of the financial year ended 31 December 2021 are not presented as:

- (a) Information about operating segments had not been reported separately as the Group's revenue, profit or loss, assets and liabilities were mainly confined to a single operating segment, solely relating to information technology i.e., contract services and application solutions (which has been re-designated to be the platform design and development segment in the current financial year); and
- (b) No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

25. OPERATING SEGMENTS (cont'd)

	Note	Platform design and development RM'000	Refurbishment services RM'000	Lease services RM'000	Technical support and maintenance RM'000	Others RM'000	Adjustment & Elimination RM'000	Group RM'000
2022								
External revenue		10,213	458	311	161	2,501	(1,130)	12,514
Results								
Depreciation of property, plant and equipment		50	-	186	-	-	-	236
Depreciation of right-of-use assets		64	-	-	-	-	-	64
Other non-cash expense	(a)	80	-	-	-	(1,384)	-	(1,304)
Segment profit from operations		3,126	38	95	191	1,172	223	4,845
Assets								
Addition to:-								
Non-current assets	(b)	903	-	1,436	-	408	-	2,747
Segment assets	(c)	9,324	-	1,298	91	10,788	(7,060)	14,441
Liabilities								
Segment liabilities	(d)	8,794	-	-	13,561	41,124	(59,469)	4,010

25. OPERATING SEGMENTS (cont'd)

- (a) Other material non-cash expenses consist of the following items as presented in the respective notes to the consolidated financial statements:

	Group 2022 RM'000
Fair value loss on marketable securities	3
Unrealised loss on foreign exchange	80
Reversal of accruals no longer required	<u>(1,387)</u>
	<u><u>(1,304)</u></u>

- (b) Additions to non-current assets consist of:

	Group 2022 RM'000
Plant and equipment	2,109
Intangible assets	405
Right-of-use-assets	<u>233</u>
	<u><u>2,747</u></u>

- (c) Reconciliation of assets

	Group 2022 RM'000
Segments assets	21,501
Adjustment on consolidation of subsidiaries	52,433
Deferred tax assets	268
Intra-group balances	<u>(59,761)</u>
Total assets	<u><u>14,441</u></u>

The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group 2022 RM'000
Deferred tax assets	268
Inter-segment assets	<u>(7,328)</u>
	<u><u>(7,060)</u></u>

25. OPERATING SEGMENTS (cont'd)

(d) Reconciliation of liabilities

	Group 2022 RM'000
Segments liabilities	63,479
Adjustment on consolidation of subsidiaries	(67)
Deferred tax liabilities	166
Tax payable	193
Intra-group balances	<u>(59,761)</u>
Total liabilities	<u><u>4,010</u></u>

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group 2022 RM'000
Deferred tax liabilities	166
Tax payable	193
Inter-segment liabilities	<u>(59,828)</u>
	<u><u>(59,469)</u></u>

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group and the Company categorised their financial assets (excluding prepayments) and financial liabilities at amortised cost respectively, except for the other investments and investment in marketable securities as disclosed in Notes 12 and 17 respectively which have been categorised as fair value through profit and loss.

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, liquidity risk and foreign exchange risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables from customers and contract assets.

There are no significant changes as compared to prior years.

Trade receivables

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile

The Group and the Company determine concentration of credit risk by monitoring the profiles of their trade receivables on an ongoing basis.

At the reporting date, approximately 84% and 92% (2021: 96% and Nil) of the Group's and the Company's gross trade receivables were due from 3 and 1 (2021: 2 and Nil) customers respectively.

Recognition and measurement

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The Group and the Company applies the MFRS 9 simplified approach to measure the loss allowance at lifetime expected credit losses ("ECL") as disclosed in Note 3(m)(i).

The Group and the Company assess impairment of trade receivables on individual basis, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group and the Company in an effective and efficient manner. The Group and the Company have reasonable and supportable information available to assess the impairment individually.

Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the management team. Where necessary, the Group will also commence legal proceeding against the customers.

26. FINANCIAL INSTRUMENTS (cont'd)**Financial Risk Management Objectives and Policies** (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)**Impairment losses**

The following table provides information about the exposure to credit risk and ECL for trade receivables as 31 December 2022 and 31 December 2021:

	Gross RM'000	Impairment lossess RM'000	Net RM'000
Group			
2022			
Trade receivables			
Not past due	3,388	-	3,388
Past due:			
Less than 30 days	1,657	-	1,657
	5,045	-	5,045
Contract assets (Note 16)	818	-	818
	<u>5,863</u>	<u>-</u>	<u>5,863</u>
2021			
Trade receivables			
Not past due	153	-	153
Contract assets (Note 16)	123	-	123
	<u>276</u>	<u>-</u>	<u>276</u>
Company			
2022			
Trade receivables			
Not past due	1,097	-	1,097

Receivables that are not past due

Trade receivables that are not past due are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group and the Company.

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Impairment losses (cont'd)

Receivables that are past due but not impaired

The Group and the Company have not provided for these trade receivables as there has been no significant change in their credit quality. These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default and all past due balances were fully collected subsequent to the reporting date. The Group and the Company does not hold any collateral or other credit enhancement over these balances.

Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses which reflects the low credit risk of the exposures. As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

Amount due from subsidiaries

The Company provides advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

As at the end of the financial year, the maximum exposure to credit risk arising from amounts due from subsidiaries is represented by the carrying amount in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Company considers advances to subsidiaries has low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be credit impaired when the subsidiaries are unlikely to repay their advances to the Company in full given insufficient highly liquid resources.

The Company determines the probability of default for these advances individually using internal information available.

As at the reporting date, there were no indications of impairment loss in respect of amount due from subsidiaries.

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and lease liabilities.

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

	Carrying amount RM	Contractual cash flows RM	Contractual Cash Flows ----->		
			On demand/ Within 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM
Group					
2022					
Financial liabilities					
Trade payables	1,242	1,242	1,242	-	-
Other payables	2,238	2,238	2,238	-	-
Lease liabilities	171	181	101	60	20
	<u>3,651</u>	<u>3,661</u>	<u>3,581</u>	<u>60</u>	<u>20</u>
2021					
Financial liabilities					
Trade payables	76	76	76	-	-
Other payables	5,743	5,743	5,743	-	-
	<u>5,819</u>	<u>5,819</u>	<u>5,819</u>	<u>-</u>	<u>-</u>

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales transactions and balances that are denominated in a currency other than the functional currencies within the Group. The currencies giving rise to this risk are primarily Hong Kong Dollar ("HKD").

Foreign exchange exposures in transactional currency other than functional currency of the Group are kept to an acceptable level.

Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in HKD RM'000
Group 2022	
Trade receivables	<u>3,476</u>

Foreign currency risk sensitivity analysis

A 10% strengthening/weakening of the functional currency of the Group against the foreign currency at the end of the reporting period would have increased/(decreased) (loss)/profit after tax and equity by the amounts shown below:

	Group 2022 Increase/ (Decrease) RM'000
Effect on profit after tax/equity: HKD/RM	
Strengthened 10%	264
Weakened 10%	<u>(264)</u>

27. FAIR VALUES INFORMATIONFinancial instruments carried at fair value

The fair value measurement hierarchies used to measure financial assets at fair values in the statements of financial position are disclosed below.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2022					
Group					
Financial Asset					
Marketable securities	4	-	-	4	4
2021					
Financial Asset					
Other investments	-	-	360	360	360
Marketable securities	7	-	-	7	7
Company					
2021					
Financial Asset					
Other investments	-	-	360	360	360

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair values due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory. As the Group and the Company have no external borrowings except lease liabilities relating to office premises right-of-use assets, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of risk of borrowings.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company is not subject to any externally imposed capital requirements.

29. CAPITAL COMMITMENT

	Group 2022 RM'000
Authorised and contracted for:	
Purchase of intangible assets	<u>225</u>

30. SIGNIFICANT EVENT

Practice Note 17 status

The Group has been classified as an affected issuer pursuant to Paragraph 8.03A(2) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") since 17 October 2019 and Paragraph 2.1(d) of Practice Note 17 ("PN17") since 30 December 2019. The Group has submitted the regularisation plan to Bursa Securities on 15 April 2022.

A revised regularisation plan was announced on 21 December 2022 and Bursa Securities had on 7 April 2023 approved the said revised regularisation plan.

The approved regularisation plan entails the following:

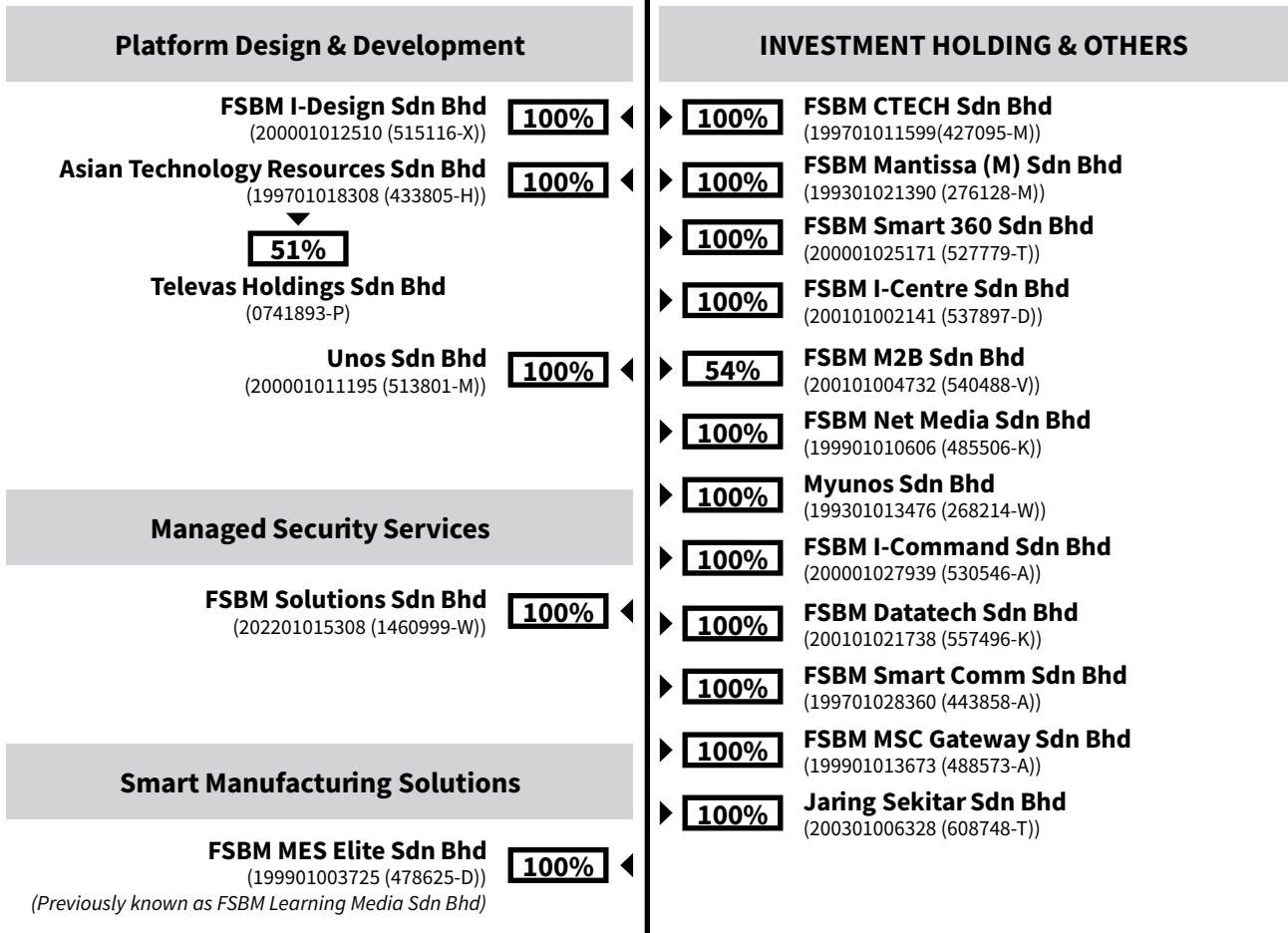
- (i) Proposed capital reduction exercise;
- (ii) Proposed share issuance of 60.0 million new ordinary shares; and
- (iii) Proposed rights issue of up to 236,659,300 new shares together with up to 118,329,650 free warrants.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

	As previously reported RM'000	As reclassified RM'000
Company 2021		
Statements of cash flows		
<i>Changes in working capital:</i>		
Payables	832	1,147
Net cash used in operating activities	(853)	(538)
Cash Flows from Financing Activities		
Advances from subsidiaries	81	-
Repayment to subsidiaries	-	(234)
Net cash from financing activities	<u>849</u>	<u>534</u>

CORPORATE STRUCTURE



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FSBM HOLDINGS BERHAD

Registration No. 198401003091 (115609-U)
Incorporated in Malaysia

PROXY FORM

38TH ANNUAL GENERAL MEETING

No. of Shares Held	
CDS Account No.	

I/We _____ (name of shareholder in capital letters)

IC No./Passport No./Company No.* _____ of _____
_____ (full address, contact no. and email address)

being a member(s) of the abovenamed Company, hereby appoint _____
_____ (name of Proxy 1 in capital letters) IC No./Passport No.* _____

of _____ (full address, contact no. and email address)

and/or failing him/her* _____ (name of Proxy 2 in capital letters)

IC No./Passport No.* _____ of _____
_____ (full address, contact no. and email address)

or failing him/her **the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be at Strive Room, Level M3, VE Hotel & Residence, Bangsar South City, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Monday, 22 May 2023 at 3.00 p.m. and at any adjournment thereof.

*My/our proxy is to vote as indicated below (unless otherwise instructed, the proxy may vote as he/she thinks fit): (Please indicate with an "X" in either box if you wish to direct your proxy how to vote.)

	Resolution	For	Against
Resolution 1	To approve payment of Directors' fees amounting to RM87,500 for the financial year ended 31 December 2021		
Resolution 2	To approve payment of Directors' fees amounting to RM178,590 for the financial year ended 31 December 2022		
Resolution 3	Re-election of Mr. Ng Yew Soon as Director		
Resolution 4	Re-election Ms. Tan Wan Yen as Director		
Resolution 5	Re-appointment of Messrs. Moore Stephens Associates PLT as the Company's Auditors for the ensuing financial year and to authorise the Directors to fix their remuneration		
Resolution 6	Renewal of Authority for Directors to Issue Shares		

* Strike out which not applicable.

** If you wish to appoint any person other than the Chairman of the Meeting to be your proxy, kindly delete the words "the Chairman of the Meeting" and insert the name of the person desired.

Signed this _____ day of _____ 2023.

For appointment of more than one (1) proxy, percentage (%) of shareholdings to be represented by the proxies.			
	Name of Proxy	No. of shares	%
Proxy 1			
Proxy 2			
TOTAL			100

Signature of Member / Common Seal of Shareholder

Notes:-

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorized. Any alteration to the instrument appointing a proxy must be initialled.
- The instrument appointing a proxy must be deposited at the Company's Share Registrar office, Tricor Investor & Issuing House Services Sdn Bhd 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 at not less than Twenty-Four (24) hours before the time appointed for the taking of poll at the meeting or at any adjournment thereof.
- A member entitled to attend and vote at this meeting is entitled to appoint one (1) or more proxies to attend and vote instead of him/her. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
- The Company has put all the Resolutions as set out in the Notice of AGM to be voted by poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 15 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend and vote on his behalf.

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AFFIX
STAMP

The Company Secretary

FSBM HOLDINGS BERHAD

Registration No. 198401003091 (115609-U)

(Tricor Investor & Issuing House Services Sdn Bhd)
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kula Lumpur, Wilayah Persekutuan

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