



2021

ANNUAL REPORT

FSBM HOLDINGS BERHAD
Registration No. 198401003091(115609-U)



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-Seventh Annual General Meeting (“37th AGM”) of FSBM Holdings Berhad (“FSBM” or “the Company”) will be held at Function Rooms, Level M3, VE Hotel & Residence, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, on Friday, 20 May 2022 at 10.30 a.m. to transact the following businesses:

AS ORDINARY BUSINESS:

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon. | Note 8(i) |
| 2. | To re-elect Dato’ Tan Hock San @ Tan Hock Ming as Director who retires by rotation in accordance with Clause 97 of the Company’s Constitution. | Resolution 1 |
| 3. | To re-elect the following Directors who retire in accordance with Clause 104 of the Company’s Constitution:
a) Mr Pang Kiew Kun
b) Mr Mok Kar Foo
c) Mr Tey Giap Turn | Resolution 2
Resolution 3
Resolution 4 |
| 4. | 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 |

AS SPECIAL BUSINESS:

- | | | |
|----|---|---------------------|
| 5. | RENEWAL OF AUTHORITY FOR DIRECTORS TO ISSUE SHARES | Resolution 6 |
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To consider and, if thought fit, to pass the following Ordinary Resolution, with or without modifications:

“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.”

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| 6. | 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
14 April 2022

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 10 May 2022. 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) Agenda 1 is to table the Audited Financial Statements pursuant to the provision of Section 340(1)(a) of the Companies Act 2016 and is meant for discussion only. It does not require a formal approval by the shareholders of the Company and hence, Agenda 1 is not put forward for voting.
- (ii) Ordinary Resolution 1 – Re-election of Director 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 Dato' Tan Hock San @ Tan Hock who stands for re-election and his 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 Dato' Tan Hock San @ Tan Hock and had rated his performance as "Competent" in discharging his duties and responsibilities as a Director. Based the above, the Board supported the recommendation for re-election of him as Directors. Hence, the Board seeks the shareholders to vote in favour of this resolution.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (iii) Ordinary Resolutions 2, 3 and 4 – Re-election of Directors pursuant to Clause 104 of the Constitution.

Clause 104 of the Company's Constitution provides that a newly appointed Director shall hold office only until the next following AGM 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 AGM.

Mr Pang Kiew Kun and Mr Mok Kar Foo are the new Directors appointed on 12 October 2021, whilst Mr Tey Giap Turn was newly appointed as the Director on 12 April 2022. Hence, all of them shall retire at this AGM pursuant to the provision of the Constitution, being eligible, they have offered themselves for re-election. Their profile 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 the suitability of the above new Directors during the recruitment and appointment process. The Board opined that they would contribute positively to the Group's business growth. 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 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 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.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders at the last AGM of the Company held on 28 June 2021 ("previous mandate") which will lapse at the conclusion of this AGM. There were no shares issued pursuant to the previous mandate.

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-Seventh Annual General Meeting of the Company other than the following retiring Directors seeking for re-election at the AGM:

- 1) Dato' Tan Hock San @ Tan Hock Ming
- 2) Mr Pang Kiew Kun
- 3) Mr Mok Kar Foo
- 4) Mr Tey Giap Turn

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)

Dato' Tan Hock San @ Tan Hock Ming

(Re-designated from Managing Director to Non-Independent Non-Executive Director on 12 April 2022)

Ng Yew Soon

(Independent Non-Executive Director)

Abdul Jalil Bin Abdul Jamil

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

Tan Ee Ern

(Executive Director)
(Resigned on 11 March 2022)

Tan Wan Yen

(Executive Director)

Pang Kiew Kun

(Executive Director)
(Appointed on 12 October 2021)

Mok Kar Foo

(Non-Independent Non-Executive Director)
(Appointed on 12 October 2021)

Tey Giap Turn

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

AUDIT COMMITTEE

Ng Yew Soon

(Independent Non-Executive Director/Chairman)

Tey Giap Turn

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

Mok Kar Foo

(Non-Independent Non-Executive Director)
(Appointed on 12 October 2021)

NOMINATION COMMITTEE

Mok Kar Foo

(Non-Independent Non-Executive Director/Chairman)
(Appointed on 12 October 2021)

Ng Yew Soon

(Independent Non-Executive Director)

Tey Giap Turn

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

REMUNERATION COMMITTEE

Tey Giap Turn

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

Ng Yew Soon

(Independent Non-Executive Director)

Mok Kar Foo

(Non-Independent Non-Executive Director)
(Appointed on 12 October 2021)

REGISTERED OFFICE

603, Block A, Phileo Damansara 1
No. 9, Jalan 16/11, 46350 Petaling Jaya
Selangor, Malaysia.
Telephone : 603-7932 2313
Facsimile : 603-7932 1214

PRINCIPAL PLACE OF BUSINESS

603, Block A, Phileo Damansara 1
No. 9, Jalan 16/11, 46350 Petaling Jaya
Selangor, Malaysia.
Telephone : 603-7932 2313
Facsimile : 603-7932 1214

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, Malaysia.
Telephone : 603-2783 9299
Facsimile : 603-2783 9222

COMPANY SECRETARY

Wong Youn Kim

SSM Practicing Certificate No. 201908000410
(MAICSA 7018778)

AUDITOR

Moore Stephens Associates PLT (AF0020)

Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU 7/3, Menara Damansara
47810 Petaling Jaya, Selangor, Malaysia.
Telephone : 603-7728 1800
Facsimile : 603-7728 9800

PRINCIPAL BANKER

Malayan Banking Berhad
United Oversea Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market Bursa Malaysia Securities Berhad

Stock Name: FSBM
Stock Code : 9377
Warrant Code : 9377WA

WEBSITE

www.fsbm.com.my

DIRECTORS' PROFILE

DATO' TAN HOCK SAN @TAN HOCK MING

Managing Director
Non-Independent Executive Director
Aged 73, Malaysia, 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. He is also a member of the Remuneration Committee and Risk Monitoring Committee. On 12 April 2022, he was redesignated from Managing Director to Non-Independent Executive Director and resigned from the Remuneration Committee.

He holds a Bachelor of Computer Science (Hons) degree from 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 is not a director of any other public or public listed companies. He does not hold any shares directly in the Company. However, he has deemed interest of 786,200 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.

Mr Tan Ee Ern and Miss Tan Wan Yen, the son and daughter of Dato' Tan Hock San respectively were appointed to the Board on 27 April 2007 and 27 November 2008 respectively as Executive Directors.

Save as disclosed above, Dato' Tan has no family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest in any business arrangement involving 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 for offences within the past five (5) years (other than traffic offences).

NG YEW SOON

Independent Non-Executive Director
Aged 64, 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. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants (MIA).

Mr Ng graduated from Tunku Abdul Rahman College with 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.

Mr Ng Yew Soon is a finance professional with a broad range of experience in accounting, taxation, mergers and acquisitions. He spent his 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 has served in the Adjudication Committee for the National Annual Corporate Report Awards (NACRA) in 2005. He has continued to serve in 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)

TAN WAN YEN

Executive Director
Aged 39, Malaysian, Female

Miss Tan Wan Yen was appointed as an 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 PriceWaterhouse Coopers and Accenture.

After graduation, Miss 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 and is a member of the Exco Committee.

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

She holds 1,900 shares in the Company and has a total deemed interest of 190,000 ordinary shares via Sanyee Corporation Sdn. Bhd.

Save as disclosed above, Miss Tan has no family relationship with any director and/or major shareholder of the Company. She does not have any conflict of interest in any business arrangement involving the Company.

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).

PANG KIEW KUN

Executive Director
Aged 49, Malaysian, Male

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

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 till 2009, he worked with companies engaged in Semiconductor/IC Packaging Assembly and Testing, i.e., ASM Assembly Equipment (M) Sdn. Bhd. and Kulicke & Soffa Global Holding Corporation. From 2009 till 2016, he assumed the position as General Manager in GoIndustry DoveBid Malaysia (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 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 Pang during the financial year.

DIRECTORS' PROFILE (CONT'D)

MOK KAR FOO

Independent Non-Executive Director
Aged 40, Malaysian, Male

Mr. Mok Kar Foo was appointed as an Non-Independent Non-Executive Director of the Company on 12 October 2021.

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 game and mobile game/app, define the technology used and consultation on the possibility of the used of new technology.

Currently, he is the Chief Technology Officer in Sodentt 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.

TEY GIAP TURN

Independent Non-Executive Director
Aged 43, Malaysian, Male

Mr. Tey Giap Turn was appointed as an Independent Non-Executive Director of the Company on 12 April 2022

He has accumulated more than 23 years' 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 after having achieved total savings of USD 1,000,000. He also attended 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. In year 2013, he received the Lean Six Sigma Green Belt by TUV SUD PSB Learning Pte Ltd, Singapore after 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.

PROFILE OF KEY SENIOR MANAGEMENT

The Key Senior Management of FSBM Holdings Berhad comprises of Dato' Tan Hock San (Re-designated from Managing Director to Non-Independent Non-Executive Director on 12 April 2022), Miss Tan Wan Yen (Executive Director) and Mr. Pang Kiew Kun (Executive Director). All of them are also members of the Executive Council (Exco) Committee.

Their profiles are presented in the Profile of Directors on pages 6 to 8 of this Annual Report.

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 2021.

On behalf of the Board of Directors, I would like to express our heartfelt appreciation and gratitude of to our former Chairman, Dato' Ir Dr Abdul Rahim Bin Daud, and Directors Encik Abdul Jalil Bin Abdul Jamil and Mr Tan Ee Ern for their great works, contributions and devotion during their tenures with the company.

I wish to extend my thanks to the staff and management for their dedication in carrying out their duties over the past year. I would also like to thank our customers, shareholders, business partners, government authorities and business associates for their continued support and trust. Further information on FSBM's performance in the financial year is detailed in the Management Discussion and Analysis on page 10 of the Annual Report.

PANG KIEW KUN

Director

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL

FSBM Group reports a revenue of RM405,000 and loss before tax of RM9,270,000 for the financial year ended 31 December 2021. This compares to a revenue of RM128,000 and a loss before tax of RM665,000 for the financial period ended 31 December 2020.

The higher revenue was mainly due to the commencement of new projects under our Systems and Solutions arm during the financial year. The Group had written back payables resulting in an increase of RM2,362,000 in other income in financial year ended 2021 as compared to RM32,000 recorded for financial year ended 2020.

In the current financial year, the Group posted an overall loss of RM9,270,000. This was due to the impairment of financial assets and written off of doubtful debts. These significant accounting adjustments are in a prudent response to better ascertain the Group's financial position as at 31 December 2021.

On 30 December 2019, FSBM was classified as an Affected Listed Issuer pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 ("PN17") of the Listing Requirements. The Company had subsequently announced a Proposed Regularization Plan to Bursa Malaysia Securities Berhad and we will be submitting the regularization plan by 15 April 2022.

SYSTEMS AND SOLUTIONS

While we still continue our offerings of Student Accommodation Management System to the education sector in Malaysia, we had secured several IT solutions contracts in platform design and development, and IT hardware refurbishment services during the financial year. These offerings can be replicated across different types of businesses and industries. This will enable to the Group to secure news projects that are focused on these platforms, leveraging on its track record and experience in this IT solutions segment.

The recent and on-going COVID-19 pandemic led to the implementation of national lockdown policies in Malaysia which restricted travel, movement and/or business activities. As a result, consumers have been spending more time on the Internet to purchase products, and this has led to higher number of e-commerce transactions in 2020 and 2021. We expect an increased need for IT services to design and develop e-commerce platforms, and believe that the Group as an IT solutions and systems provider is potentially in capturing new growth opportunities in Technologies Industry.

EDUCATION

In 2013 the Government launched the Malaysian Education Blueprint 2013-2025, which aims to advance Malaysia into a knowledge-based economy by 2025.

A holistic approach, incorporating the implementation of appropriate ICT infrastructure, ICT skill training, content development, pedagogy, various delivery systems and support services, is required to ensure the smooth and successful implementation of a technology driven education system for the new Malaysia.

Furthermore, Budget 2021 pushes this agenda by increasing the coverage of broadband internet connectivity, which is now crucial for learning since the COVID-19 pandemic.

On this landscape, the Group has been making great efforts to pursue the many opportunities within this Blueprint and remains confident of successfully securing significant projects to meet the lofty aim of the Malaysian Education Blueprint in the near future.

OUTLOOK

We are actively pursuing opportunities in the Ministry of Education for end-user devices and the ICT infrastructure development. With the concerted efforts by the Malaysian Ministry of Communication and Multimedia to further enhance internet connectivity in schools and their assistance to provide internet connection at homes, e-learning from homes is expected to become more prevalent in the near future.

In view of the above and subject to being able to secure some projects and gaining more acceptance of our products and services, our Board is cautiously optimistic that the prospects of our Group are encouraging and barring any unforeseen circumstances, our Group would be able to improve its financial position and hope to return to profitability in the near future.

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 Company and the Group 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 a 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 2021 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 2021 ("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://www.fsbm.com.my>.

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. The Board is accountable to shareholders for the performance of the Company and Group. 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 Company and Group, assuring that all actions are related to and adhere to that mission. Base on the corporate mission statement, the Board determines the Company and Group's direction, formulates strategic plans, financial objectives and significant policies for the Company and Group 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 Company and Group's core business activities via its continuous effort to pursue potential projects and to manage the adverse impact resulted by the emergence and spread of the Coronavirus Disease (Covid-19) in 2021 which had significantly increased the business risks and operating challenges to the Company and Group. Such effort is ongoing and it will be the Board's future priority in order to bring the Group back to the right track.

Delegation to Senior Management

The Board has delegated to the Managing Director ("MD") and through the MD 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 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 review and monitors Management's action and performance. While supporting Management's duties, the Board ensures 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
4. Risk Monitoring Committee
5. Executive Council Committee ("Exco")

The Board ensures that all Committees are provided with sufficient resources to undertake their duties. All the Committees, except the Exco, 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 Exco was established to formalise the decision making process for managing the Company's regular business activities. The Committees report directly to the Board. The ultimate responsibility for the final decision on all matters lies with the Board. However, the Exco and the Risk Monitoring Committee were not active during the financial period as the Group was operated with minimum level of business activities. Moving forward, the Board will activate the roles of the Exco and Risk Monitoring Committee when the Group's activities increase.

Board Chairman

The Board is led by the Chairman, Dato' Ir Dr Abdul Rahim Bin Daud, who is a Senior Independent Non-Executive Director. Dato' Chairman is responsible for the leadership of the Board. He leads 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 details on the responsibilities of the Chairman is disclosed in the CG Report under Practice 1.2.

Dato' Ir Dr Abdul Rahim Bin Daud resigned on 12 April 2022. The Board will look for a suitable candidate for Chairman position.

Managing Director

The Group does not appoint a Chief Executive Officer (CEO), rather the operation of the Company and Group is led by the Managing Director (MD), namely Dato' Tan Hock San @ Tan Hock Ming. He is primarily responsible for managing the Company and Group operations and resources. Dato Tan was redesignated from Managing Director to Non-Independent Executive Director. The Board will look for a suitable candidate for this position. The details on the responsibilities of the MD is disclosed in the CG Report under Practice 1.3.

Subsequent to the corporate restructuring, Dato' Tan Hock San @ Tan Hock Ming is re-designated from the position of MD to Non-Independent Non-Executive Director on 12 April 2022. A new MD will be appointed.

Separation of position of Board Chairman and MD

During the financial year ended 31 December 2021, the Company has been practicing good corporate governance to ensure the overall integrity of the Company by having the position of Chairman and MD held by different individuals with clear division of duties and responsibilities.

The Board's main roles is to direct and oversee the Company's affairs to ensure it is being run in line with the mandate of the Company and at the best interest of the shareholders, whilst the MD is responsible for managing the operation of the Company and Group. The Board is always mindful that having a combined Chairman and MD position would result in possible conflict of interest situation and abuse of the position. The Board has applied Practice 1.3 of the MCCG.

The presence of Independent Non-Executive Directors provides a good complementary role to ensure a balance of power and authority. Their role is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined as they provide unbiased and independent views, advice and judgment to take account of interests of the Company and Group, shareholders, stakeholders and communities in which the Group conducts business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

BOARD RESPONSIBILITIES (CONT'D)

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 Company and Group as per Practice 2.1 of the MCCG. The Board Charter clearly specified the roles of the Board, Board Committees, Chairman, MD, 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.

Code of Ethics and Conduct

With the commitment to maintaining a culture of high standard of ethical business behaviors as per Practice 3.1, 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 appropriate in discharging their duties.

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 MCCG.

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

Sustainability

The Board has been committed to the Company's strategies 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 to do with the proper functioning of the Board including the provision of secretarial support to the Board and Board Committees. She plays an advisory role to ensure the Board complies with relevant regulations, laws and Bursa's Listing Requirement and assists the Board in applying the best practices of the MCCG to meet the Board's needs and shareholders' expectation. In order 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 MCCG.

Board meetings

In discharging the role of overseeing the management and governance of the Company and Group 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 ease future reference. The Board has applied Practice 1.6 of the MCCG.

Apart from formal meeting, urgent matters that require Board's review are also frequently discussed via electronic mail or through 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 had 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 of 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 1/1/2021 to 31/12/2021**			
	Board meeting	AC meeting	NC meeting	RC meeting
Dato' Ir Dr Abdul Rahim Daud	5/5	5/5	1/1	1/1
Dato' Tan Hock San @ Tan Hock Ming	5/5	5/5^	1/1^	1/1
Mr Ng Yew Soon	5/5	5/5	*n/a	*n/a
Encik Abdul Jalil Bin Abdul Jamil	5/5	5/5	1/1	1/1
Mr Tan Ee Ern	5/5	5/5^	*n/a	*n/a
Miss Tan Wan Yen	5/5	5/5^	*n/a	*n/a
Mr. Pang Kiew Kun	1/5***	*n/a	*n/a	*n/a
Mr. Mok Kar Foo	1/5***	*n/a	*n/a	*n/a

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

* n/a Not applicable

** There were no Risk Monitoring Committee meetings held during the financial year as there were no projects embarked during the financial year and the Company and Group operated with minimum activities.

*** Mr. Pang Kiew Kun and Mr. Mok Kar Foo were appointed as Director on 12 October 2021. Mr. Tey Giap Turn was appointed on 12 April 2022. Mr. Mok Kar Foo was appointed as AC member on 12 April 2022.

Mr. Tan Ee Ern and Encik Abdul Jalil Bin Abdul Jamil resigned as Director on 11 March 2022. Dato' Ir Dr Abdul Rahim Daud resigned 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 of 31 December 2021 the Board comprises consists of six (8) members, three (4) of whom are Executive Directors, three (3) are Independent Non-Executive Directors and one (1) non-Independent Non-Executive Director. This has not fulfilled the Practice 5.2 of the MCGG which requires at least half of Board comprises Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

BOARD COMPOSITION (CONT'D)

Thus, while concentrating to strengthen the Group's business activities, the Board had focused in sourcing for a suitable qualified candidate to be appointed as Independent Director. During the financial period 2022, with the resignation of Mr. Tan Ee Ern and Encik Abdul Jalil Bin Abdul Jamil on 11 March 2022 and resignation of Dato' Ir Dr Abdul Rahim Daud on 12 April 2022, the Board has appointed Mr. Tey Giap Turn as Independent Non-Executive Director; the Board number had decreased from the existing eight (8) members to six (6), two (2) of whom are Executive Directors, two (2) are Independent Non-Executive Directors and two (2) non-Independent Non-Executive Directors. The Board will continue with its effort to look for suitable candidate so that, the Company fulfils Practice 5.2 of the MCGG.

During the process of recruiting new Director, the Board recognised the benefit in having access to the diversity of input from people with a wide range of backgrounds, skills and experience. These criteria had been applied by the Board and the Nomination Committee when it sourced for the suitable qualified candidate to fill up the vacancy of Independent Director which was previously vacant. However, the Board deemed that getting the right candidate with the right qualification on the Board was more crucial than achieving the 30% gender target. Moving forward, proper measures will be taken to achieve sufficient board gender diversity when the Group's activities increase.

The Board members during the financial year ended 31 December 2021 and the subsequent changes are as follows:

1. Dato' Ir Dr Abdul Rahim Bin Daud (Senior Independent Non-Executive Chairman) (Resigned on 12 April 2022)
2. Dato' Tan Hock San @ Tan Hock Ming (Re-designated from Managing Director to Non-Independent Non-Executive Director on 12 April 2022)
3. Mr Ng Yew Soon (Independent Non-Executive Director)
4. Encik Abdul Jalil Bin Abdul Jamil (Independent Non-Executive Director) (Resigned on 11 March 2022)
5. Mr Tan Ee Ern (Executive Director) (Resigned on 11 March 2022)
6. Miss Tan Wan Yen (Executive Director)
7. Mr. Pang Kiew Kun (Executive Director) (Appointed on 12 October 2021)
8. Mr. Mok Kar Foo (Non-Independent Non-Executive Director) (Appointed on 12 October 2021)
9. Mr. Tey Giap Turn (Independent Non-Executive Director) (Appointed on 11 April 2022)

The profile of each Director in office is disclosed in the Annual Report under the section of Profile of Directors.

Tenure of Independent Directors

The Board recognises that shareholders are increasingly concerned about the potential negative impact of long tenure Independent Directors due to 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. If the Board desires to retain them beyond nine (9) years, upon recommendation of the Nomination Committee, the Board should justify and seek annual shareholders' approval through a Two-Tier Voting Process.

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.

The NC comprises three (3) members, and all of the members are Non-Executive Directors with the a majority of them being independent directors, and is chaired by a Non-Independent Non-Executive Chairman. It has not applied Practice 5.8 of the MCGG. The members of the NC during the financial year ended 31 December 2021 and subsequent changes are as follows:-

1. Mok Kar Foo – Chairman (Non-Independent Non-Executive Director) (Appointed on 12 October 2022)
2. Dato' Ir Dr Abdul Rahim Bin Daud – Chairman (Senior Independent Non-Executive Chairman) (Resigned on 12 April 2022)
3. Mr Ng Yew Soon – Member (Independent Non-Executive Director)
4. Encik Abdul Jalil Bin Abdul Jamil – Member (Independent Non-Executive Director) (Resigned on 11 March 2022)
5. Mr Tey Giap Turn – Member (Independent Non-Executive Director) (Appointed on 12 April 2022)

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

BOARD COMPOSITION (CONT'D)

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, recommendation 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 as a whole should have the right mix of skills.

The general criteria for Board membership is disclosed in the CG Report under Practice 5.5. 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 Managing Director and two Executive Directors. The Senior Management team will be enlarged when the Group's activities increase.

The appointment of new Directors is approved by the Board in consultation with and based on recommendation of the Nomination Committee after assessing the candidates' suitability. During the financial year under review, the NC and the Board endeavoured to source the suitable and qualified candidates to improve the Group's operations and to identify more business opportunities. The main sources of candidates for appointment of Directors were through Directors networking and referral from independent sources as recommended by Practice 5.6 of the MCCG. Lastly, qualified candidate Mr. Pang Kiew Kun has appointed 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 appointed as an Independent Non-Executive Director. After the NC had conducted the necessary assessment process and recommendation to the Board, the appointment for Mr. Pang and Mr. Mok were formalised on 12 October 2021 and appointment for Mr. Tey Giap Turn is formalised on 12 April 2022.

Board Gender Diversity Policy

The Board has not applied Practice 5.10 to formalise its Board Gender Diversity Policy alongside targets and measures to meet the targets. The Board currently comprises a woman Director, namely Miss 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.

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 performance evaluation criteria and assessment forms / checklists as recommended in the Corporate Governance Guide in conducting the annual assessments of Board and Board Committees and individual Directors, and assesses the independence of the Independent Directors.
- Prior to NC meeting, the respective questionnaires are circulated to the NC members via electronic-mail.
- At the NC meeting, the NC discusses 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 ended 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

BOARD COMPOSITION (CONT'D)

Annual Assessment Process (cont'd)

The following assessment outcomes were reported by the NC:

- Given the challenges faced by the Company and Group, 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. The composition of the Audit Committee had been rectified.
- Each Director had sufficiently contributed 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.

Pursuant to Clause 97 of the Company's Constitution, an election of Directors 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 and at any adjournment thereof:-

1. Dato ' Tan Hock San @ Tan Hock Ming
2. Mr. Pang Kiew Kun
3. Mr. Mok Kar Foo
4. Mr. Tey Giap Turn

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 fast changing competitive business environment and technological changes.

During the financial year under review, save for Mr. Pang, Mr. Mok and Mr. Tey, the directors had attended training programs, with details as follows:-

Training Title	Date	Duration
Essential Requirements of Financial Reporting Framework - Roles & Responsibilities of Board of Directors & Senior Management for Public Listing Company in Malaysia	15 January 2021	1 day
Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications & Media]	22 September 2021	1 day

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

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 that are needed to run the Company and Group successfully.

The details of the Remuneration Policy and Procedure are disclosed in Practice 7.1 of the CG 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 present, the RC comprises three (3) members, with a majority of Independent Non-Executive Directors, and is chaired by Independent Non-Executive. The members of the RC during the financial year ended 31 December 2021 and subsequent changes are as follows:-

1. Mr. Tey Giap Turn – Chairman (Independent Non-Executive Director) (Appointed on 12 April 2022)
2. Mr. Ng Yew Soon – Member (Independent Non-Executive Director)
3. Mr. Mok Kar Foo – Member (Non-Independent Non-Executive Director) (Appointed on 12 October 2021)
4. Dato' Tan Hock San @ Tan Hock Ming – Member (Managing Director) (Resigned as member on 12 April 2022)

According to Guidance 7.2 of the MCGG, RC composition should consist of solely Non-Executive Directors. During the financial year ended 2021, NC consists of two (2) Independent Directors and one (1) Managing Director. At present, Mr. Tey Giap Turn and Mr. Mok Kar Foo are appointed as RC on 12 April 2022, the membership of the RC is now consisting solely Non-Executive Directors.

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

- The RC conducts its annual review of the remuneration packages of the Managing Director, Executive Directors, Non-Executive Directors and Senior Management, and makes recommendation to the Board. The annual review is normally conducted in August of each year.
- The RC is guided by the assessment outcome of the NC and the view of the Managing Director 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 or the Chairman participates 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 2021. The NC had also recommended the remuneration of the newly appointed Directors to the Board for approval.

In consideration of the financial difficulty faced by the Company and Group, the RC accepted the proposal of the Managing Director, as follows:

- The remuneration packages of the Managing Director and two Executive Directors shall remain unchanged as per the remuneration approved by the Board since January 2009. However, in view of the Company and Group facing cash flow constraints over the past years, Managing Director and the two Executive Directors (Mr. Tan Ee Ern (Resigned on 11 March 2022) and Miss Tan Wan Yen) had agreed to waive the outstanding salary and remuneration over the years including the financial year ended 31 December 2020. In view that their salary and remuneration have yet to be accrued for the financial year ending 2022, it will be reviewed at a later period when the Group is back to a healthy financial position.
- The Directors fees for newly appointed Executive Director (Mr. Pang Kiew Kun) (Appointed on 12 October 2022), have yet to be accrued, and will be accrued at a later period when the Group is back to a healthy financial position.
- The Directors fees for the Independent Non-Executive Directors shall also remain unchanged. Likewise, their remunerations have yet to be accrued, and will be accrued at a later period when the Group is back to a healthy 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 accordingly according to market rate after the Group has successfully secured new projects and back to a healthy financial position.

The above recommendations were approved by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

REMUNERATION (CONT'D)

Directors' remuneration

The Board applies Practice 8.1 of the MCGG to disclose Directors' remuneration on 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 2021 are disclosed below:-

Company

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)	nil	6,000	nil
2.	Ng Yew Soon (Independent Non-Executive Director)	nil	6,000	nil
3.	Abdul Jalil Bin Abdul Jamil [#] (Independent Non-Executive Director)	nil	5,000	nil
4.	Mok Kar Foo ^{***} (Non-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 resigned on 12 April 2022.

Managing Director and Executive Directors

No.	Name	Salary RM	Bonus RM	EPF RM	Benefits in-kind RM	Other Allowance RM	Total RM
1.	Dato' Tan Hock San @Tan Hock Ming (Managing Director)	nil	nil	nil	nil	nil	nil
2.	Tan Wan Yen (Executive Director)	nil	nil	nil	nil	nil	nil
3.	Tan Ee Ern [#] (Executive Director)	nil	nil	nil	nil	nil	nil
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)

Directors' remuneration (cont'd)

Group

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)	nil	6,000	nil
2.	Ng Yew Soon (Independent Non-Executive Director)	nil	6,000	nil
3.	Abdul Jalil Bin Abdul Jamil (Independent Non-Executive Director)	nil	5,000	nil
4.	Mok Kar Foo*** (Non-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 resigned on 12 April 2022.

Managing Director and Executive Directors

No.	Name	Salary RM	Bonus RM	EPF RM	Benefits in-kind RM	Other Allowance RM	Total RM
1.	Dato' Tan Hock San @Tan Hock Ming (Re-designated from Managing Director to Non-Independent Non-Executive Director on 11 April 2022)	nil	nil	nil	nil	nil	nil
2.	Tan Wan Yen (Executive Director)	nil	nil	nil	nil	nil	nil
3.	Tan Ee Ern# (Executive Director)	nil	nil	nil	nil	nil	nil
4.	Pang Kiew Kun*** (Executive Director)	nil	nil	nil	nil	nil	nil

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

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

Note: There were no remunerations paid to the Managing Director and Executive Directors of the Company and its subsidiaries during the financial year ended 31 December 2021. The remunerations of the Non-Executive Directors have yet to be accrued, and will be accrued at a later period when the Group is back to a healthy financial position.

Key Senior Management's remuneration

The Key Senior Management of FSBM is represented by Dato' Tan Hock San @ Tan Hock Ming (Redesignated from Managing Director to Non-Independent Non-Executive Director on 12 April 2022), Mr Tan Ee Ern (Executive Director), Miss Tan Wan Yen (Executive Director), Mr. Pang Kiew Kun (Executive Director). As disclosed above, there were no remunerations paid to the Directors during the financial year ended 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 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.

The AC has not adopted Practice 9.4 of the MCGG. At present, AC comprise two (2) Independent Directors and one (1) Non-Independent Directors. Its members during the financial year ended 31 December 2021 and subsequent changes are as follows:-

1. Mr Ng Yew Soon – Chairman (Independent Non-Executive Director)
2. Dato' Ir Dr Abdul Rahim Bin Daud – Member (Senior Independent Non-Executive Director) (Resigned on 12 April 2022)
3. Encik Abdul Jalil Bin Abdul Jamil – Member (Independent Non-Executive Director) (Resigned on 11 March 2022)
4. Mr. Tey Giap Turn – Member (Independent Non-Executive Director) (Appointed on 12 April 2022)
5. Mr. Mok Kar Foo – Member (Non-Independent Non-Executive Director) (Appointed on 12 October 2021)

Thus, the key focus areas of the Board in this respect is continue to source for suitable qualified candidate for appointment of AC members in order to comply with Practice 9.4 of the MCGG.

The composition of the AC is fulfil 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.

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 possess 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 keeps 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 Company and Group effectively.

The AC is responsible to oversee 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

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)

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

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.

Overall, given the Group's present low business operations, the control and monitoring arrangements currently in place is appropriate.

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. It is acknowledged that when the Group's activities increase, more resources will be 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 process 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 AC acknowledged that when the Group's activities increase and return to a healthy financial position, more resources will be made available for the effective functioning of the Risk Monitoring Committee and Internal Audit Function. 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 COMMUNICATION WITH STAKEHOLDERS

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

Despite the Group is currently operating with low business operations, 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 compliance 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 ensure that all information and explanatory notes provided in the Notice of AGM are in compliance with the Listing Requirements and MCGG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS COMMUNICATION 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 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 rapidly spreading of Coronavirus Disease 2019 (COVID-19) since the beginning of 2020, taking into consideration of public safety and to be in line with the Guidance Note on the Conduct of General Meetings for listed issuers issued by the Securities Commission Malaysia from time to time, the Board has put in place the necessary facilities to have an online platform for the conduct of its AGM in a fully virtual manner which allows remote shareholders' participation and voting in absentia.

This CG Overview Statement was approved by the Board on 13 April 2022.

STATEMENT ON DIRECTORS' RESPONSIBILITY

FINANCIAL REPORTING

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

The Board of Directors considers that in preparing the financial statements for the financial year ended 31 December 2021, the Company and the Group 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 Company and the Group maintain adequate accounting records which disclose with reasonable accuracy the financial position of the Company and Group to enable them to ensure that the financial statements comply with the provisions of the Act. The Board of Directors is also has general responsibilities for taking reasonable steps to safeguard the assets of the Company and the Group.

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

There were no corporate proposals undertaken by the Company to raise funds during the financial year ended 31 December 2021.

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 2021.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

During the financial year ended 31 December 2021, the Company did not enter into recurrent related party transactions of a revenue or trading nature.

5. Material Litigation

FSBM Holdings Berhad (“FSBM”) vs Technitium Sdn Bhd (“TSB”)

On 14 April 2010, FSBM initiated legal proceedings against Technitium Sdn Bhd for the recovery of a debt of RM8,563,212.65. On 24 January 2011, both FSBM and TSB went into arbitration.

The High court’s decision on 21 November 2011 allowed the court Order that all monies claimed by FSBM in the arbitration proceeding with TSB, being RM8,563,212.64, be deposited into FSBM’s solicitor’s bank account as stakeholders, dismissing the appeal filed by TSB on 9 February 2012. To date, TSB has not complied with the court Order.

On 18 June 2012, the Court has ordered that TSB be wound up under the provisions of the Companies Act, 1965.

FSBM CTech Sdn Bhd (“FSBM CTech”) vs TSB

On 23 April 2010, FSBM CTech Sdn Bhd, a wholly owned subsidiary of the company, initiated legal proceedings against TSB for the recovery of a debt of RM32,409,434.77.

On 20 January 2012 the court delivered its Judgement and ordered TSB to pay FSBM CTech the sum of RM32,409,434.77 and interest at 8% commencing from date of filing of Writ until date of judgment including costs of RM200,000.00 to be paid by TSB to FSBM CTech. In addition, the Court dismissed TSB’s counter-claim.

On 18 June 2012, the Court has ordered that TSB be wound up under the provisions of the companies Act, 1965. On 2 July 2012, FSBM CTech received the sealed winding up order on TSB. The Court has also appointed liquidators.

On 30 January 2012, TSB had filed an appeal in the Court of Appeal against the Judgement. At the hearing on 10 September 2012, the Court of Appeal dismissed TSB’s claim with cost of RM80,000 to be borne by the directors of TSB in their personal capacity.

TSB had subsequently appealed to the Federal Court on the same Judgement. At its hearing on 19 August 2014, the Court dismissed TSB’s application with costs of RM10,000.00 to be borne by the directors of TSB in their personal capacity.

The directors of TSB are Professor Emeritus Dr Azman Bin Awang and Haliza Binti Bidin.

ADDITIONAL INFORMATION (CONT'D)

5. Material Litigation (cont'd)

FSBM and FSBM CTech against individuals and 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 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 RM40,972,647.41 until full settlement thereof;
- (vi) Costs of RM60,000.00 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 RM3,000.00.

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.

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 at LPD, no application for leave was filed by 1st Defendant and 2nd Defendant.

6. Material Contracts

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

SUSTAINABILITY STATEMENT

The Board has been committed to the Group's sustainability in evolving global environment, social and governance (ESG) aspect of business which underpin sustainability. In line with good governance practices, the Exco under the direction of our Managing Director oversees 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, within the Exco, a Sustainability Working Group ("SWG") oversees the incorporation of sustainability in the Group's business, as well as to prepare the Group for its sustainability disclosure. The primary objective of the SWG is to facilitate the preparation of the Sustainability Statement for inclusion in the Annual Report, as required by the Bursa Malaysia's new Listing Requirements. Chaired by the Managing Director, the SWG also comprises of the Executive Directors.

Among others, the responsibility of the SWG 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/ opportunity 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:

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

We then take on a prioritization approach, taking into consideration important sustainability issues from both the perspective of our Group, as well as its key 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, 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 2021.

COMPOSITION OF MEMBERS

The composition of the Audit Committee during the financial year ended 31 December 2021 and subsequent changes are:

- Mr Ng Yew Soon (Chairman) (Independent Non-Executive Director)
- Dato' Ir Dr Abdul Rahim Bin Daud (member) (Senior Independent Non-Executive Director) (Resigned on 12 April 2022)
- Abdul Jalil Bin Abdul Jamil (member) (Independent Non-Executive Director) (Resigned on 11 March 2022)
- Mr Tey Giap Turn (member) (Independent Non-Executive Director) (Appointed on 12 April 2022)
- Mok Kar Foo (member) (Non-Independent Non-Executive Director) (Appointed on 12 October 2021)

The Audit Committee composed of three (3) members and all of the member are Non-Executive Directors with the a 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 2021,

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 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 Company and Group, 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:

- Overseeing financial reporting;
- Assessing the financial risk management and internal control environment;
- Evaluating the internal and external audit process; and
- Reviewing conflict of interest situations and related party transactions.

The Board had 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 function, duties and responsibilities effectively in accordance with its Terms of Reference.

MEETING

During the financial year ended 31 December 2020, the Audit Committee held five (5) meetings and their attendance are disclosed below:

Audit Committee	No. of Meetings Attended/ No. of Meetings held from 1/1/2021 to 31/12/2021
Ng Yew Soon	5/5
Dato' Ir Dr Abdul Rahim Bin Daud	5/5
Abdul Jalil Bin Abdul Jamil	5/5

REPORT OF AUDIT COMMITTEE (CONT'D)

MEETING (CONT'D)

As at the date of Board's approval of this Report, two (2) meetings were held in were held during the period from 1 January 2022 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 1/1/2022 and up to the date of approving this Report
Ng Yew Soon	2/2
Tey Giap Turn*	1/2
Mok Kar Foo**	1/2

* appointed on 12 March 2022.

** appointed on 12 March 2022.

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 so as to provide the Audit Committee members with relevant and timely information to enable the Audit Committee members 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 a formal circulation to the Audit Committee members.

The Audit Committee meetings are held without the presence of other Directors, Management and employees, except when the Audit Committee requested their attendance. The Audit Committee also has the right to hold private discussion with the External Auditors for 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 Managing Director was 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 responsible Executive Directors were also invited to present the quarterly financial statements and report any related party transaction and conflict of interest of 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 Audit Plan, Audit Results and Audited Financial Statements.

Deliberation during the meetings are recorded by the Company Secretary and the minutes of meeting will be tabled at the next following 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.

REPORT OF AUDIT COMMITTEE (CONT'D)

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 2021 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.

The first (1st), second (2nd), third (3rd) and fourth (4th) quarterly financial results in respect of the financial year ended 31 December 2021 were presented by Management to the Audit Committee for its review at the quarterly meetings held on 29 June 2021, 27 September 2021, 23 November 2021 and 25 February 2022 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, 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 with regard to the audit findings, disclosures and key areas relating the draft Audited Financial Statements, the representation letters issued by the External Auditors and the implementation of audit recommendations.

On 13 April 2022, the Audit Committee reviewed the draft Audited Financial Statements for the financial year ended 31 December 2021, and a private meeting with the External Auditors was held without the Executive Directors' presence.

2. External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the External Auditors and their remuneration, and makes recommendation 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:

- 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;
- The experience and resources of the audit firm;
- The performance and competencies of the External Auditors;
- 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 provided to the Group; and
- The level of non-audit services to be rendered by the External Auditors and its affiliates.

Following the completion of the 2021 financial year audit, the Audit Committee was satisfied with the suitability and independence of Messrs Moore Stephens Associates PLT as External Auditors the Group and the Company.

REPORT OF AUDIT COMMITTEE (CONT'D)

SUMMARY OF ACTIVITIES (CONT'D)

2. External Auditors (cont'd)

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

At the Audit Committee held on 13 April 2022, the Audit Committee recommended to the Board for approval of the re-appointment of Messrs Moore Stephens Associates PLT as External Auditors the Company and Group for the ensuing financial year.

The Board at its meeting held on 13 April 2022 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 2022, the Audit Committee recommended to the Board for approval of the Company's audit fee of RM80,000 and non-audit fee of RM5,000, and the Group's total audit fee of RM138,000 and total non-audit fee of RM5,000 in respect of the financial year ended 31 December 2021.

3. Internal Audit

The Group out sources its Internal Audit Function to a professional services firm, namely Messrs Aden Management Services. The Internal Auditors were engaged to conduct regular reviews and appraisals of the effectiveness of governance, risk management and internal control process within the Company and the Group.

Internal Audit Report

At the Audit Committee meeting held on 13 April 2022, the Internal Audit Report relating to working in Covid Pandemic was presented to the Audit Committee for review.

It was recognized that Internal Audit Function is important in assisting the Audit Committee to execute its oversight function and discharge its duties and responsibilities by performing independent reviews to ensure the adequacy and effectiveness of the internal control and financial risk management systems established by the Group. The Audit Committee acknowledged that when the Group's activities increase, more resources will be made available for the effective functioning of the Internal Audit Function. The Board has been continuously identifying and mitigating the risks and that may have a considerable impact on the Group and the Company. Various initiatives have been taken by the Board to sufficiently manage the risks to ensure the Group is operating on a going concern basis.

Statement on Internal Control and Risk Management

At the Audit Committee meeting held on 13 April 2022, the Audit Committee reviewed the Statement on Internal Control and Risk Management for inclusion in the 2021 Annual Report.

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.

REPORT OF AUDIT COMMITTEE (CONT'D)

SUMMARY OF ACTIVITIES (CONT'D)

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

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
- (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 of a report of a 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:

- (i) Whether the transaction price is at arm's length basis or whether the terms are fair to the Company;
- (ii) Whether there are business reasons for the Company to enter into the transaction with the related party and not a third party;
- (iii) Whether the business reasons are in line with the overall strategy and objectives of the Company;
- (iv) What benefits the interested party will derive from the transaction;
- (v) What impact the transaction will have on the financial statements;
- (vi) Whether there is economic substance in entering into the transaction; and
- (vii) 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 Company or Group.

For the financial year ended 31 December 2021, the Audit Committee reviewed the outstanding related party receivables at each of its quarterly meetings. Other than that, there were no related party transaction and conflict of interest situation reported by the Management.

INTERNAL AUDIT FUNCTION

The main role of the Internal Audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care. The audit plan covers review of the adequacy of financial and operational controls, compliance with laws and regulations and risk monitoring activity.

The internal audit report issued for the financial year was deliberated by the Audit committee and recommendations are duly acted upon by management.

The cost incurred for Internal Audit Function for the financial year ended 31 December 2021 was below RM5,000. This Report of Audit Committee was approved by the Board on 13 April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is required, under paragraph 15.27 (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 processes to manage risks in the Group. The Risk Monitoring Committee was established to assist the Board in the discharge of risk monitoring and control responsibilities. The Risk Monitoring Committee comprises of management team for each business activity, Managing Director, 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 Exco 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 the Group’s businesses together with more general risks such as those relating to compliance with law and regulation.

The monitoring arrangements in place give 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.

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 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 for continuing suitability;

(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;

(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.

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

INTERNAL CONTROL (CONT'D)

(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 Managing Director and Executive Directors 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 2021 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.

ANALYSIS OF SHAREHOLDINGS

AS AT 6 APRIL 2022

Total Number of Issued Shares	:	141,314,460 ordinary shares (excluding a total of 1,090,700 ordinary shares bought back by the Company and retained as Treasury Shares)
Issued Shares Capital	:	RM10,391,485.24 (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	2	0.187	100	0.00
100 to 1,000	236	22.097	174,318	0.123
1,001 to 10,000	537	520.280	2,2351,062	1.663
10,001 to 100,000	205	19.194	6,720,300	4.755
100,001 to 7,065,722 (less than 5% of issued holdings)	86	8.052	92,749,660	65.633
7,065,723 (5% of issued holdings) and above	2	0.187	39,319,200	27.823
Total	1,068	100.000	141,314,460	100.000

SUBSTANTIAL SHAREHOLDERS (DIRECT & INDIRECT)

No.	Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
1.	Chew Weng Yew	31,819,200	22.691	-	-
2.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Ann Seck) (MY0696)	7,500,000	5.348	-	-

DIRECTORS' SHAREHOLDINGS (DIRECT & INDIRECT)

Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Ir Dr. Abdul Rahim Bin Daud	24,500	0.017	-	-
Tan Wan Yen	1,900	0.001	190,000	0.134
Mok Kar Foo	-	-	-	-
Pang Kiew Kun	-	-	-	-
Dato' Tan Hock San @ Tan Hock Ming	-	-	786,200	0.556

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

2 Deemed interest via Sanyee Corporation Sdn Bhd 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	31,819,200	22.516
2.	Cgs-Cimb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeo Ann Seck (My0696)	7,500,000	5.307
3.	Ooi Kong Tiong	7,011,000	4.961
4.	Yuu Speed Sdn Bhd	5,000,000	3.538
5.	Fong See Mun	4,902,900	3.469
6.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Allan Wong Sai Wah)	4,284,500	3.031
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Chong Guan (7005299)	4,123,300	2.917
8.	Eng Soh Chng (Eric)	3,785,300	2.678
9.	Tay Kok Seng	3,700,000	2.618
10.	Lee Sook Wan	3,075,700	2.176
11.	Hsbc Nominees (Asing) Sdn Bhd Exempt An For The Hongkong And Shanghai Banking Corporation Limited (Pb-Hkdiv-Accl)	2,954,160	2.090
12.	Ta Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lai Ooi Ling	2,500,000	1.769
13.	Tee Bee Leng	2,450,000	1.733
14.	Chia Tsuey Ying	2,361,700	1.671
15.	Chia Su Yen	2,348,000	1.661
16.	Chen Thiam Fook	2,300,000	1.627
17.	Mohamed Azam Shah Bin Aziz Mohammed	2,000,000	1.415
18.	Tay Kok Seng	2,000,000	1.415
19.	Twe Fook Ping	1,900,000	1.344
20.	Uob Kay Hian Nominees (Asing) Sdn Bhd Exempt An For Uob Kay Hian Pte Ltd (A/C Clients)	1,860,000	1.316
21.	Teh Kong Yaw	1,682,000	1.190
22.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Liaw Hock Choon	1,630,400	1.153
23.	Hsbc Nominees (Asing) Sdn Bhd Exempt An For Bank Julius Baer & Co. Ltd. (Hongkong Branch)	1,441,600	1.020
24.	Ng Chee Chau	1,350,000	0.955
25.	Ah Sang	1,300,000	0.919
26.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Low Pei Fan	1,293,000	0.914
27.	Wui Wee Hien	1,200,000	0.849
28.	Chok Chin Fee	1,000,000	0.707
29.	Enmac Technology (M) Sdn Bhd	1,000,000	0.707
30.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Mok Suet Fun	1,000,000	0.707
	TOTAL	110,772,760	78.387

ANALYSIS OF WARRANT HOLDINGS

AS AT 6 APRIL 2022

Number of outstanding warrants :	49,782,530
	Pursuant to the Rights Issue with Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed
Exercise price per warrant :	RM0.30 per warrant
Exercise period of warrants :	Period of ten (10) years expiring on 16 May 2022
Voting Rights :	None unless warrant holders exercise their warrants for new ordinary shares

DISTRIBUTION OF WARRANT HOLDINGS

	Holders	%	No. of Warrants	%
1 to 99	2	0.617	160	0.000
100 to 1,000	95	29.320	50,500	0.101
1,001 to 10,000	107	33.024	554,400	1.113
10,001 to 100,000	81	25.000	3,498,500	7.027
100,001 to 2,489,125 (less than 5% of issued holdings)	35	10.802	21,778,800	43.747
2,489,126 (5% of issued holdings) and above	4	1.234	23,900,170	48.009
TOTAL	324	100.000	49,782,530	100.000

DIRECTORS WARRANT HOLDINGS (DIRECT & INDIRECT)

Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Ir. Dr. Abdul Rahim Bin Daud	24,500	0.049	-	-
Dato' Tan Hock San @ Tan Hock Ming	4,200	0.008	4,238,6001	8.514
Tan Wan Yen	5,700	0.011	3,988,0002	8.011
Mok Kar Foo	-	-	-	-
Pang Kiew Kun	2,790,000	5.966	-	-

1 Deemed interest via Sanyee Holdings Sdn Bhd, Sanyee Corporation Sdn Bhd, spouse and daughter by virtue of Section 8 of the Companies Act, 2016.

2 Deemed interest via Sanyee Holdings Sdn Bhd and Sanyee Corporation Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

TOP THIRTY WARRANT HOLDERS

No.	Name of Warrant Holders	No. of warrants held	%
1.	Chew Weng Yew	15,225,770	30.584
2.	Cgs-Cimb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeo Ann Seck (My0696)	3,000,000	6.026
3.	Ng Sook Kin	2,884,400	5.794
4.	Jf Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pang Kiew Kun (Sta2)	2,790,000	5.604
5.	Sanyee Corporation Sdn Bhd	2,130,000	4.278
6.	Tan Lay Hong	2,048,600	4.115
7.	Sanyee Holdings Sdn Bhd	1,858,000	3.732
8.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Tan Boon Yung	1,823,900	3.663
9.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Abdul Radzim Bin Abdul Rahman	1,502,500	3.018
10.	Fong See Mun	1,440,600	2.893

ANALYSIS OF WARRANT HOLDINGS (CONT'D)**TOP THIRTY WARRANT HOLDERS**

No.	Name of Warrant Holders	No. of warrants held	%
11.	Hsbc Nominees (Asing) Sdn Bhd Exempt An For The Hongkong And Shanghai Banking Corporation Limited (Pb-Hkdiv-Accl)	1,341,000	2.693
12.	Foo Che Zhu	1,103,400	2.216
13.	Ta Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lai Ooi Ling	1,000,000	2.008
14.	Ng Keng Fong	816,400	1.639
15.	Lok Wei Seong	661,300	1.328
16.	Kwek Chee Lee	600,000	1.205
17.	Farah Idura Binti Mahmood	430,000	0.863
18.	Tan Siok Thieng	418,000	0.839
19.	Kenanga Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Client Account)	412,000	0.827
20.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Low Pei Fan	395,800	0.795
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ramlee Bin Mohd Shariff (8124826)	332,000	0.666
22.	Sharon Ng Mew Ying	301,800	0.606
23.	Umeer Bin Rahimi	277,700	0.557
24.	Tan Wan Phing	245,600	0.493
25.	Alif Izzati Binti Alifdin	238,700	0.479
26.	Tee Yeow	229,000	0.460
27.	Sharon Ng Mew Ying	210,000	0.421
28.	Cgs-Cimb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Seow Ling (Setia A-CI)	200,000	0.401
29.	Chong Kim Ming	200,000	0.401
30.	Hlib Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheah Yin Leng	200,000	0.401
	TOTAL	44,316,470	89.020

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FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services and investment holding. The principal activities of its subsidiaries are disclosed in Note 9 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
Loss for the financial year attributable to:		
Owners of the Company	(9,326)	(915)
Non-controlling interests	56	-
	<u>(9,270)</u>	<u>(915)</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Company is not in a position to pay or declare dividends for 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

The Company has not issued any shares or debentures during the financial year.

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

The principal terms of the Warrants 2012/2022 are disclosed in Note 17 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 *	
Tan Wan Yen	
Ng Yew Soon	
Darren Tey Giap Turn	(appointed on 12 April 2022)
Mok Kar Foo	(appointed on 12 October 2021)
Pang Kiew Kun	(appointed on 12 October 2021)
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)

*This Director is also the Director of subsidiaries included in the financial statements of the Group for the financial year ended 31 December 2021.

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	(appointed on 18 October 2021)
Ahmad Rashidi bin Abd Rahman	(resigned on 18 October 2021)

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 31.12.2021 Unit
	At 1.1.2021 Unit	Bought Unit	Sold Unit	
Ordinary shares in the Company				
FSBM Holdings Berhad				
Direct interest:				
- Dato' Tan Hock San @ Tan Hock Ming	19,605,700	-	2,600,000	17,005,700
- Dato' Ir Dr Abdul Rahim bin Daud	24,500	-	-	24,500
- Tan Wan Yen	681,900	-	680,000	1,900
Indirect interest*:				
- Dato' Tan Hock San @ Tan Hock Ming	26,076,200	-	4,068,000	22,008,200
- Tan Wan Yen	25,480,000	-	4,068,000	21,412,000

DIRECTORS' INTERESTS (cont'd)

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: (cont'd)

	Number of Warrants 2012/2022			
	At 1.1.2021 Unit	Bought Unit	Sold Unit	At 31.12.2021 Unit
Warrants 2012/2022				
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
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).

Dato' Tan Hock San @ Tan Hock Ming and Tan Wan Yen by virtue of their interest in shares of the Company, are also deemed to have interest shares of the Company subsidiaries to the extent that the Company has and interest.

The other Directors in office at the end of the financial year does 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
Other emoluments	17

DIRECTORS' REMUNERATION AND BENEFITS (cont'd)

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 disclosed in Note 20 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.

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 all known bad debts had been written off 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 render the amount written off for bad debts or 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.
- (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.

OTHER STATUTORY INFORMATION (cont'd)

- (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 (other than the matters pertaining to the ongoing legal case described in Note 11 to the financial statements);
 - (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 (other than the adjustments arising from the review of the assets and liabilities conducted on the Group and on the Company during the financial year); 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 EVENTS DURING THE FINANCIAL YEAR

The details of the significant events during the financial year are disclosed in Note 25 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The details of the significant events during the financial year are disclosed in Note 26 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 14 April 2022.

DATO' TAN HOCK SAN @ TAN HOCK MING

PANG KIEW KUN

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 52 to 100 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 2021 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 14 April 2022.

DATO' TAN HOCK SAN @ TAN HOCK MING

PANG KIEW KUN

STATUTORY DECLARATION

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

I, Pang Kiew Kun, being the Director 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 52 to 100 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 14 April 2022

PANG KIEW KUN

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

Disclaimer of Opinion

We were engaged to audit the financial statements of FSBM Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the statements of comprehensive income, statements of changes in equity and statements 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 52 to 100.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

A. Opening Balances

Reference is made to our audit reports dated 27 May 2021, 27 July 2020 and 30 December 2019 in respect of the financial statements for the financial year ended 31 December 2020, financial period ended 31 December 2019 and for the financial year ended 30 June 2018 (and on the opening balances as at 1 July 2017) respectively, whereby a disclaimer of opinion was expressed.

We were unable to confirm or verify by alternative means the opening balances making up the statements of financial position due to matters mentioned in the disclaimer of opinion expressed on the financial statements for the financial year ended 30 June 2018, for the financial period ended 31 December 2019 and for the financial year ended 31 December 2020, the details of which were described in the previous audit reports.

During the financial year, the Directors of the Company and its subsidiaries had conducted a review of the assets, liabilities and equity of the Group and of the Company as majority of these balances have been outstanding and/or without movement for many years. Following the review, the details of which are stated in the respective notes to the financial statements, certain assets had been written off and/or written down to its recoverable amounts and certain liabilities have been stated based on the liabilities established vide the confirmation exercise conducted, and with provisions and accruals estimated based on the probability of outflow of resources required to settle these obligations. These adjustments have been taken as current year adjustments in the statement of comprehensive income for the current financial year ended 31 December 2021.

Since the opening balances enter into the determination of the financial performance and cash flows, we were unable to obtain sufficient appropriate audit evidence as to whether the adjustments made are appropriate in respect of the loss for the financial year reported in the statements of comprehensive income and the net cash flows from operating activities reported in the statements of cash flows. The adjustments made may or may not be in relation to the current financial year or to prior financial years.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (CONT'D)**

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

Basis for Disclaimer of Opinion (cont'd)

B. Going Concern

As disclosed in Note 2(e) to the financial statements, the financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as going concern.

The following events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and the Company's ability to continue as going concern:

- (a) On 17 October 2019, the Board of Directors of the Company announced that the Company has triggered Paragraph 8.03A(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") whereby the Group and the Company have an insignificant business or operations and accordingly, the Company was classified as an affected listed issuer ("Affected Listed Issuer").
- (b) On 30 December 2019, the Board of Directors of the Company announced that the Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 ("PN17") under the MMLR of Bursa Securities. Hence, as of the date hereof, the Company is considered as a PN17 company.
- (c) On 26 March 2020, Bursa Securities has accorded additional relief measures to listed issuers, amongst other, a longer timeframe for listed issuers which trigger the criteria under Paragraphs 8.03A or 8.04 (Practice Note 17) of the MMLR and to announce the criteria under Paragraph 4.1(a) in Practice Note 17 of the MMLR to submit their regularisation plans to the Securities Commission Malaysia or Bursa Securities.
- (d) During the financial year ended 31 December 2021, the Group and the Company incurred net losses of RM9,270,000 and RM915,000 respectively, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM5,307,000 and RM12,444,000 respectively, and the Group and the Company had a deficit in shareholders' equity of RM2,854,000 and RM12,084,000 respectively.

On 15 October 2021, the Board of Directors have announced their proposed regularisation plan ("Regularisation Plan"), which is summarised below:

- (i) a proposed shares issuance of 60.0 million new ordinary shares in FSBM ("FSBM Shares" or "Shares") ("Subscription Shares") representing approximately 30% of FSBM's enlarged issued shares after the shares issuance to the subscribers ("Proposed Shares Issuance");
- (ii) the proposed disposal of the following subsidiaries:
 - FSBM CTech Sdn. Bhd. ("CTech"), a wholly-owned subsidiary of FSBM; and
 - Unos Sdn. Bhd. ("Unos"), a wholly-owned subsidiary of FSBM,for a total cash consideration of RM2.0 million ("Proposed Disposals");

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (CONT'D)**

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

Basis for Disclaimer of Opinion (cont'd)

B. Going Concern (cont'd)

On 15 October 2021, the Board of Directors have announced their proposed regularisation plan ("Regularisation Plan"), which is summarised below: (cont'd)

- (iii) a proposed renounceable rights issue of up to 250,006,290 new FSBM Shares on the basis of 1 rights share ("Rights Shares") for every 1 existing FSBM Share held, together with up to 125,003,145 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced later ("Proposed Rights Issue with Warrants"); and
- (iv) A proposed capital reduction exercise to be carried out by the Company, pursuant to Section 116 of the Companies Act, 2016 ("Act") to reduce the share capital of the Company ("Proposed Capital Reduction"),

As at the date of this report, the Company is pending to submit the formal Regularisation Plan to the relevant authorities to address its affected listed issuer status in compliance with Paragraph 4.1(c) of PN17.

The ability of the Group and of the Company to continue as going concern is highly dependent on the successful submission, approval, and subsequent implementation of the Regularisation Plan of the Group and of the Company to restore their financial positions and to achieve sustainable and viable operations.

The application of the going concern basis of accounting is based on the assumption that the Group and the Company will be able to realise their assets and liquidate their liabilities in the normal course of business. Should the Regularisation Plan not be approved or not materialise, the application of the going concern basis of accounting may be inappropriate and adjustments may be required to, inter alia, write down assets to their immediate realisable value, reclassify all long term assets as current and to provide for further costs which may arise.

Moreover, as at the date of this report, we were unable obtain sufficient appropriate audit evidence to evaluate the appropriateness of management's use of the going concern basis of accounting for the Group and the Company. Therefore, we were unable to form an opinion as to whether the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and of the Company is appropriate.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (CONT'D)**

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

Responsibilities of the Directors for the Financial Statements

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 of 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 also 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 or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's and of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Group and of the Company.

Independence and Other Ethical Responsibilities

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FSBM HOLDINGS BERHAD (CONT'D)**

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that in our opinion:

- (a) the accounting and other records for the matters as described in the *Basis for Disclaimer of Opinion* section have not been properly kept by the Company in accordance with the provision of the Act;
- (b) because of the auditors' reports on the financial statements of a subsidiary contain disclaimer of opinion as disclosed in Note 9 to the financial statements, we are unable to report whether we are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group; and
- (c) we have not obtained all the information and explanations that we required as described in the Basis for Disclaimer of Opinion.

The subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

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: 14 April 2022

CHUAH SOO HUAT
03002/07/2022 J
Chartered Accountant

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Revenue	4	405	128	-	-
Direct operating costs		<u>(224)</u>	<u>(80)</u>	<u>-</u>	<u>-</u>
Gross profit		181	48	-	-
Other income		2,394	32	1,039	32
Administrative expenses		(48)	(50)	(32)	(25)
Selling and marketing expenses		(4)	(6)	(4)	(6)
Other expenses		<u>(11,793)</u>	<u>(689)</u>	<u>(1,918)</u>	<u>(340)</u>
Loss before tax	5	(9,270)	(665)	(915)	(339)
Tax expense	6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss net of tax, for the financial year representing total comprehensive income for the financial year		<u><u>(9,270)</u></u>	<u><u>(665)</u></u>	<u><u>(915)</u></u>	<u><u>(339)</u></u>
Total comprehensive income attributable to:					
Owners of the Company		(9,326)	(682)	(915)	(339)
Non-controlling interests		<u>56</u>	<u>17</u>	<u>-</u>	<u>-</u>
		<u><u>(9,270)</u></u>	<u><u>(665)</u></u>	<u><u>(915)</u></u>	<u><u>(339)</u></u>
Basic loss per ordinary share (sen)	7	<u><u>(6.65)</u></u>	<u><u>(0.49)</u></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 2021

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	-	7	-	-
Investment in subsidiaries	9	-	-	-	-
Other investments	10	360	300	360	300
		<u>360</u>	<u>307</u>	<u>360</u>	<u>300</u>
Current assets					
Trade receivables	11	153	6,203	-	5
Other receivables	12	-	2,347	-	257
Contract assets	13	123	-	-	-
Marketable securities	14	7	285	-	-
Tax recoverable		-	35	-	-
Cash and cash equivalents		229	45	19	23
		<u>512</u>	<u>8,915</u>	<u>19</u>	<u>285</u>
Total assets		<u><u>872</u></u>	<u><u>9,222</u></u>	<u><u>379</u></u>	<u><u>585</u></u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	10,064	10,064	10,064	10,064
Treasury shares	16	(712)	(712)	(712)	(712)
Warrants reserve	17	4,534	4,534	4,534	4,534
Accumulated losses		(16,740)	(7,414)	(25,970)	(25,055)
Equity attributable to					
Owners of the Company		(2,854)	6,472	(12,084)	(11,169)
Non-controlling interests		<u>(2,093)</u>	<u>(2,149)</u>	<u>-</u>	<u>-</u>
Total equity		<u>(4,947)</u>	<u>4,323</u>	<u>(12,084)</u>	<u>(11,169)</u>
LIABILITIES					
Current liabilities					
Trade payables	18	76	820	32	190
Other payables	19	5,743	4,079	12,431	11,564
Total liabilities		<u>5,819</u>	<u>4,899</u>	<u>12,463</u>	<u>11,754</u>
Total equity and liabilities		<u><u>872</u></u>	<u><u>9,222</u></u>	<u><u>379</u></u>	<u><u>585</u></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 CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	↔	Attributable to Owners of the Company				→	
	↔	Non-distributable		→			
		Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Accumulated losses RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
2020 Group							
At 1 January 2020		10,064	(712)	4,534	(6,732)	(2,166)	4,988
Loss net of tax, for the financial year representing total comprehensive income for the financial year		-	-	-	(682)	17	(665)
At 31 December 2020		10,064	(712)	4,534	(7,414)	(2,149)	4,323
2021 Group							
At 1 January 2021		10,064	(712)	4,534	(7,414)	(2,149)	4,323
Loss net of tax, for the financial year representing total comprehensive income for the financial year		-	-	-	(9,326)	56	(9,270)
At 31 December 2021		10,064	(712)	4,534	(16,740)	(2,093)	(4,947)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	← Non-distributable →			Accumulated	Total
	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Losses RM'000	Equity RM'000
2020					
Company					
At 1 January 2020	10,064	(712)	4,534	(24,716)	(10,830)
Loss net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	(339)	(339)
At 31 December 2020	<u>10,064</u>	<u>(712)</u>	<u>4,534</u>	<u>(25,055)</u>	<u>(11,169)</u>
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	<u>10,064</u>	<u>(712)</u>	<u>4,534</u>	<u>(25,970)</u>	<u>(12,084)</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 CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash Flows from				
Operating Activities				
Loss before tax	(9,270)	(665)	(915)	(339)
<i>Adjustments for:</i>				
Fair value loss on:				
- Marketable securities	278	57	-	-
Fair value gain on:				
- Other investments	(60)	-	(60)	-
Impairment loss on:				
- Trade receivables	-	167	-	-
Write off of:				
- Trade receivables	6,174	-	5	-
- Other receivables	2,348	-	340	-
- Tax recoverable	35	-	-	-
- Property, plant and equipment	7	-	-	-
Write back of:				
- Trade payables	(667)	-	(157)	-
- Other payables	(1,417)	-	(734)	-
Operating loss before changes in working capital	(2,572)	(441)	(1,521)	(339)
<i>Changes in working capital:</i>				
Receivables	(125)	10	(164)	(14)
Payables	1,830	397	832	244
Contract assets	(123)	-	-	-
Net cash used in operating activities	(990)	(34)	(853)	(109)

FSBM HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (cont'd)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash Flows from				
Financing Activities				
Advance from subsidiaries	-	-	81	40
Advance from/(repayment to)				
Directors	1,174	(34)	768	-
Net cash from/(used in)				
financing activities	1,174	(34)	849	40
Net increase/(decrease) in				
cash and cash equivalents	184	(68)	(4)	(69)
Cash and cash equivalents				
at beginning of the				
financial year	45	113	23	92
Cash and cash equivalents				
at end of the financial				
year	229	45	19	23

Cash and cash equivalents represent cash and bank balances.

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 2021

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 and principal place of business of the Company is located at 603, Block A, Phileo Damansara 1, No. 9, Jalan 16/11, Petaling Jaya, 46350 Selangor, Malaysia.

The principal activities of the Company consist of distribution of computers, computers related products, education related products, provision of related services and investment holding. The principal activities of its subsidiaries are disclosed in Note 9. 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 13 April 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards 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 pronouncements that are effective and adopted during the financial year

Amendments to MFRS 16	Covid-19 – Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)

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

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncements 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 April 2021

Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
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Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
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 MFRSs 2018 - 2020	

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 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 accounting 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 application.

2. BASIS OF PREPARATION (cont'd)

(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.

(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.

(a) Fair value estimates for certain financial assets and liabilities

The Group and the Company carry certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) 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.

2. BASIS OF PREPARATION (cont'd)

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

(b) Impairment of financial assets (cont'd)

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.

(e) Going concern assumption

The Group and the Company incurred a net loss of RM9,270,000 (2020: RM665,000) and RM915,000 (2020: RM339,000) respectively for the financial year ended 31 December 2021. As of that date, the Group's and the Company's current liabilities exceeded their current assets by RM5,307,000 and RM12,444,000 (2020: RM11,469,000) respectively. The Group and the Company had a deficit in shareholders' equity of RM2,854,000 and RM12,084,000 (2020: RM11,169,000) respectively.

On 17 October 2019, the Board of Directors announced that the Company has triggered Paragraph 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") whereby the Group and the Company have an insignificant business or operations and accordingly, the Company was classified as an affected listed issuer ("Affected Listed Issuer").

On 30 December 2019, the Board of Directors of the Company announced that the Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 ("PN17") under the MMLR of Bursa Securities. Hence, as of the date hereof, the Company is considered as a PN17 company.

On 26 March 2020, Bursa Securities has accorded additional relief measures to listed issuers, amongst other, a longer timeframe for listed issuers which trigger the criteria under Paragraphs 8.03A or 8.04 (Practice Note 17) of the MMLR and to announce the criteria under Paragraph 4.1(a) in Practice Note 17 of the MMLR to submit their regularisation plans to the Securities Commission Malaysia or Bursa Securities.

On 15 October 2021, the Board of Directors had announced their proposed regularisation plan ("Regularisation Plan"), which is summarised below:

- (a) a proposed shares issuance of 60.0 million new ordinary shares in FSBM ("FSBM Shares" or "Shares") ("Subscription Shares") representing approximately 30% of FSBM's enlarged issued shares after the shares issuance to the subscribers ("Proposed Shares Issuance");
- (b) the proposed disposal of the following subsidiaries:
 - FSBM CTech Sdn. Bhd. ("CTech"), a wholly-owned subsidiary of FSBM; and
 - Unos Sdn. Bhd. ("Unos"), a wholly-owned subsidiary of FSBM,for a total cash consideration of RM2.0 million ("Proposed Disposals");
- (c) a proposed renounceable rights issue of up to 250,006,290 new FSBM Shares on the basis of 1 rights share ("Rights Shares") for every 1 existing FSBM Share held, together with up to 125,003,145 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced later ("Proposed Rights Issue with Warrants"); and

2. BASIS OF PREPARATION (cont'd)

(e) Going concern assumption (cont'd)

On 15 October 2021, the Board of Directors had announced their proposed regularisation plan ("Regularisation Plan"), which is summarised below (cont'd):

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

As at the date of this report, the Company is pending to submit the formal Regularisation Plan to the relevant authorities to address its affected listed issuer status in compliance with the regulatory requirements.

The Board of Directors are of the opinion that the Group and the Company will be able to continue in operational existence for the foreseeable future and to realise their assets and settle their liabilities in the ordinary course of business. Accordingly, the preparation on the financial statements on a going concern basis is highly dependent on the successful submission, approval and subsequent implementation of the Regularisation Plan of the Group and of the Company to restore their financial position and to achieve sustainable and viable operations.

Should the Regularisation Plan not be approved or not materialise, the application of the going concern basis of accounting may be inappropriate and adjustments may be required to, inter alia, write down assets to their immediate realisable value, reclassify all long term assets as current and to provide for further costs which may arise.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Consolidation (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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 from sales of goods is recognised 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.

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.

(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.

(f) Leases

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 site on which it is located, less any lease incentives received.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases (cont'd)

The right-of-use asset is subsequently depreciated using the straight-line or systematic basis 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 the right-of-use assets are determined on the same basis as those of property, plant and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of 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 rate, or if the Group and the Company change their assessment of whether they 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.

(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) Property, plant and equipment

Property, 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Property, 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 property, 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 property, 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 cost can be measured reliably. The costs of the day-to-day servicing of property, 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.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, 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	10 years

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

Fully depreciated property, 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 property, plant and equipment.

(i) 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.

(j) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial instruments (cont'd)

(i) Initial recognition and measurement (cont'd)

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.

(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(k)(i)] where the effective interest rate is applied to the amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial instruments (cont'd)

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

Financial assets (cont'd)

(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(k)(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial instruments (cont'd)

(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.

(k) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) 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.

(m) 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.

(n) 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.

(o) Contingencies

(i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Contingencies (cont'd)

(i) Contingent liabilities (cont'd)

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.

(p) 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.

(q) 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

	Group	
	2021	2020
	RM'000	RM'000
Contract services	<u>405</u>	<u>128</u>
Timing of revenue recognition:		
Point in time	140	128
Over time	<u>265</u>	<u>-</u>
	<u>405</u>	<u>128</u>

The performance obligations and revenue recognition policies for respective revenue have been presented as below:

The Group provides contract services to its customers.

(i) Point in time

Revenue is recognised at point in time when the Group had satisfied performance obligation ("PO") i.e. rendering of services has been performed and monthly usage by respective customer. There is no unsatisfied PO to be recognised as at financial year.

(ii) Over time

The Group also provides contract services where the Group acts as the independent contractor for the purpose of designing and developing an application solution to its customers. The contract comprises a single PO and is measured based on the Group's efforts or inputs to the satisfaction of the PO (i.e. by reference to the cost incurred to date as a percentage of the estimated total costs of development of the contract).

The following table shows unsatisfied PO resulting from application solution revenue.

	2021
	RM'000
Total contracted revenue	2,850
Less: Revenue recognised	<u>(265)</u>
Unsatisfied PO as at 31 December 2021	<u>2,585</u>

The remaining unsatisfied PO are expected to be recognised as revenue within the next 1 year.

5. LOSS BEFORE TAX

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Statutory audits				
- Current year	138	138	80	80
- Others	5	5	5	5
Fair value loss on:				
- Marketable securities	278	57	-	-
Fair value gain on:				
- Other investments	(60)	-	(60)	-
Employees benefit expenses [Note 5(a)]	48	50	32	25
Impairment loss on:				
- Trade receivables	-	167	-	-
Short term lease	75	75	75	75
Write off of:				
- Trade receivables	6,174	-	5	-
- Other receivables	2,348	-	340	-
- Tax recoverable	35	-	-	-
- Property, plant and equipment	7	-	-	-
Write back of:				
- Trade payables	(667)	-	(157)	-
- Other payables	(1,417)	-	(734)	-

(a) Employees benefit expenses comprise of:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Staff costs				
Salaries and wages	29	37	15	15
Contributions to defined contribution plan	2	3	-	-
	<u>31</u>	<u>40</u>	<u>15</u>	<u>15</u>
Non-executive Directors				
Other emoluments	17	10	17	10
	<u>17</u>	<u>10</u>	<u>17</u>	<u>10</u>
Total employees benefit expenses	<u>48</u>	<u>50</u>	<u>32</u>	<u>25</u>

6. TAX EXPENSE

No provision for tax has been made in the financial year ended 31 December 2021 and 31 December 2020 as the Group and the Company have no taxable income.

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020 : 24%) of the estimated assessable profit for the year.

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Loss before tax	<u>(9,270)</u>	<u>(665)</u>	<u>(915)</u>	<u>(339)</u>
Tax at the Malaysian statutory income tax rate of 24%	(2,225)	(160)	(220)	(81)
Tax effect arising from non-deductible expenses	<u>2,225</u>	<u>160</u>	<u>220</u>	<u>81</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group and the Company have estimated unutilised tax losses, unabsorbed capital allowances and unabsorbed pioneer losses available for set-off against future taxable profits as follows, of which no deferred tax assets were recognised:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	112,080	112,080	62,416	62,416
Unabsorbed capital allowances	3,842	3,842	2,287	2,287
Unabsorbed pioneer losses	<u>1,577</u>	<u>1,577</u>	<u>-</u>	<u>-</u>
	<u>117,499</u>	<u>117,499</u>	<u>64,703</u>	<u>64,703</u>

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. In the announcement of Malaysia 2022 Budget, 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 LOSS PER ORDINARY SHARE

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

	Group 2021	2020
Loss after tax attributable to the Owners of the Company (RM'000)	<u>(9,326)</u>	<u>(682)</u>
Weighted average number of ordinary shares for basic loss per ordinary share excluding treasury shares ('000 units)	<u>140,224</u>	<u>140,224</u>
Basic loss per ordinary share (sen)	<u>(6.65)</u>	<u>(0.49)</u>

Diluted loss per share is not presented as there were no potential dilutive ordinary shares outstanding during the financial year as the average market price of the ordinary share was lower than the exercise price of the unexpired warrants as disclosed in Note 17.

8. PROPERTY, PLANT AND EQUIPMENT

	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 2021	125	787	600	1,512
Written off	<u>(125)</u>	<u>(787)</u>	<u>(600)</u>	<u>(1,512)</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated depreciation				
At 1 January 2021	125	786	594	1,505
Written off	<u>(125)</u>	<u>(786)</u>	<u>(594)</u>	<u>(1,505)</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net carrying amount				
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

8. PROPERTY, 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
2020				
Group				
Cost				
At 1 January/				
31 December 2020	125	787	600	1,512
Accumulated depreciation				
At 1 January/				
31 December 2020	125	786	594	1,505
Net carrying amount				
At 31 December 2020	-	1	6	7

	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Total RM'000
2021			
Company			
Cost			
At 1 January 2021	90	647	737
Written off	(90)	(647)	(737)
At 31 December 2021	-	-	-
Accumulated depreciation			
At 1 January 2021	90	647	737
Written off	(90)	(647)	(737)
At 31 December 2021	-	-	-
Net carrying amount			
At 31 December 2021	-	-	-
2020			
Cost			
At 1 January/31 December 2020	90	647	737
Accumulated depreciation			
At 1 January/31 December 2020	90	647	737
Net carrying amount			
At 31 December 2020	-	-	-

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM'000	RM'000
Unquoted shares, at cost		
At 1 January/31 December	36,099	36,099
Less: Accumulated impairment loss		
At 1 January/31 December	<u>(36,099)</u>	<u>(36,099)</u>
Net carrying amount	<u><u>-</u></u>	<u><u>-</u></u>

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2021	2020	
		%	%	
Asian Technology Resources Sdn. Bhd.*	Malaysia	100	100	Provision of car park management services
FSBM CTech Sdn. Bhd. ^	Malaysia	100	100	Development of software applications and systems integration
FSBM Datatech Sdn. Bhd.*	Malaysia	100	100	Investment holding
FSBM I-Centre Sdn. Bhd.*	Malaysia	100	100	Development and delivery of multimedia learning and teaching products and services
FSBM I-Command Sdn. Bhd.*	Malaysia	100	100	Development of intelligent city, municipal and building solutions and the provision of related system engineering services
FSBM I-Design Sdn. Bhd.*	Malaysia	100	100	Provider of enterprise-wide ICT and systems integration services

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2021 %	2020 %	
FSBM Learning Media Sdn. Bhd.*	Malaysia	100	100	Development and delivery of multimedia learning and teaching products and services
FSBM Mantissa (Malaysia) Sdn. Bhd.*	Malaysia	100	100	Development and provision of study plans, programs and courses including instruct, teach and delivery of courses
FSBM MSC Gateway Sdn. Bhd.*	Malaysia	100	100	Provider of communication and networking services
FSBM M2B Sdn. Bhd.*# ("FSBM M2B")	Malaysia	54	54	Contents syndication and distribution, contents aggregation, channel development, electronic programming, consultancy and design
FSBM Net Media Sdn. Bhd.*	Malaysia	100	100	Provider of communication and networking services
FSBM Smart Comm Sdn. Bhd.*	Malaysia	100	100	Property management
Jaring Sekitar Sdn. Bhd.*	Malaysia	100	100	Investment holding
MyUnos Sdn. Bhd.*	Malaysia	100	100	Provider of communication and networking services
Smart 360 Sdn. Bhd.*	Malaysia	100	100	Development and delivery of training products and services for schools and teachers

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2021 %	2020 %	
Unos Sdn. Bhd.*	Malaysia	100	100	Provider of communication and networking services

Subsidiary of Asian Technology Resources Sdn. Bhd.

Televas Holdings Sdn. Bhd. ("Televas")*#	Malaysia	51	51	Project management
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* Not audited by Moore Stephens Associates PLT.

Summarised financial information of companies with non-controlling interests is not presented as these companies are not material to the Group.

^ the auditors' report on the financial statements of this subsidiary contain a disclaimer opinion.

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			
2021			
NCI percentage of ownership interest and voting interest	46%	49%	-
Carrying amount of NCI	(823)	(1,270)	(2,093)
Profit allocated to NCI	3	53	56
2020			
NCI percentage of ownership interest and voting interest	46%	49%	-
Carrying amount of NCI	(826)	(1,323)	(2,149)
Profit allocated to NCI	(2)	19	17

9. 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:

	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 assets	<u><u>(1,776)</u></u>	<u><u>(2,592)</u></u>
Results		
Revenue	-	140
Profits for the financial year, representing total comprehensive income for the year	<u><u>6</u></u>	<u><u>109</u></u>
Cash flows used in:		
- Operating activities	<u><u>*</u></u>	<u><u>(1)</u></u>
Group 2020		
Assets and liabilities		
Current assets	2	485
Current liabilities	<u>(1,784)</u>	<u>(3,186)</u>
Net assets	<u><u>(1,782)</u></u>	<u><u>(2,701)</u></u>
Results		
Revenue	-	128
Profits/(Loss) for the financial year, representing total comprehensive income for the year	<u><u>(5)</u></u>	<u><u>40</u></u>
Cash flows used in:		
- Operating activities	<u><u>*</u></u>	<u><u>(13)</u></u>

* representing 2021:RM91 (2020:RM90)

10. OTHER INVESTMENTS

	Group and Company	
	2021	2020
	RM'000	RM'000
At fair value through profit or loss:		
Investment in unquoted shares in Malaysia	300	300
Changes in fair value:		
At 1 January	-	-
Fair value gain	60	-
At 31 December	60	-
	<u>360</u>	<u>300</u>

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 was exercised subsequent to the financial year end 31 December 2021 at a price of RM1.20 per share, totaling 300,000 number of unquoted shares hold 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 during the financial year.

11. TRADE RECEIVABLES

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
External parties	(a)	153	35,898	-	9,813
Subsidiaries	(b)	-	-	-	2,751
		<u>153</u>	<u>35,898</u>	<u>-</u>	<u>12,564</u>
Accumulated impairment loss					
- External parties					
At 1 January		(29,695)	(29,528)	(9,813)	(9,813)
Addition		-	(167)	-	-
Written off		29,695	-	9,813	-
At 31 December		-	(29,695)	-	(9,813)
- Subsidiaries					
At 1 January		-	-	(2,746)	(2,746)
Written off		-	-	2,746	-
At 31 December		-	-	-	(2,746)
		<u>-</u>	<u>(29,695)</u>	<u>-</u>	<u>(12,559)</u>
		<u>153</u>	<u>6,203</u>	<u>-</u>	<u>5</u>

11. TRADE RECEIVABLES (cont'd)

The normal credit terms of trade receivables of the Group and of the Company range from 30 to 90 days (2020: 30 to 90 days).

During the 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Trade receivables	-	31,362	-	7,913
Accumulated impairment loss				
At 1 January	(25,319)	(25,319)	(7,913)	(7,913)
Written off	25,319	-	7,913	-
At 31 December	-	(25,319)	-	(7,913)
	-	6,043	-	-

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 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 RM40,972,647.41 until full settlement thereof;
- (vi) Costs of RM60,000.00 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 RM3,000.00.

11. 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)

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.

Azman and 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.

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

12. OTHER RECEIVABLES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables					
- External parties	(a)	-	8,697	-	4,808
- Subsidiaries	(b)	-	-	-	39,655
- Staff advances		-	37	-	-
Prepayment		-	100	-	-
		-	8,834	-	44,463
Accumulated impairment loss					
- External parties					
At 1 January		(6,487)	(6,487)	(4,661)	(4,661)
Written off		6,487	-	4,661	-
At 31 December		-	(6,487)	-	(4,661)
- Subsidiaries					
At 1 January		-	-	(39,545)	(39,545)
Written off		-	-	39,545	-
At 31 December		-	-	-	(39,545)
		-	(6,487)	-	(44,206)
		-	2,347	-	257

During the 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.

12. OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Other receivables	-	2,377	-	862
Accumulated impairment loss				
At 1 January	(2,377)	(2,377)	(862)	(862)
Written off	2,377	-	862	-
At 31 December	-	(2,377)	-	(862)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

13. CONTRACT ASSETS

Contract assets solely relate to the Group's right to consideration for work completed on application solution but not yet billed at the reporting date. The amount will be billed within 90 days.

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

14. MARKETABLE SECURITIES

	Group	
	2021	2020
	RM'000	RM'000
Fair value through profit or loss		
- Investment in quoted shares outside Malaysia		
At 1 January	285	342
Fair value loss	(278)	(57)
At 31 December	<u>7</u>	<u>285</u>

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021	2020	2021	2020
	Unit '000	Unit '000	RM'000	RM'000
Issued and fully paid:				
At 1 January/31 December	<u>141,315</u>	<u>141,315</u>	<u>10,064</u>	<u>10,064</u>

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 regards to the Company's residual assets.

16. 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 (2020: RM712,000) as at financial year end. As at 31 December 2021, the Company had a total of 1,091,000 (2020: 1,091,000) ordinary shares of its 141,315,000 ordinary shares as treasury shares.

17. WARRANTS RESERVE

	Group and Company	
	2021	2020
	RM'000	RM'000
At 1 January/31 December	<u>4,534</u>	<u>4,534</u>

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:

- (a) 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;
- (b) The exercise price of the warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;
- (c) 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
- (d) The warrants are for a period of ten years and expire on 16 May 2022.

The number of unissued shares under warrants are 49,782,530 (2020: 49,782,530).

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

18. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors to the Group and to the Company range from 1 to 30 days (2020: 1 to 30 days).

During the 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 19 below. This gave rise to write back of trade payables in the Group and in the Company of RM667,000 and RM157,000 respectively

19. OTHER PAYABLES

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Other payables					
- External parties		2,949	2,450	1,703	1,100
- Subsidiaries	(a)	-	-	8,971	9,205
Deposits		-	47	-	47
Accruals		1,517	1,479	989	1,212
Amount owing to Directors	(a)	<u>1,277</u>	<u>103</u>	<u>768</u>	<u>-</u>
		<u>5,743</u>	<u>4,079</u>	<u>12,431</u>	<u>11,564</u>

19. OTHER PAYABLES (cont'd)

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

During the 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.

20. RELATED PARTY TRANSACTIONSIdentity 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.

Related parties' balances are disclosed in Notes 11, 12 and 19.

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

	2021 RM'000	2020 RM'000
Group		
Transaction with a Director is as follows:		
Advances from/(Repayment to)	1,174	(34)
Company		
Transaction with a Director is as follows:		
Advances from/(Repayment to)	768	-
Transaction with subsidiaries is as follows:		
Advances to/(repayment from)	81	(110)
(Repayment to)/Advances from	(234)	150

20. RELATED PARTY TRANSACTIONS (cont'd)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 Company either directly or indirectly. The key management personnel is made up of all the Directors of the Company and its subsidiaries.

The remuneration paid by the Group and the Company to key management personnel during the financial year has been disclosed in Note 5(a).

21. OPERATING SEGMENTS**(a) Segmental information**

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, solely related to information technology i.e. contract services and application solution.

(b) Geographical information

No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

22. FINANCIAL INSTRUMENTS**Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Fair value through profit or loss</u>				
- Other investments	360	300	360	300
- Marketable securities	7	285	-	-
	<u>367</u>	<u>585</u>	<u>360</u>	<u>300</u>
<u>Amortised cost</u>				
- Trade receivables	153	6,203	-	5
- Other receivables	-	2,247	-	257
- Cash and cash equivalents	229	45	19	23
	<u>382</u>	<u>8,495</u>	<u>19</u>	<u>285</u>
	<u>749</u>	<u>9,080</u>	<u>379</u>	<u>585</u>
Financial liabilities				
<u>Amortised cost</u>				
- Trade payables	76	820	32	190
- Other payables	5,743	4,079	12,431	11,564
	<u>5,819</u>	<u>4,899</u>	<u>12,463</u>	<u>11,754</u>

22. FINANCIAL INSTRUMENTS (cont'd)

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 and liquidity 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.

(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, contract assets and amounts due from subsidiaries.

There are no significant changes as compared to prior years.

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

At the reporting date, approximately 96% and Nil (2020: 93% and 97%) respectively of the Group's and the Company's gross trade receivables were due from 2 and Nil (2020: 2 and 4) receivables 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.

There are no significant changes as compared to prior years.

22. FINANCIAL INSTRUMENTS (cont'd)**(a) Credit risk (cont'd)****Recognition and measurement (cont'd)**

The Group and the Company apply the MFRS 9 simplified approach to measuring Expected Credit Losses ("ECL") which uses a lifetime expected loss allowance for trade receivables.

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.

Impairment losses

The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 December 2021 and 31 December 2020:

	Gross RM'000	Impairment losses RM'000	Net RM'000
Group			
2021			
Trade receivables			
Not past due	153	-	153
Contract assets	123	-	123
	<u>276</u>	<u>-</u>	<u>276</u>
2020			
Trade receivables			
Not past due	12	-	12
Past due:			
More than 90 days	339	-	339
Credit impaired			
Individually impaired	35,547	(29,695)	5,852
	<u>35,898</u>	<u>(29,695)</u>	<u>6,203</u>
Company			
2021			
Credit impaired			
Individually impaired	-	-	-
2020			
Credit impaired			
Individually impaired	12,564	(12,559)	5

22. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Impairment losses (cont'd)

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature. However, the Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business except for those trade debtors disclosed in Note 11(a).

Credit impaired

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

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

ECL of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. The Group and the Company have provided allowances for expected credit losses on these amounts as disclosed in Note 12 except for those other debtors disclosed in Note 12(a).

Inter-company balances

The Company provides unsecured loan and advance to subsidiaries. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, there was impairment loss required in respect of amounts due from subsidiaries as disclosed in Note 12.

22. 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.

As disclosed in Note 2(e), the Company has announced the Regularisation Plan and as at the date of this report, are in the midst of submitting the Regularisation Plan to the relevant authorities.

All of the Group's and the Company's liabilities at the reporting date mature within one year or repayable on demand.

23. FAIR VALUES INFORMATION

Financial 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
2021					
Group					
Financial Asset					
Other investments	-	-	360	360	360
Marketable securities	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
2020					
Financial Asset					
Other investments	-	-	300	300	300
Marketable securities	<u>285</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>285</u>

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

23. FAIR VALUES INFORMATION (cont'd)

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.

24. 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-equity ratio that complies with debt covenants and regulatory. As the Group has no external borrowings, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk borrowings.

There were no change in the Group's approach to capital management during the financial year.

As disclosed in Note 2(e), the Company has been considered a PN 17 company and are currently in the midst of submitting the Regularisation Plan to the relevant authorities, having announced the aforementioned plan on 15 October 2021.

25. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) Contract revenue

On 13 October 2021, the Board of Directors have announced that one of its subsidiary, FSBM I-Design Sdn. Bhd. ("Developer") has entered into application development agreement with (i) MovingUp Mobile Sdn Bhd ("Hirer 1") ("A&D Agreement 1") and (ii) Herbs Cell Nutrition Sdn Bhd ("Hirer 2") ("A&D Agreement 2") to act as the independent contractor for Hirer 1 and Hirer 2 for the purpose of designing and developing an application solution which consist of a web and mobile platform for Hirer 1 with front end system (Mobile and Web Application) and back end systems (Administration Portal).

On 15 October 2021, the Board of Directors have announced that one of its subsidiary, FSBM I-Design Sdn. Bhd. ("Supplier") entered into a procurement and supply agreement with Linear Channel Sdn Bhd ("Buyer"). The agreement allows the Supplier to procure and supply and the Buyer to purchase the refurbished laptops, tablets and personal computers.

(ii) Regularisation Plan

On 15 October 2021, the Board of Directors have announced their proposed regularisation plan and the details are summarised in Note 2(e).

25. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

(iii) COVID-19

Since early 2020, the Coronavirus outbreak ("COVID-19") had become a global pandemic event which adversely affected the worldwide economic condition with the strict impositions of travel restrictions, constraints on the movement of people and the suspension of many business operations to curb the spread of COVID-19. At the same time, the pandemic has accelerated digital adoption and the Board of Directors believe that the Group as an IT solutions and systems provider has potential in capturing new growth opportunities in the technology industries. The Group and the Company will continue to monitor the impact of COVID-19 and its impact on the Group's and on the Company's financial position, cash flows and operating results.

26. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

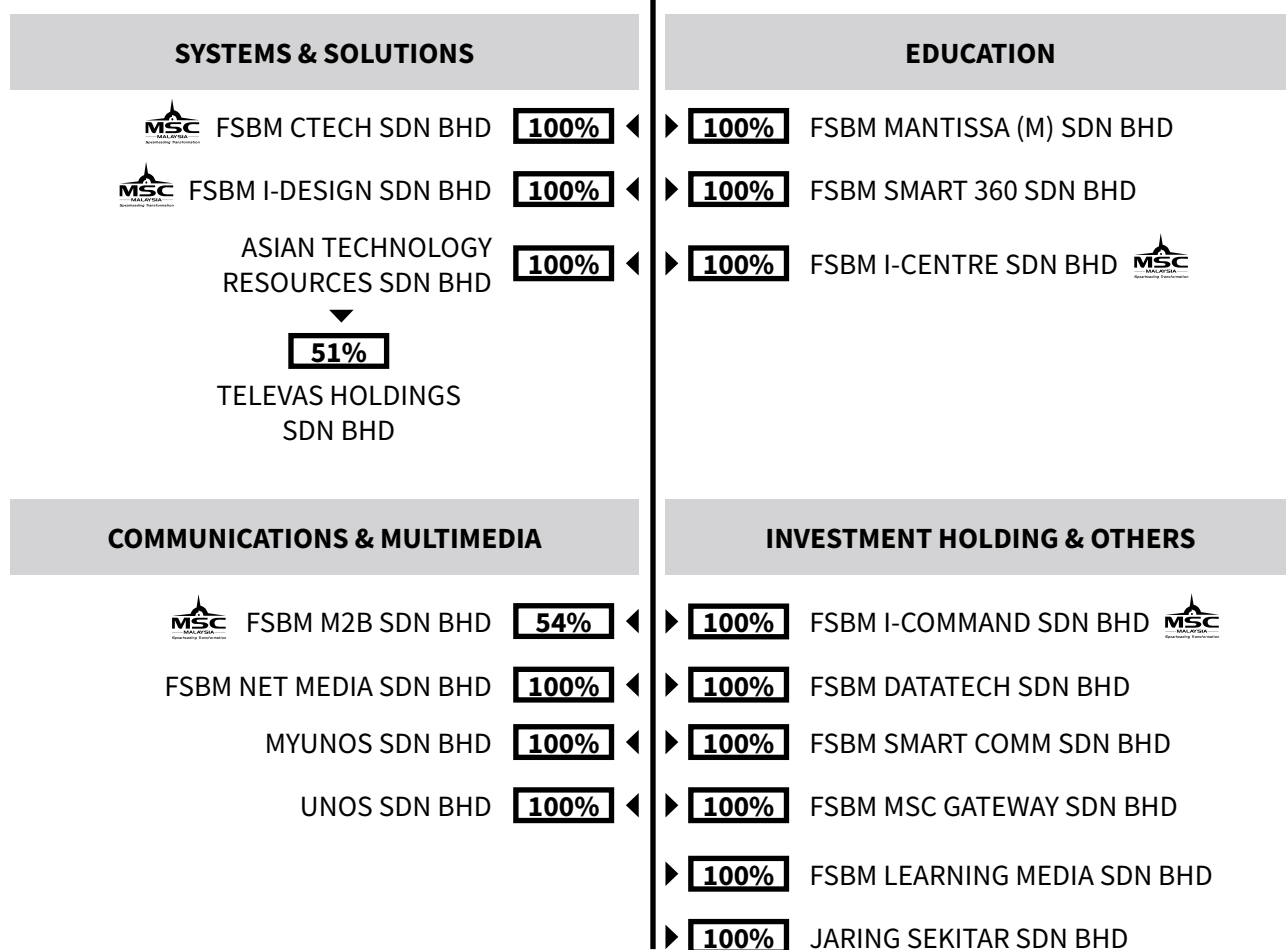
On 8 April 2022, the Board of Directors have announced that one of its subsidiary, FSBM I-Design Sdn. Bhd. ("Developer") entered into an application development agreement with Level 01 Technologies Limited ("Hirer") to act as the independent contractor for the Hirer for the purpose of designing and developing an application solution which consist of a web and mobile platform for the Hirer with front end system (Mobile and Web Application) and back end systems based on the objectives and scope of work set out in the agreement ("A&D Agreement").

26. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform with the current year's presentation:

	As previously reported RM'000	As reclassified RM'000
Group		
31 December 2020		
<u>Statement of financial position</u>		
EQUITY		
Equity attributable to Owners of the Company	4,520	6,472
Non-controlling interests	(197)	(2,149)
 <u>Statement of changes in equity</u>		
Accumulated losses at 1 January 2020	(8,684)	(6,732)
Non-controlling interests at 1 January 2020	(214)	(2,166)
Accumulated losses at 31 December 2020	(9,366)	(7,414)
Non-controlling interests at 31 December 2020	<u>(197)</u>	<u>(2,149)</u>

CORPORATE STRUCTURE



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FSBM HOLDINGS BERHAD

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

PROXY FORM 37TH 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-Seventh Annual General Meeting of the Company to be at Function Rooms, Level M3, VE Hotel & Residence, Bangsar South City, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, on Friday, 20 May 2022 at 10.30 a.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	Re-election of Dato' Tan Hock San @ Tan Hock Ming as Director		
Resolution 2	Re-election Mr Pang Kiew Kun as Director		
Resolution 3	Re-election Mr Mok Kar Foo as Director		
Resolution 4	Re-election Mr Tey Giap Turn 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 _____ 2022.

Signature of Member / Common Seal of Shareholder

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

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 10 May 2022. 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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