

# SUSTAINABILITY STATEMENT

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

Throughout the years, the Company was transferred to the Main Market of Bursa Securities. FSBM’s current objectives and strategies will be focuses on Managed Security Services, Smart Manufacturing Solutions, Digital Solutions and Services.

The Board of Directors (“BOD”) of FSBM is pleased to present its annual sustainability statement (“the Statement”) for the financial year ending 31 December 2023, which provides a comprehensive overview of the Group’s approach to sustainability development.

FSBM recognizes that its responsibility to its stakeholders is to deliver sustainable financial results and uphold good corporate governance.

## About this Sustainability Statement

This report provides a comprehensive overview of the Group’s approach to sustainability development for the financial year ended 31 December 2023 (“FYE2023”). It covers aspects of the Group’s economic, environmental, and social performance and aspects of governance that reflect our commitment to sustainability.

Our principles on sustainable development are ingrained in the policies and procedures of the various business divisions within the Group, namely Platform Design and Development, Managed Security Services, and Smart Manufacturing Solutions. We actively and continuously review and improve our policies and procedures integrating our principles in all of our operations. In gearing up towards a stronger and more comprehensive sustainability approach, we have developed a sustainability commitment.

The disclosures in this statement have been prepared in accordance with International Financial Reporting Standards (“IFRS”) which establish Guiding Principles and Content Elements allowing the Group to produce integrated report. We address the disclosures of organizational overview, governance structure, business model, risks and opportunities, strategy, performance, and outlook of the Group. The Statement, which showcases our United Nation Sustainable Development Goals (“UNSDG”) complies with the Sustainability Reporting Guide (“SRG”) as well as toolkit issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”), Global Reporting Initiative (“GRI”) Standards and Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations.



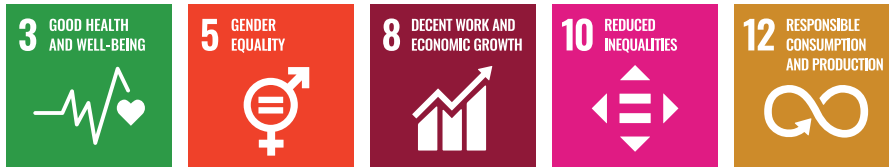
# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Framework

The Group's corporate strategy and sustainability approach incorporate ESG considerations to guarantee sustainable business growth and long-term value creation. The Group assess its sustainability approach and priorities to align with the expectations of stakeholders and to enhance value generation.

The sustainability framework is supported by the following pillars of sustainability developed by the United Nation's Sustainable Development Goals:



## Sustainability Pillars

UNSDG	Sustainability Pillars	Descriptions	Importance to the Group	Stakeholder Groups
3	Good Health and Wellbeing	Providing for the health, safety, and well-being of employees in the workplace.	The Group commits to complying with all applicable environmental, health, and safety laws and regulations to ensure a healthy working environment that promotes physical and mental health and safety.	<ul style="list-style-type: none"> <li>Regulators &amp; Government</li> <li>Employees, Management &amp; Board</li> </ul>
5	Gender Equality	Fostering fair employment practices, which include all genders.	Establishing inclusive working environment for all employees promotes a healthy and productive work culture which boosts employees' morale and translates into enhanced operational performance.	<ul style="list-style-type: none"> <li>Employees, Management &amp; Board</li> </ul>
8	Decent Work and Economic Growth	Promoting direct and indirect value creation in strategic investment decisions to ensure sustainable growth for the Group and enhance our shareholder returns.	Investment and partnership strategies guide the Group towards long-term sustainable business growth by ensuring operational performance growth and continuous positive value creation to all stakeholders.	<ul style="list-style-type: none"> <li>Shareholders, Investors &amp; Analysts</li> <li>Suppliers &amp; Business Partners</li> </ul>
10	Reduced Inequalities	Fostering fair employment practices and ensuring equal employment opportunity is available community wide.	Creating positive impacts and purposeful contributions to the local communities for long-term sustainable community development.	<ul style="list-style-type: none"> <li>Employees, Management &amp; Board</li> </ul>
12	Responsible Consumption and Production	Managing environmental impacts through effective waste management and water consumption.	The Group conducts business activities in a sustainable manner through water-use efficiency and effective waste management.	<ul style="list-style-type: none"> <li>Regulators &amp; Government</li> <li>Community &amp; CSO</li> </ul>

# SUSTAINABILITY STATEMENT

(CONT'D)

## Membership of Association and Accreditation

The Group engages with various associations within the information technology industry to participate and contribute to meeting stakeholder expectations.

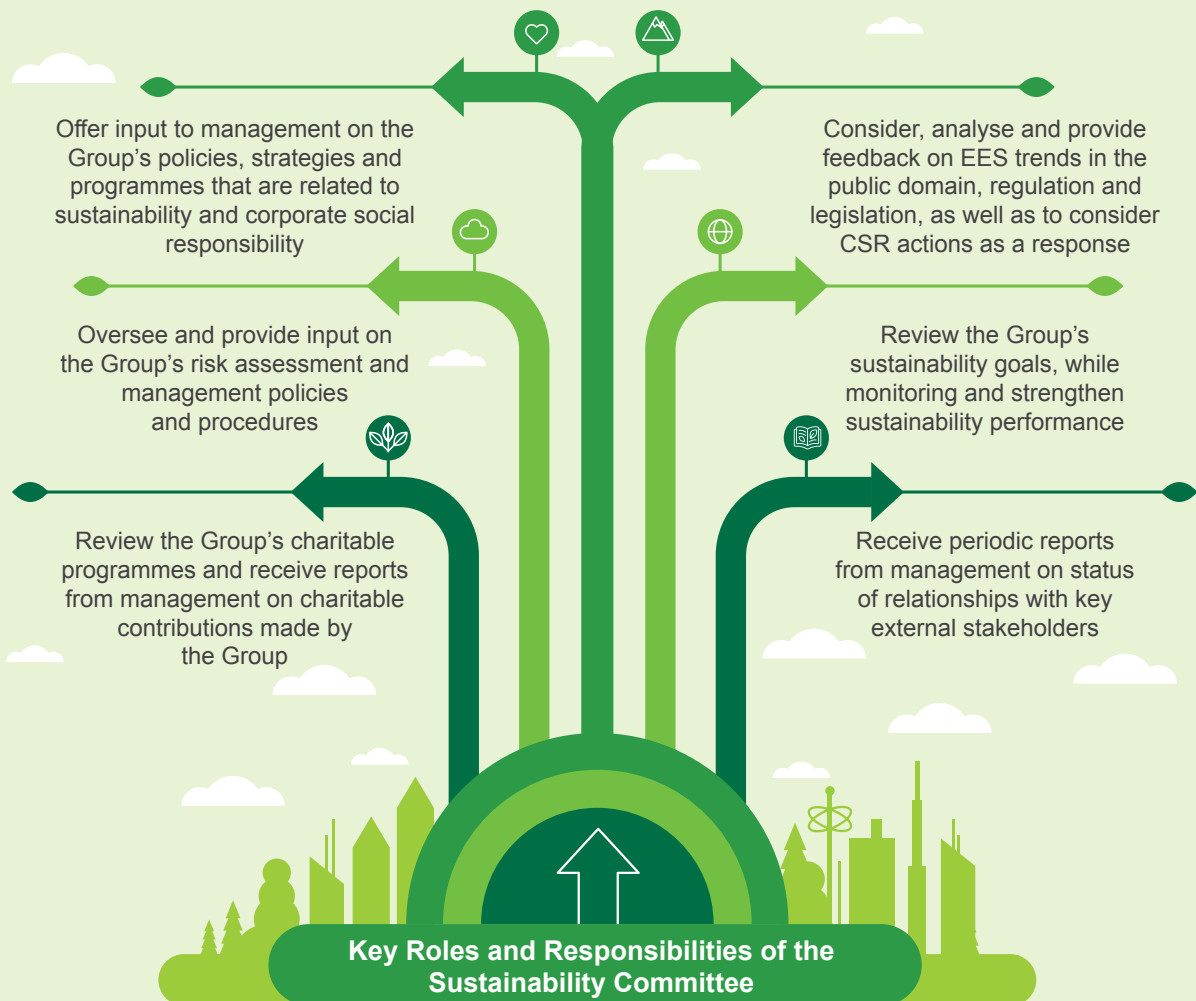
On 8 May 2023, FSMB Holding Berhad's wholly owned subsidiary, FSMB MES Elite Sdn Bhd ("FMES"), entered into a memorandum of understanding ("MoU") with the Selangor Human Resource Development Centre ("SHRDC") to collaborate on the Research and Development ("R&D") of technology applications aimed at optimizing industrial processes.

FMES has also obtained ordinary membership in the Malaysia Semiconductor Industry Association ("MSIA").

Smart4wrld is an initiative to address manufacturers' concerns and challenges in adopting Industry 4.0. It is a collaborative partnership of manufacturers, technology and solution providers, trade industry associations and relevant government agencies. Hence, Smart4wrld has recognized FMES as a proactive industry player and Industry 4.0 Driver.

## Sustainability Governance Structure

Sustainability requires a top-down approach, where the Board of Directors plays a pivotal role in leading the Group towards achieving its goals and targets. The Group has established a governance structure for effective oversight and implementation of sustainability initiatives.



# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Governance Structure (Cont'd)



## Stakeholders Engagement

The table below shows the types of engagement for each stakeholder and their frequency.

Stakeholders	Frequency	Areas of Interest	Methods of Engagement	Sustainability Materiality
Customers	Ongoing	<ul style="list-style-type: none"> <li>Product and Service Quality</li> <li>Data Safety and Security</li> </ul>	<ul style="list-style-type: none"> <li>Regular client meeting</li> <li>Marketing campaigns</li> <li>Company website</li> <li>Social media network</li> </ul>	Social and Governance factor
Suppliers and Contractors	Ongoing	<ul style="list-style-type: none"> <li>Transparent procurement practices</li> <li>Payment schedule</li> <li>Pricing of services</li> <li>Timely completion and delivering</li> </ul>	<ul style="list-style-type: none"> <li>Contract negotiation</li> <li>Vendor registration</li> <li>Contract Agreement</li> <li>Site inspection and verification</li> </ul>	Economic and Governance factor
Employees	Annually	<ul style="list-style-type: none"> <li>Performance Management</li> <li>Learning and Development</li> <li>Ethics and Integrity</li> <li>Remuneration</li> <li>Health and safety at the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Staff appraisal</li> <li>Training Programs</li> </ul>	Social factor
Investors/ Shareholders	Quarterly & Annually	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Business Strategy</li> <li>Stable income distribution</li> <li>Mitigation and adaptation to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report</li> <li>Bursa Malaysia announcements</li> </ul>	Governance factor
Regulators	Ongoing	<ul style="list-style-type: none"> <li>Regulatory compliance including environmental and social compliance</li> <li>Security and safety issues</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Compliance with regulatory requirements</li> </ul>	Governance factor
Communities	Annually	<ul style="list-style-type: none"> <li>Environmental impacts</li> <li>Impact on existing business</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement</li> <li>Financial reporting</li> <li>Sustainability reporting</li> </ul>	Social factor

# SUSTAINABILITY STATEMENT

(CONT'D)

## Materiality Assessment

The materiality assessment is a key component in enhancing sustainability at FSBM. We consider material topics as sustainability issues and opportunities that can impact our value creation.

These topics are evaluated based on their influence on FSBM and their significance to stakeholders. Our materiality assessment process is summarized below.

## Materiality Assessment Steps



01

### Collect information across the entire supply chain

- Sustainable Development Guidelines
- Employee Satisfaction Survey
- Community Satisfaction Survey
- Inputs from complaint mechanism
- Enterprise Risk Assessment



02

### Assess sustainability issues on the basis of impact on stakeholders

- Organise meetings with representatives of functional areas that relate to each group of stakeholders to measure the extent of impact.
- Conduct internal meetings at functional level to review priorities, taking into account external stakeholders' perspectives.



03

### Assess the importance of issues on the basis of impact on the organisation

- Organise meetings with representatives from functions/units to analyse and prioritise material issues from the organisation's perspective and considering impact or potential business opportunity.



04

### Prioritise material sustainability issues

- Plot the Materiality Matrix reflecting the perspective of stakeholders.
- Organise meetings with functional areas to solicit opinion and to validate the result of materiality prioritisation.
- Present Materiality Assessment results to the FSBM Sustainability Committee.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Materiality Assessment Steps (Cont'd)

Based on the ranking given to each of the material matters, a materiality matrix is derived as shown below.

This has been done through a thorough process of identification, ranking and verification which led to the result on the level of importance these material sustainability matters have on the Group's business operations as well as our stakeholders.

The finalized materiality matrix is presented below.

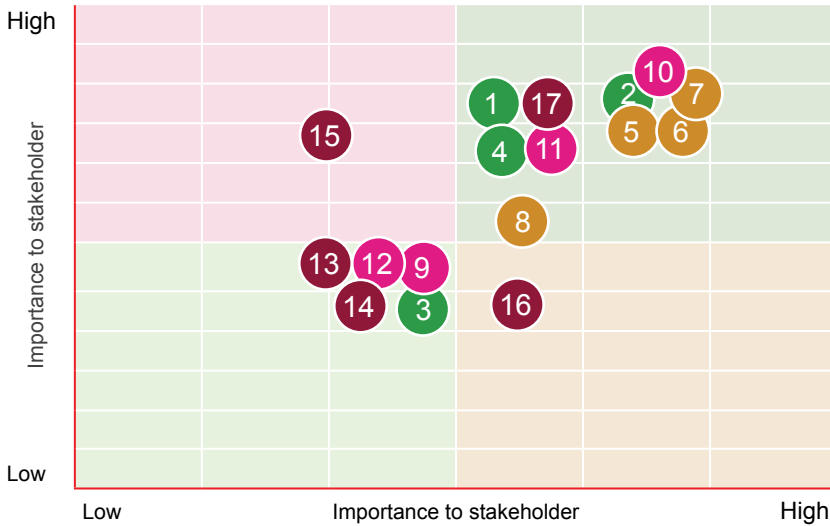
## Materiality Mapping

No.	Material Sustainability Matters	Stakeholder Group	Applicable GRI Indicator
1.	Corporate Governance and transparency	Employees, Regulators, Investors	GRI General Disclosures
2.	Financial Performance	Employees, Investors	GRI Disclosure 201
3.	Procurement and Supply Chain Management	Suppliers and Contractors, Regulators	GRI Disclosure 204
4.	Legal and Regulatory Compliance	Regulators	Compliance
5.	Customer Satisfaction	Customers	Product Responsibility
6.	Product Quality	Employees, Regulators, Investors	Product and Service Labeling
7.	Occupational Health and Safety	Employees, Contractors, Regulators	GRI Disclosure 403
8.	Talent Retention	Employees	GRI Disclosure 404
9.	Human & Workers' Rights Protections	Employees	GRI General Disclosures
10.	Recycled Materials	Employees	GRI Disclosure 301
11.	Risk Management	Regulators, Investors	GRI General Disclosures
12.	Energy and Climate change	Employees	GRI Disclosure 302 & 305
13.	Water Management	Employees	GRI Disclosure 303
14.	Equality and Diversity	Employees	GRI Disclosure 405
15.	Community Engagement	Local Communities	Local Communities
16.	Personal Data Protection Act ("PDPA")	Employees	Compliance
17.	Anti-Bribery and Anti-Corruption ("ABAC")	Employees	GRI Disclosure 205

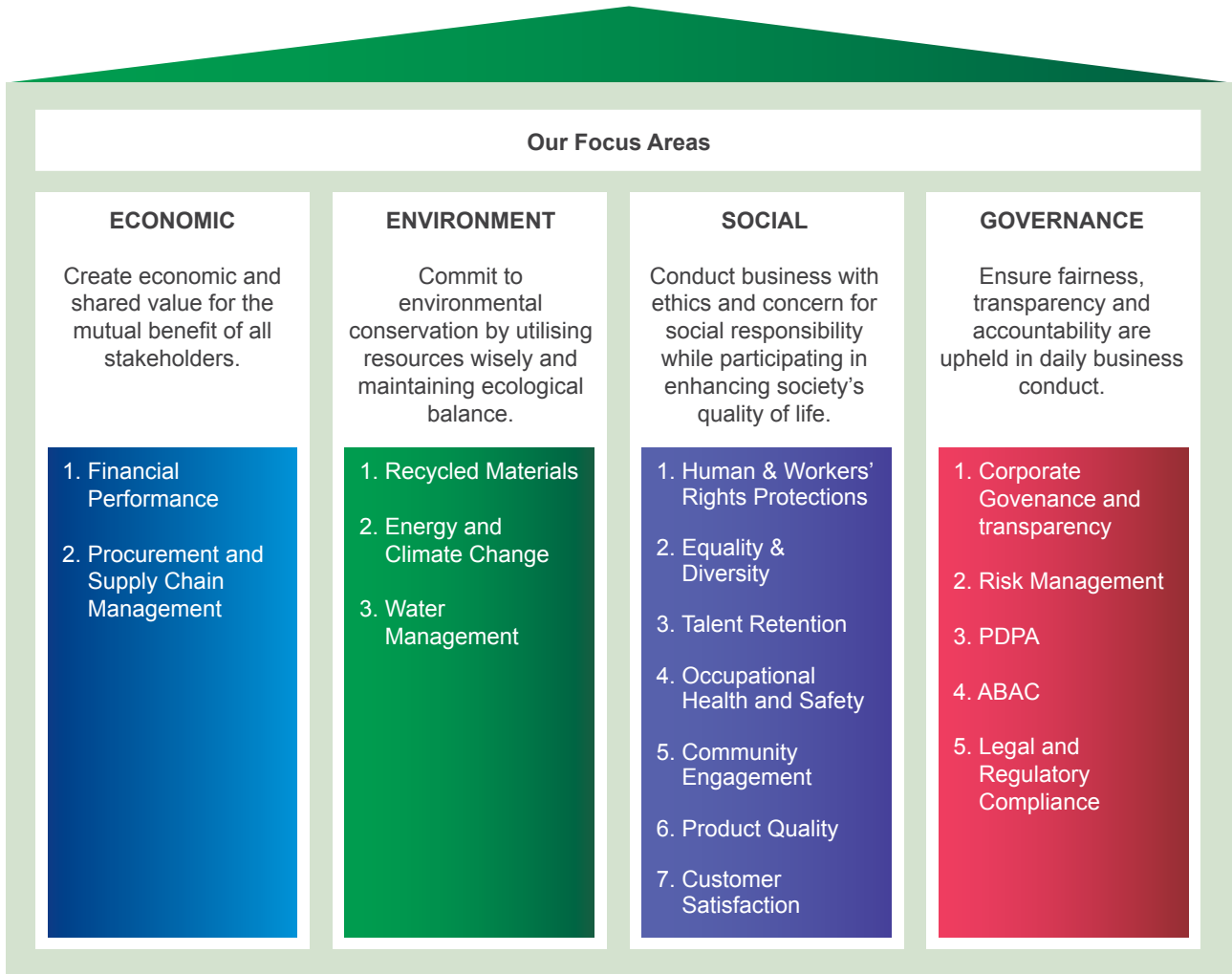
# SUSTAINABILITY STATEMENT

(CONT'D)

## Materiality Matrix



## Materiality Framework



# SUSTAINABILITY STATEMENT

(CONT'D)

## Managing Sustainability

ASPECT	KPI	TARGET DETAILS	CURRENT PROGRESS													
Environment	Recycled Materials	Reduce the usage of A4 papers by 30% from the 2023 baseline by 2025	<p>The Group A4 papers and toilet papers usage for 2023 is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Amount</th> <th>Usage</th> </tr> </thead> <tbody> <tr> <td rowspan="3">2023</td> <td>242.00</td> <td>80grams X 440 Sheet X 20 Ream</td> </tr> <tr> <td>128.00</td> <td>80grams X 500 Sheet X 10 Ream</td> </tr> <tr> <td>102.35</td> <td>2PLY X 10 Sheets</td> </tr> <tr> <td><b>Total</b></td> <td><b>472.35</b></td> <td></td> </tr> </tbody> </table> <p>In year 2021, the Group business was inactive and also for the year 2022, there are no usage of papers.</p>	Year	Amount	Usage	2023	242.00	80grams X 440 Sheet X 20 Ream	128.00	80grams X 500 Sheet X 10 Ream	102.35	2PLY X 10 Sheets	<b>Total</b>	<b>472.35</b>	
	Year	Amount	Usage													
	2023	242.00	80grams X 440 Sheet X 20 Ream													
		128.00	80grams X 500 Sheet X 10 Ream													
102.35		2PLY X 10 Sheets														
<b>Total</b>	<b>472.35</b>															
CO <sup>2</sup> Emission	Reduce absolute GHG emissions for Scope 1 and Scope 2 by 40% in 2030	<p>The Group motor vehicles fuel consumption and carbon footprint generated for 2022 and 2023 is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Fuel Consumption (Litre)</th> <th>Carbon Footprint generated</th> </tr> </thead> <tbody> <tr> <td>2022 (Jun-Dec)</td> <td>1,225.87 Litre</td> <td>2.85 tCO<sub>2</sub>e</td> </tr> <tr> <td>2023</td> <td>3,210.65 Litre</td> <td>7.46 tCO<sub>2</sub>e</td> </tr> </tbody> </table> <p>We noted there are increase of 161.754% in 2023 when compared to year 2022 due to work from home in the first half of 2022.</p> <p>In year 2021, the Group business was inactive and there are no fuel claims by Directors.</p>	Year	Fuel Consumption (Litre)	Carbon Footprint generated	2022 (Jun-Dec)	1,225.87 Litre	2.85 tCO <sub>2</sub> e	2023	3,210.65 Litre	7.46 tCO <sub>2</sub> e					
Year	Fuel Consumption (Litre)	Carbon Footprint generated														
2022 (Jun-Dec)	1,225.87 Litre	2.85 tCO <sub>2</sub> e														
2023	3,210.65 Litre	7.46 tCO <sub>2</sub> e														
Energy Management	Reduce energy consumption by 10% per capita by 2025	<p>The Group electricity consumption for 2022 and 2023 is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Electricity Consumption (kWh)</th> <th>Carbon Footprint generated</th> </tr> </thead> <tbody> <tr> <td>2022 (Jun-Dec)</td> <td>4,282 kWh</td> <td>3.34 tCO<sub>2</sub>e</td> </tr> <tr> <td>2023</td> <td>11,182 kWh</td> <td>8.72 tCO<sub>2</sub>e</td> </tr> </tbody> </table> <p>We noted there are increase of 161.078% in 2023 when compared to year 2022 due to the staff work from home in the first half of 2022.</p> <p>In year 2021, the Group business was inactive and there are no electricity charges.</p>	Year	Electricity Consumption (kWh)	Carbon Footprint generated	2022 (Jun-Dec)	4,282 kWh	3.34 tCO <sub>2</sub> e	2023	11,182 kWh	8.72 tCO <sub>2</sub> e					
Year	Electricity Consumption (kWh)	Carbon Footprint generated														
2022 (Jun-Dec)	4,282 kWh	3.34 tCO <sub>2</sub> e														
2023	11,182 kWh	8.72 tCO <sub>2</sub> e														
Water Management	Reduce water consumption by 15% from the 2023 baseline by 2025	<p>The Group water consumption for 2022 and 2023 is as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Water Consumption (Amount)</th> <th>Water Consumption m<sup>3</sup></th> </tr> </thead> <tbody> <tr> <td>2022 (Jun-Dec)</td> <td>RM60.00</td> <td>9 m<sup>3</sup></td> </tr> <tr> <td>2023</td> <td>RM121.40</td> <td>18 m<sup>3</sup></td> </tr> </tbody> </table> <p>We noted there are increase of 161.078% in 2023 when compared to year 2022 due to the staff work from home in the first half of 2022.</p> <p>In year 2021, the Group business was inactive and there are no electricity charges.</p>	Year	Water Consumption (Amount)	Water Consumption m <sup>3</sup>	2022 (Jun-Dec)	RM60.00	9 m <sup>3</sup>	2023	RM121.40	18 m <sup>3</sup>					
Year	Water Consumption (Amount)	Water Consumption m <sup>3</sup>														
2022 (Jun-Dec)	RM60.00	9 m <sup>3</sup>														
2023	RM121.40	18 m <sup>3</sup>														



# SUSTAINABILITY STATEMENT

(CONT'D)

## Managing Sustainability (Cont'd)

ASPECT	KPI	TARGET DETAILS	CURRENT PROGRESS													
Social	Human & Workers' Rights Protections	Zero substantiated complaints concerning human rights violations annually.	Zero complaints were reported.													
	Equality & Diversity	Increase participation of women in leadership roles at the management level to 30% by 2030	Overall employee distribution consists of 18% females and 82% males in the workforce for the Group.  The Group is managed by employees assigned to three designation levels. The highest percentage (78%) is at the middle management level, followed by non-executive level (8%), directors (8%) and senior management (6%).													
	Occupational Health & Safety	Zero fatality annually	Zero fatality was reported.													
	Social Engagement Program	Organize community impact programmes that strengthen relationship with local communities	In January 2023, the Group distributed cash benefits in the form of "Angpao" gifts to the employees.  In December 2023, the Group organized an FSBM Team-Building activity in Aloft Kuala Lumpur Sentral with 22 employees to strengthen employee relationships.  Further, the Group have donated sum of RM3,000 to Chong Hwa Independent High School as initiative from the Group to contribute to the Corporate Social Responsibility ("CSR") activities.													
	Employee Development Programme	Provide training and development programmes to all level employees	List of training and events attended by employees of FSBM Group from 2022 to 2023:-  <table border="1"> <thead> <tr> <th>Type of training / events</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Smart Nation Expo &amp; Forum 2022</td> <td>27/9/22 - 29/9/22</td> </tr> <tr> <td>Intelligent Manufacturing 2023</td> <td>16/3/23 - 18/3/23</td> </tr> <tr> <td>Team Building</td> <td>8/12/23</td> </tr> </tbody> </table> Future training and events:-  <table border="1"> <thead> <tr> <th>Type of training / events</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Malaysia Smart Manufacturing Awards 2023 (MSMA)</td> <td>3<sup>rd</sup> Quarter of 2024</td> </tr> <tr> <td>Sustainability Manufacturing Maturity Tools and frameworks for ESG</td> <td>June 2024 (2 Days)</td> </tr> </tbody> </table>	Type of training / events	Date	Smart Nation Expo & Forum 2022	27/9/22 - 29/9/22	Intelligent Manufacturing 2023	16/3/23 - 18/3/23	Team Building	8/12/23	Type of training / events	Date	Malaysia Smart Manufacturing Awards 2023 (MSMA)	3 <sup>rd</sup> Quarter of 2024	Sustainability Manufacturing Maturity Tools and frameworks for ESG
Type of training / events	Date															
Smart Nation Expo & Forum 2022	27/9/22 - 29/9/22															
Intelligent Manufacturing 2023	16/3/23 - 18/3/23															
Team Building	8/12/23															
Type of training / events	Date															
Malaysia Smart Manufacturing Awards 2023 (MSMA)	3 <sup>rd</sup> Quarter of 2024															
Sustainability Manufacturing Maturity Tools and frameworks for ESG	June 2024 (2 Days)															

# SUSTAINABILITY STATEMENT

(CONT'D)

## Managing Sustainability (Cont'd)

ASPECT	KPI	TARGET DETAILS	CURRENT PROGRESS																																
Governance	Corporate Governance & Risk Management	Compliance to the Malaysia Code of Corporate Governance	List of training attended by Board of Directors of FSBM Group from 2021 to 2023:-  2021-2022																																
	PDPA	Documented	<table border="1"> <thead> <tr> <th>Director</th> <th>Training Title</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Dato' Tan Hock San @ Tan Hock Ming</td> <td>Essential Requirements of Financial Reporting Framework - Roles &amp; Responsibilities of Board of Directors &amp; Senior Management for Public Listing Company in Malaysia</td> <td>15/1/21</td> </tr> <tr> <td>Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications &amp; Media]</td> <td>22/9/21</td> </tr> <tr> <td rowspan="8">Ng Yew Soon</td> <td>Essential Requirements of Financial Reporting Framework - Roles &amp; Responsibilities of Board of Directors &amp; Senior Management for Public Listing Company in Malaysia</td> <td>15/1/21</td> </tr> <tr> <td>Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications &amp; Media]</td> <td>22/9/21</td> </tr> <tr> <td>ACCA Evening Talk Series 2022: Young Professionals on Corporate Borad Game Changer</td> <td>27/10/22</td> </tr> <tr> <td>ACCA - Exploring the frontier of fintech skills</td> <td>29/11/22</td> </tr> <tr> <td>ACCA - Setting SMP Strategies to meet global challenges</td> <td>30/11/22</td> </tr> <tr> <td>Bursa Malaysia Immersive Session: The Board "Agender"</td> <td>30/11/22</td> </tr> <tr> <td>ACCA - The role of accountants in Sustainability reporting</td> <td>1/12/22</td> </tr> <tr> <td rowspan="2">Tan Wan Yen</td> <td>Essential Requirements of Financial Reporting Framework - Roles &amp; Responsibilities of Board of Directors &amp; Senior Management for Public Listing Company in Malaysia</td> <td>15/1/21</td> </tr> <tr> <td>Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications &amp; Media]</td> <td>22/9/21</td> </tr> <tr> <td>Tey Giap Turn</td> <td></td> <td>Bursa Malaysia's Mandatory Accreditation Programme</td> <td>4/7/22-6/7/22</td> </tr> </tbody> </table>	Director	Training Title	Date	Dato' Tan Hock San @ Tan Hock Ming	Essential Requirements of Financial Reporting Framework - Roles & Responsibilities of Board of Directors & Senior Management for Public Listing Company in Malaysia	15/1/21	Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications & Media]	22/9/21	Ng Yew Soon	Essential Requirements of Financial Reporting Framework - Roles & Responsibilities of Board of Directors & Senior Management for Public Listing Company in Malaysia	15/1/21	Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications & Media]	22/9/21	ACCA Evening Talk Series 2022: Young Professionals on Corporate Borad Game Changer	27/10/22	ACCA - Exploring the frontier of fintech skills	29/11/22	ACCA - Setting SMP Strategies to meet global challenges	30/11/22	Bursa Malaysia Immersive Session: The Board "Agender"	30/11/22	ACCA - The role of accountants in Sustainability reporting	1/12/22	Tan Wan Yen	Essential Requirements of Financial Reporting Framework - Roles & Responsibilities of Board of Directors & Senior Management for Public Listing Company in Malaysia	15/1/21	Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications & Media]	22/9/21	Tey Giap Turn		Bursa Malaysia's Mandatory Accreditation Programme	4/7/22-6/7/22
	Director	Training Title	Date																																
	Dato' Tan Hock San @ Tan Hock Ming	Essential Requirements of Financial Reporting Framework - Roles & Responsibilities of Board of Directors & Senior Management for Public Listing Company in Malaysia	15/1/21																																
		Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications & Media]	22/9/21																																
	Ng Yew Soon	Essential Requirements of Financial Reporting Framework - Roles & Responsibilities of Board of Directors & Senior Management for Public Listing Company in Malaysia	15/1/21																																
		Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications & Media]	22/9/21																																
		ACCA Evening Talk Series 2022: Young Professionals on Corporate Borad Game Changer	27/10/22																																
		ACCA - Exploring the frontier of fintech skills	29/11/22																																
		ACCA - Setting SMP Strategies to meet global challenges	30/11/22																																
Bursa Malaysia Immersive Session: The Board "Agender"		30/11/22																																	
ACCA - The role of accountants in Sustainability reporting		1/12/22																																	
Tan Wan Yen		Essential Requirements of Financial Reporting Framework - Roles & Responsibilities of Board of Directors & Senior Management for Public Listing Company in Malaysia	15/1/21																																
	Bursa Malaysia's Focus Group Sessions [Session 4: Technology and Telecommunications & Media]	22/9/21																																	
Tey Giap Turn		Bursa Malaysia's Mandatory Accreditation Programme	4/7/22-6/7/22																																

# SUSTAINABILITY STATEMENT

(CONT'D)

## Managing Sustainability (Cont'd)

ASPECT	KPI	TARGET DETAILS	CURRENT PROGRESS																																										
Governance (Cont'd)			<p>List of training attended by Board of Directors of FSBM Group from 2021 to 2023:- (Cont'd)</p> <p>2023</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Training Title</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Pang Kiew Kun</td> <td>ACCIM - AI Unplugged 2023 Conference</td> <td>10/8/23</td> </tr> <tr> <td>Bank Negara Malaysia - TECHUP &amp; GREENUP For Next Industrial Revolution 2023</td> <td>15/8/23</td> </tr> <tr> <td>MDEC - National MSME Digitalisation Roadmap (NMDR) workshop</td> <td>24/10/23</td> </tr> <tr> <td>MSIA - National E &amp; E Forum 2023</td> <td>6/11/23</td> </tr> <tr> <td>MTDC - Centre of 9 Pillars Workshop</td> <td>21/12/23</td> </tr> <tr> <td>Tan Wan Yen</td> <td>Bursa Malaysia Mandatory Accreditation Programme (MAP II: Leading for Impact)</td> <td>6/12/23-7/12/23</td> </tr> <tr> <td rowspan="8">Ng Yew Soon</td> <td>ACCA - Power BI Basics for Finance Professionals</td> <td>25/5/23</td> </tr> <tr> <td>MIA - Financial and Debt Management Initiatives for SME's</td> <td>9/6/23</td> </tr> <tr> <td>ACCA - Emotional Competence for Accountants</td> <td>15/6/23</td> </tr> <tr> <td>ACCA - Authenticity, Purpose &amp; Personal Brand</td> <td>22/6/23</td> </tr> <tr> <td>TTCS - Latest Special Voluntary Disclosure Programme</td> <td>27/7/23</td> </tr> <tr> <td>Announced in Budget 2023 (SVFP2.0)</td> <td></td> </tr> <tr> <td>TTCS - Dissecting &amp; Analysing 2023 Transfer Pricing Rules</td> <td>15/8/23</td> </tr> <tr> <td>CIMB - Cooler Earth &amp; Sustainability Summit 2023</td> <td>11/9/23</td> </tr> <tr> <td rowspan="2">Tey Giap Turn</td> <td>MIDF Automation and Digital Forum 2023 (Johor) - Driving Business thru Digitalization and Automation. THE JOURNEY TOGETHER!</td> <td>22/8/23</td> </tr> <tr> <td>MDEC - National MSME Digitalisation Roadmap (NMDR) workshop</td> <td>24/10/23</td> </tr> <tr> <td>Mok Kar Foo</td> <td>HarvardX - Data Science: Machine Learning - Introduction</td> <td>18/10/23</td> </tr> </tbody> </table>	Director	Training Title	Date	Pang Kiew Kun	ACCIM - AI Unplugged 2023 Conference	10/8/23	Bank Negara Malaysia - TECHUP & GREENUP For Next Industrial Revolution 2023	15/8/23	MDEC - National MSME Digitalisation Roadmap (NMDR) workshop	24/10/23	MSIA - National E & E Forum 2023	6/11/23	MTDC - Centre of 9 Pillars Workshop	21/12/23	Tan Wan Yen	Bursa Malaysia Mandatory Accreditation Programme (MAP II: Leading for Impact)	6/12/23-7/12/23	Ng Yew Soon	ACCA - Power BI Basics for Finance Professionals	25/5/23	MIA - Financial and Debt Management Initiatives for SME's	9/6/23	ACCA - Emotional Competence for Accountants	15/6/23	ACCA - Authenticity, Purpose & Personal Brand	22/6/23	TTCS - Latest Special Voluntary Disclosure Programme	27/7/23	Announced in Budget 2023 (SVFP2.0)		TTCS - Dissecting & Analysing 2023 Transfer Pricing Rules	15/8/23	CIMB - Cooler Earth & Sustainability Summit 2023	11/9/23	Tey Giap Turn	MIDF Automation and Digital Forum 2023 (Johor) - Driving Business thru Digitalization and Automation. THE JOURNEY TOGETHER!	22/8/23	MDEC - National MSME Digitalisation Roadmap (NMDR) workshop	24/10/23	Mok Kar Foo	HarvardX - Data Science: Machine Learning - Introduction	18/10/23
Director	Training Title	Date																																											
Pang Kiew Kun	ACCIM - AI Unplugged 2023 Conference	10/8/23																																											
	Bank Negara Malaysia - TECHUP & GREENUP For Next Industrial Revolution 2023	15/8/23																																											
	MDEC - National MSME Digitalisation Roadmap (NMDR) workshop	24/10/23																																											
	MSIA - National E & E Forum 2023	6/11/23																																											
	MTDC - Centre of 9 Pillars Workshop	21/12/23																																											
Tan Wan Yen	Bursa Malaysia Mandatory Accreditation Programme (MAP II: Leading for Impact)	6/12/23-7/12/23																																											
Ng Yew Soon	ACCA - Power BI Basics for Finance Professionals	25/5/23																																											
	MIA - Financial and Debt Management Initiatives for SME's	9/6/23																																											
	ACCA - Emotional Competence for Accountants	15/6/23																																											
	ACCA - Authenticity, Purpose & Personal Brand	22/6/23																																											
	TTCS - Latest Special Voluntary Disclosure Programme	27/7/23																																											
	Announced in Budget 2023 (SVFP2.0)																																												
	TTCS - Dissecting & Analysing 2023 Transfer Pricing Rules	15/8/23																																											
	CIMB - Cooler Earth & Sustainability Summit 2023	11/9/23																																											
Tey Giap Turn	MIDF Automation and Digital Forum 2023 (Johor) - Driving Business thru Digitalization and Automation. THE JOURNEY TOGETHER!	22/8/23																																											
	MDEC - National MSME Digitalisation Roadmap (NMDR) workshop	24/10/23																																											
Mok Kar Foo	HarvardX - Data Science: Machine Learning - Introduction	18/10/23																																											

# SUSTAINABILITY STATEMENT

(CONT'D)

## ASSURANCE STATEMENT

In strengthening the credibility of our reporting, this Sustainability Statement have been subjected to independent assurance in accordance with recognised assurance standards for selected indicators and has been approved by the Company's Audit Committee.

The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below:

Type of Assurance	Material Matters	Subject Matter	Scope	Conclusion
Independent Assurance	Energy and Climate Change	Total energy consumption	Operations assessed:  Malaysia	Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter as presented in FSBM's Sustainability Statement have not been prepared and presented fairly, in all material respects, in accordance with the defined Criteria*.
	Water Management	Total volume of water used		
	Human and Workers' Rights Protections (Labour practices and standards)	Total hours of training by employee category		
		Percentage of employees that are contractors or temporary staff		
		Total number of employee turnover by employee category		
		Number of substantiated complaints concerning human rights violations		
	Equality and Diversity	Percentage of employees by gender and age group, for each employee category		
		Percentage of directors by gender and age group		
	Occupational Health and Safety	Number of work-related fatalities		
		Lost time incident rate ("LTIR")		
		Number of employees trained on health and safety standards		
	Community/ Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer		
	Anti-Corruption	Percentage of employees who have received training on anti-corruption by employee category		
		Percentage of operations assessed for corruption-related risks		
Confirmed incidents of corruption and action taken				
Supply Chain Management	Proportion of spending on local suppliers			
Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data			

\*Note: In preparing the Subject Matter mentioned above, FSBM applied the following criteria:

- The Global Reporting Initiative ("GRI") Standards
- FSBM's relevant policies and procedures

# SUSTAINABILITY STATEMENT

(CONT'D)

## PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023			
<b>Bursa (Community/Society)</b>					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	3,000.00			
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0			
<b>Bursa (Anti-corruption)</b>					
Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category					
Management	Percentage	0.00			
Executive	Percentage	0.00			
Non-executive/Technical Staff	Percentage	0.00			
General Workers	Percentage	0.00			
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00			
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0			
<b>Bursa (Diversity)</b>					
Bursa C3(a) Percentage of employees by gender and age group, for each employee category					
Age Group by Employee Category					
Management Under 30	Percentage	0.00			
Management Between 30-50	Percentage	11.00			
Management Above 50	Percentage	3.00			
Executive Under 30	Percentage	5.00			
Executive Between 30-50	Percentage	16.00			
Executive Above 50	Percentage	3.00			
Non-executive Under 30	Percentage	44.00			
Non-executive Between 30-50	Percentage	8.00			
Non-executive Above 50	Percentage	0.00			
<table border="0" style="width: 100%;"> <tr> <td style="width: 33%; text-align: center;">Internal assurance</td> <td style="width: 33%; text-align: center;">External assurance</td> <td style="width: 33%; text-align: center;">No assurance</td> </tr> </table>			Internal assurance	External assurance	No assurance
Internal assurance	External assurance	No assurance			
(*) Restated					

# SUSTAINABILITY STATEMENT

(CONT'D)

## PERFORMANCE DATA TABLE (CONT'D)

Indicator	Measurement Unit	2023
General Workers Under 30	Percentage	5.00
General Workers Between 30-50	Percentage	5.00
General Workers Above 50	Percentage	0.00
Gender Group by Employee Category		
Management Male	Percentage	13.00
Management Female	Percentage	0.00
Executive Male	Percentage	21.00
Executive Female	Percentage	2.00
Non-executive Male	Percentage	37.00
Non-executive Female	Percentage	16.00
General Workers Male	Percentage	11.00
General Workers Female	Percentage	0.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	84.00
Female	Percentage	16.00
Male Under 30	Percentage	0.00
Between 30-50	Percentage	50.00
Above 50	Percentage	50.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	11.18
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Internal assurance	External assurance	No assurance
		(*) Restated

# SUSTAINABILITY STATEMENT

(CONT'D)

## PERFORMANCE DATA TABLE (CONT'D)

Indicator	Measurement Unit	2023
Bursa C5(c) Number of employees trained on health and safety standards	Number	0
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	24
Executive	Hours	8
Non-executive/Technical Staff	Hours	8
General Workers	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	0
Executive	Number	2
Non-executive	Number	9
General Workers	Number	4
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	0.018000
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	0.00

Internal assurance

External assurance

No assurance

(\*) Restated

# 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 2023.

## COMPOSITION OF MEMBERS

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

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

The Audit Committee composes three (3) members with the majority of them being independent directors. The Chairman of the Audit Committee is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants (MIA). This met the requirement of Paragraph 15.09(1)(a),(b) and (c) of the Main Market Listing Requirements (“Main Market LR”) in respect of the financial year ended 31 December 2023.

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

## AUTHORITY

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

## KEY RESPONSIBILITIES OF THE AUDIT COMMITTEE

Audit Committee should assume four (4) fundamental responsibilities:

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

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

## MEETING

During the financial year ended 31 December 2023, the Audit Committee held five (5) meetings and their attendance are disclosed below:

Audit Committee	No. of Meetings Attended/ No. of Meetings held from 1/1/2023 to 31/12/2023
Ng Yew Soon	5/5 ● ● ● ● ●
Tey Giap Turn	5/5 ● ● ● ● ●
Mok Kar Foo	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 during the period from 1 January 2024 to the date of approving this Report. The attendance of the Audit Committee is disclosed below:

Audit Committee	No. of Meetings Attended/ No. Of Meetings Held from 1/1/2024 and up to the date of approving this Report
Ng Yew Soon	2/2 ● ●
Tey Giap Turn	2/2 ● ●
Mok Kar Foo	2/2 ● ●

## Proceedings of meeting

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

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

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

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

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

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

# 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 2023 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 2023 were presented by Management to the Audit Committee for its review at the quarterly meetings held on 26 May 2023, 4 August 2023, 28 November 2023 and 26 February 2024 respectively.

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

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

#### (b) Audited Financial Statements

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

On 23 April 2024, the Audit Committee reviewed the draft Audited Financial Statements for the financial year ended 31 December 2023, and a private meeting with the External Auditors was held without the presence of Executive Directors.

### 2. External Auditors

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

# REPORT OF AUDIT COMMITTEE

(CONT'D)

## SUMMARY OF ACTIVITIES (CONT'D)

### 2. External Auditors (Cont'd)

#### (a) Re-appointment/appointment of External Auditors

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

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

Following the completion of the audit for the financial year ended 31 December 2023, the Audit Committee was satisfied with the suitability and independence of Messrs Moore Stephens Associates PLT as External Auditors of the Group and the Company.

At the Audit Committee held on 23 April 2024, the Audit Committee recommended to the Board for approval of the re-appointment of Messrs Moore Stephens Associates PLT as External Auditors of the Group and the Company for the ensuing financial year.

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

#### (b) Audit and Non-Audit Fees

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

At the Audit Committee meeting held on 23 April 2024, the Audit Committee recommended to the Board for approval of paid/payable to the Company's external auditors or a firm or corporation affiliated to the auditors' firm as prescribed by Paragraph 18(c) of Appendix 9C of the Main Market Listing Requirements of audit fee RM80,000 and non-audit fee of RM5,000, and the Group's total audit fee of RM170,000 and total non-audit fee of RM5,000 in respect of the financial year ended 31 December 2023.

### 3. Internal Audit

The Group has outsourced its internal audit function to a professional firm named Messrs Vaersa Services Sdn. Bhd., an independent professional service firm. The Internal Auditors report directly to the Audit Committee.

The Audit Committee reviewed and deliberated the scope of internal audit and the audit timeline proposed by the Internal Auditors in their Internal Audit Plan. The internal audit scope to review the financial management of FSBM Group was carried out in accordance with the approved internal audit plan for financial year 2023.

During the year under review, the internal audit function conducted reviews in adherence to the risk-based internal audit plan approved by the Audit Committee. Following these internal audit reviews, the findings, along with recommended corrective actions, were presented to the Audit Committee and approved by the Board on 23 April 2024.

# REPORT OF AUDIT COMMITTEE

(CONT'D)

## SUMMARY OF ACTIVITIES (CONT'D)

### 3. Internal Audit (Cont'd)

#### Statement on Internal Control and Risk Management

At the Audit Committee meeting held on 23 April 2024, the Audit Committee reviewed the Statement on Internal Control and Risk Management for inclusion in Annual Report 2023.

### 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 or potential 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 or potential COI situation presented by Management prior to the Company entering into such transactions.

As such, the Audit Committee must ensure:

- (a) Adequate oversight over the controls on the following:
  - i. identification of the interested parties; and
  - ii. identification of the related party transactions and possible conflict of interest situations; and
- (b) Assess and address the reasonableness of the RPT or COI situation to ensure that interested parties do not abuse their powers to gain unfair advantage.

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

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

- i. Whether the transaction price is at arm's length basis or whether the terms are fair to the Group and the Company;
- ii. Whether there are business reasons for the Group and the Company to enter into the transaction with the related party and not a third party;
- iii. Whether the business reasons are in line with the overall strategy and objectives of the Group and 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 Group and the Company.

For the financial year ended 31 December 2023, the Audit Committee reviewed and deliberated the status of the outstanding related party receivables at its quarterly meetings and the Audit Committee also reviewed the related party transactions and the COI in the Company's proposed regularization plan.

# REPORT OF AUDIT COMMITTEE

(CONT'D)

## SUMMARY OF ACTIVITIES (CONT'D)

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

#### INTERNAL AUDIT FUNCTION

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

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

#### Activities of the Internal Audit Function

The activities of the Internal Audit Function for the financial year ended 31 December 2023 covers the following:

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

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

The cost incurred for Internal Audit Function for the financial year ended 31 December 2023 was RM10,000.

This Report of Audit Committee was approved by the Board on 23 April 2024.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

## RESPONSIBILITY

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

The Group employs several processes to effectively manage risks. Key management, heads of subsidiary companies, and department heads are responsible for identifying, evaluating, and managing risks faced by the Group on an ongoing basis within defined parameters. Deliberations on risks and related mitigating actions occur regularly at management meetings of the Group. Significant risks are conveyed to the Board at quarterly scheduled meetings to ensure a comprehensive understanding of the risk landscape.

The risk management framework is integral to the Group's operations, ensuring that risks are identified, evaluated, and managed effectively to support the achievement of business objectives. Management is committed to enhancing risk management practices continuously to adapt to evolving business environments and sustain business performance.

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

As part of our continuous improvement initiatives, the Group is currently in the process of formalising a dedicated Risk Management Committee. This committee will play a pivotal role in overseeing the risk management activities of the Group.

## INTERNAL CONTROL

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



### Limits of authority and responsibility

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



### 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;



### 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 Management and the status of corrective actions taken by the Management;



### 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

## INTERNAL AUDIT FUNCTION

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

## EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

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

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

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2023 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of internal control of the Group.

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

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

Based on the procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers is factually inaccurate.

This statement was approved by the Board of Directors on 23 April 2024.

# ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2024

Total Number of Issued Shares	:	482,716,250 ordinary shares (excluding a total of 1,090,700 ordinary shares bought back by the Company and retained as Treasury Shares)
Issued Shares Capital	:	RM21,481,630.49
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	8	0.567	410	*0.000
100 to 1,000	256	18.156	159,538	0.033
1,001 to 10,000	508	36.029	2,442,562	0.506
10,001 to 100,000	393	27.872	15,912,750	3.297
100,001 to 24,135,811 (less than 5% of issued holdings)	241	17.092	246,679,160	51.102
24,135,812 (5% of issued holdings) and above	4	0.284	217,521,830	45.062
<b>Total</b>	<b>1,410</b>	<b>100.000</b>	<b>482,716,250</b>	<b>100.000</b>

\*Negligible

## SUBSTANTIAL SHAREHOLDERS (Direct & Indirect)

No.	Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
1.	Dr. Chew Weng Yew	95,689,530	19.823	-	-
2.	Tan Sri Dato' Sri Syed Zainal Abidin bin Syed Mohamed Tahir	60,916,200	12.619	-	-
3.	Pang Kiew Kun	38,068,600	7.886	-	-
4.	Low Kang Wei	28,427,500	5.889	-	-

## DIRECTORS' SHAREHOLDINGS (Direct & Indirect)

No.	Name of Directors	Direct Interest	%	Indirect Interest	%
1.	Pang Kiew Kun	38,068,600	7.886	-	-
2.	Mok Kar Foo	-	0.000	-	-
3.	Ng Yew Soon	-	0.000	-	-
4.	Dato' Tan Hock San @ Tan Hock Ming <sup>1</sup>	-	0.000	2,400	0.000
5.	Tan Wan Yen	-	0.000	-	-
6.	Tey Giap Turn	-	0.000	-	-

<sup>1</sup> Deemed interest via daughter by virtue of Section 8 of the Companies Act 2016.



# ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2024

(CONT'D)

## TOP THIRTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Dr. Chew Weng Yew	95,689,530	19.823
2.	Tan Sri Dato' Sri Syed Zainal Abidin bin Syed Mohamed Tahir	60,916,200	12.619
3.	Pang Kiew Kun	32,488,600	6.730
4.	Low Kang Wei	28,427,500	5.889
5.	Shanying Marketing Sdn. Bhd.	17,137,400	3.550
6.	Shanying Group Sdn. Bhd.	14,400,000	2.983
7.	Yuu Speed Sdn. Bhd.	10,000,000	2.071
8.	Ong Mun Ho	8,163,600	1.691
9.	Eng Soh Ching (Eric)	7,686,100	1.592
10.	Tay Kok Seng	7,512,900	1.556
11.	Fincore Group Holdings Berhad	7,436,500	1.540
12.	Apex Nominees (TEMPATAN) Sdn. Bhd. Pledged Securities Account for Pang Kiew Kun (STA 2)	5,580,000	1.155
13.	Chia Kee Horng	5,529,600	1.145
14.	Chia Su Yen	5,502,000	1.139
15.	Public Nominess (TEMPATAN) Sdn. Bhd. Pledged Securities Account for Chan Hin Yee (KLC/UOB)	4,999,000	1.035
16.	PEG Capital Sdn. Bhd.	4,766,800	0.987
17.	Chen Thiam Fook	4,600,000	0.952
18.	Andrew Lim Eng Guan	4,000,000	0.828
19.	Tay Kok Seng	4,000,000	0.828
20.	Twe Fook Chuan	4,000,000	0.828
21.	Wong Sze Chien	4,000,000	0.828
22.	Cheong Chen Khan	3,300,000	0.683
23.	Lee Sook Wan	3,151,400	0.652
24.	Tee Bee Leng	3,091,200	0.640
25.	Twe Fook Ping	2,800,000	0.580
26.	HMS Mansion Sdn. Bhd.	2,664,000	0.551
27.	Yuu Speed Sdn. Bhd.	2,552,600	0.528
28.	Teh Kong Yaw	2,467,500	0.511
29.	AMSEC Nominess (TEMPATAN) Sdn. Bhd. Pledged Securities Account for Goh Kim Soon	2,420,000	0.501
30.	Cheong Chen Khan	2,221,000	0.460
	<b>TOTAL</b>	<b>361,503,430</b>	<b>74.875</b>

# ANALYSIS OF WARRANT

AS AT 1 APRIL 2024

## WARRANTS 2023/2028

(Pursuant to the Rights Issue with Warrants on the basis of one (1) free Warrant for every two (2) Rights Share subscribed.)

No. of warrants issued	:	118,329,650
Number of outstanding warrants	:	108,932,000
Exercise price per warrant	:	RM0.05 per warrant
Exercise period of warrants	:	Period of five (5) years expiring on 18 September 2028
Maturity date of warrants	:	18 September 2028
Voting Rights	:	None unless warrant holders exercise their warrants for new ordinary shares

## DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 to 99	30	9.740	1,359	0.001
100 to 1,000	35	11.364	25,221	0.023
1,001 to 10,000	92	29.870	478,150	0.439
10,001 to 100,000	78	25.325	3,327,570	3.055
100,001 to 5,446,599 (less than 5% of issued warrants)	68	22.078	49,562,200	45.498
5,446,600 (5% of issued warrants) and above	5	1.623	55,537,500	50.984
<b>Total</b>	<b>308</b>	<b>100.000</b>	<b>108,932,000</b>	<b>100.000</b>

## DIRECTORS' WARRANT HOLDINGS (Direct & Indirect)

No.	Name of Directors	Direct Interest	%	Indirect Interest	%
1.	Dato' Tan Hock San @ Tan Hock Ming <sup>1</sup>	0	0.000	600	*0.000
2.	Mok Kar Foo	0	0.000	-	-
3.	Ng Yew Soon	0	0.000	-	-
4.	Pang Kiew Kun	9,639,300	8.849	-	-
5.	Tan Wan Yen	0	0.000	-	-
6.	Tey Giap Turn	0	0.000	-	-

<sup>1</sup> Deemed interest via daughter by virtue of Section 8 of the Companies Act 2016.

\*Negligible

# ANALYSIS OF WARRANT

AS AT 1 APRIL 2024

(CONT'D)

## TOP THIRTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Dr. Chew Weng Yew	24, 282, 280	22.291
2.	Pang Kiew Kun	8, 244, 300	7.568
3.	Maybank Nominess (TEMPATAN) Sdn. Bhd. Pledged Securities Account for Choy Yang Zhou	8, 147, 900	7.479
4.	Jasvinder Singh A/L Piara Singh	7, 863, 020	7.218
5.	Venture Plus Holdings Sdn. Bhd.	7, 000, 000	6.426
6.	Ong King Seng	4, 805, 400	4.411
7.	Shanying Group Sdn. Bhd.	3, 603, 100	3.307
8.	PEG Capital Sdn. Bhd.	3, 563, 950	3.271
9.	Chia Su Yen	2, 602, 350	2.388
10.	Yuu Speed Sdn. Bhd.	2, 500, 000	2.295
11.	Eng Soh Ching (Eric)	1, 950, 400	1.790
12.	Tay Kok Seng	1, 906, 450	1.750
13.	Tan Yong Chin	1, 666, 600	1.529
14.	Lam Chee Meng	1, 521, 000	1.396
15.	Apex Nominess (TEMPATAN) Sdn. Bhd. Pledged Securities Account for Pang Kiew Kun (STA 2)	1, 395, 000	1.280
16.	Chen Thiam Fook	1, 150, 000	1.055
17.	Kenanga Nominess (TEMPATAN) Sdn Bhd Rakuten Trade Sdn. Bhd. for Ng Saw Wee	1, 020, 000	0.936
18.	Tay Kok Seng	1, 000, 000	0.918
19.	Twe Fook Chuan	1, 000, 000	0.918
20.	Chong Ching Yee	960, 000	0.881
21.	Ignatius International Sdn. Bhd.	933, 200	0.856
22.	Teh Kong Yaw	866, 650	0.795
23.	Kenanga Nominess (TEMPATAN) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Liaw Hock Choon	815, 200	0.748
24.	Cheong Chen Khan	806, 350	0.740
25.	Cheong Chen Khan	765, 500	0.702
26.	Ah Sang	669, 850	0.614
27.	HMS Mansion Sdn. Bhd.	666, 000	0.611
28.	Twe Fook Chuan	646, 500	0.593
29.	Yuu Speed Sdn. Bhd.	638, 150	0.585
30.	AMSEC Nominess (TEMPATAN) Sdn. Bhd. Pledged Securities Account for Goh Kim Soon	600, 000	0.550
<b>TOTAL</b>		<b>93, 589, 150</b>	<b>85.901</b>

# FINANCIAL STATEMENTS

Directors' Report	62
Statement by Directors	68
Statutory Declaration	68
Independent Auditors' Report to the Members	69
Statements of Comprehensive Income	73
Statements of Financial Position	74
Statements of Changes in Equity	76
Statement of Cash Flows	80
Notes to the Financial Statements	84

# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

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

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

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit/(Loss) for the financial year attributable to:		
Owners of the Company	1,927	(1,933)
Non-controlling interests	(67)	-
	<u>1,860</u>	<u>(1,933)</u>

## DIVIDENDS

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

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

## ISSUANCE OF SHARES OR DEBENTURES

During the financial year, the Company has recorded a net decrease in its issued and paid-up capital from RM24,314,000 to RM21,366,891 arising from the following transactions:

- (i) issuance of 60,000,000 new ordinary shares at an issue price of RM0.08 per share representing approximately 30% of FSBM's enlarged issued shares after the shares issuance to the Subscribers.
- (ii) issuance of 236,659,300 new ordinary shares at an issue price of RM0.03 per share pursuant to the rights issue for the purpose of raising working capital.
- (iii) conversion of 6,790,450 new ordinary shares at an issue price of RM0.05 per share pursuant to the exercise of Warrants B 2023/2028 ("Warrants B"); and

# DIRECTORS' REPORT

(CONT'D)

## ISSUANCE OF SHARES OR DEBENTURES (cont'd)

- (iv) completion of capital reduction of RM14,292,450 pursuant to Section 116 of Companies Act 2016 to reduce the share capital of the Company on 25 July 2023.

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

There were no debentures issued during the financial year.

Further information is disclosed in Note 17 to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Warrants.

## WARRANTS B 2023/2028

During the financial year, 6,790,450 units of Warrants B were exercised at an exercise price of RM0.05 per Warrant B. As at 31 December 2023, the total numbers of warrant B that remain unexercised amounted to 111,539,200.

The principal terms of the Warrants are disclosed in Note 19 to the financial statements.

## DIRECTORS OF THE COMPANY

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

Dato' Tan Hock San @ Tan Hock Ming \*  
Mok Kar Foo  
Ng Yew Soon  
Pang Kiew Kun \*  
Tan Wan Yen  
Tey Giap Turn

\* These Directors are also the Director of subsidiaries included in the financial statements of the Group.

## DIRECTORS OF SUBSIDIARIES OF THE COMPANY

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

Ng Kok Kiong  
Ting Teck Kai  
Liew Yew Soon  
Tan Ee Ern \*  
Dato' Ir Dr Abdul Rahim bin Daud \*  
Low Kang Wei

(Appointed on 7 December 2023)

\* These Directors have resigned from the Company but remain as Director of subsidiaries of the Group.

# DIRECTORS' REPORT

(CONT'D)

## 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 31.12.2023 Unit
	At 01.01.2023 Unit	Bought Unit	Sold Unit	
<i>Ordinary shares in the Company</i>				
<b>FSBM Holdings Berhad</b>				
Direct interest:				
- Pang Kiew Kun	2,790,000	35,278,600	-	38,068,600
- Tan Wan Yen	1,900	-	(1,900)	-
Indirect interest*:				
- Dato' Tan Hock San @ Tan Hock Ming <sup>(1)(2)</sup>	106,200	1,200	(105,000)	2,400

<sup>(1)</sup> By virtue of deemed interest in Sanyee Corporation Sdn. Bhd.

<sup>(2)</sup> Deemed interest via his daughter by virtue of Section 8 of the Companies Act 2016.

Warrants 2023/2028	Number of Warrants 2023/2028			At 31.12.2023 Unit
	At 01.01.2023 Unit	Issued Unit	Exercised Unit	
Direct interest:				
- Pang Kiew Kun	-	9,639,300	-	9,639,300
Indirect interest*:				
- Dato' Tan Hock San @ Tan Hock Ming <sup>(1)</sup>	-	600	-	600

<sup>(1)</sup> Deemed interest via his daughter by virtue of Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

# DIRECTORS' REPORT

(CONT'D)

## 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:

	<b>Company RM'000</b>	<b>Subsidiaries RM'000</b>
Directors' fee	208	-
Directors' salaries and bonus	156	166
Contributions to statutory contribution	20	-
Other emoluments	35	-
	<u>419</u>	<u>166</u>

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 23 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 STATUTORY INFORMATION

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



# DIRECTORS' REPORT

(CONT'D)

## OTHER STATUTORY INFORMATION (cont'd)

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

## SIGNIFICANT EVENT

The details of the significant event during the financial year is disclosed in Note 29 to the financial statements.



# DIRECTORS' REPORT

(CONT'D)

## 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 26 April 2024.

TAN WAN YEN

PANG KIEW KUN



**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 73 to 134 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 2023 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 26 April 2024.

TAN WAN YEN

PANG KIEW KUN

**STATUTORY  
DECLARATION**  
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Wong Jing Kai, being the Officer primarily responsible for the financial management of the Group and of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 73 to 134 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 26 April 2024

WONG JING KAI

Before me,

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of FSBM Holdings Berhad, which comprise the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements including material accounting policy information and other explanatory information, as set out on pages 73 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

#### *Independence and Other Ethical Requirements*

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

### Key Audit Matters

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD

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

## **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 29 to the financial statements which discloses the Practice Note 17 status of the Company.

## **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

## **Responsibilities of the Directors for the Financial Statements of the Company**

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD

Registration No.: 198401003091 (115609-U)

(Incorporated in Malaysia)

(CONT'D)

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSBM HOLDINGS BERHAD

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

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

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

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

## **Other Matter**

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

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

Petaling Jaya, Selangor  
Date: 26 April 2024

CHUAH SOO HUAT  
03002/07/2024 J  
Chartered Accountant

**STATEMENTS OF  
COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	4	12,834	12,514	923	1,097
Cost of sales		<u>(5,915)</u>	<u>(6,303)</u>	<u>-</u>	<u>-</u>
<b>Gross profit</b>		6,919	6,211	923	1,097
Other income		64	1,436	21	1,180
Administrative expenses		(1,680)	(1,176)	(731)	(802)
Selling and marketing expenses		(371)	(136)	(26)	(69)
Other expenses		<u>(2,743)</u>	<u>(1,490)</u>	<u>(2,120)</u>	<u>(820)</u>
<b>Profit/(Loss) from operations</b>		2,189	4,845	(1,933)	586
Finance cost		<u>(7)</u>	<u>(8)</u>	<u>-</u>	<u>-</u>
<b>Profit/(Loss) before tax</b>	5	2,182	4,837	(1,933)	586
Tax expense	6	<u>(322)</u>	<u>(391)</u>	<u>-</u>	<u>-</u>
<b>Profit/(Loss) net of tax, for the financial year representing total comprehensive income for the financial year</b>		<u>1,860</u>	<u>4,446</u>	<u>(1,933)</u>	<u>586</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		1,927	4,415	(1,933)	586
Non-controlling interests		<u>(67)</u>	<u>31</u>	<u>-</u>	<u>-</u>
		<u>1,860</u>	<u>4,446</u>	<u>(1,933)</u>	<u>586</u>
<b>Basic earning per ordinary share (sen)</b>	7	<u>0.75</u>	<u>2.69</u>		
<b>Diluted earning per ordinary share (sen)</b>	7	<u>0.57</u>	<u>-</u>		

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



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	8	1,523	1,873	-	-
Right-of-use assets	9	75	169	-	-
Intangible assets	10	1,884	405	6	5
Investment in subsidiaries	11	-	-	100	100
Deferred tax assets	12	278	268	-	-
		3,760	2,715	106	105
<b>Current assets</b>					
Trade receivables	13	6,641	5,045	2,020	1,097
Other receivables	14	1,359	1,356	6,379	6,923
Contract assets	15	-	818	-	-
Investment in marketable securities	16	7	4	-	-
Cash and cash equivalents		14,034	4,503	9,611	832
		22,041	11,726	18,010	8,852
<b>TOTAL ASSETS</b>		25,801	14,441	18,116	8,957

**STATEMENTS OF  
FINANCIAL POSITION**  
AS AT 31 DECEMBER 2023  
(CONT'D)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	17	21,367	24,314	21,367	24,314
Treasury shares	18	(712)	(712)	(712)	(712)
Reserves	19	3,624	-	-	-
Retained earning/ (Accumulated losses)		1,486	(11,109)	(11,809)	(24,168)
<b>Equity attributable to Owners of the Company</b>					
		25,765	12,493	8,846	(566)
Non-controlling interests		(2,129)	(2,062)	-	-
<b>Total equity</b>		<b>23,636</b>	<b>10,431</b>	<b>8,846</b>	<b>(566)</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	20	19	77	-	-
Deferred tax liabilities	12	101	166	-	-
		120	243	-	-
<b>Current liabilities</b>					
Trade payables	21	144	1,242	32	32
Other payables	22	1,333	2,238	9,238	9,491
Lease liabilities	20	58	94	-	-
Tax payables		162	193	-	-
Contract liabilities	15	348	-	-	-
		2,045	3,767	9,270	9,523
<b>TOTAL LIABILITIES</b>		<b>2,165</b>	<b>4,010</b>	<b>9,270</b>	<b>9,523</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,801</b>	<b>14,441</b>	<b>18,116</b>	<b>8,957</b>

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to Owners of the Company		Non-distributable		Non-Controlling Interests		Total Equity
	Share Capital	Treasury Shares	Warrants Reserve	Accumulated Losses	Total	Controlling Interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2022 Group</b>							
<b>At 1 January</b>	10,064	(712)	4,534	(16,740)	(2,854)	(2,093)	(4,947)
<b>Transactions with Owners of the Company:</b>							
Conversion of Warrants	14,250	-	(3,318)	-	10,932	-	10,932
Expiry of Warrants	-	-	(1,216)	1,216	-	-	-
<b>Total transactions with Owners of the Company</b>	14,250	-	(4,534)	1,216	10,932	-	10,932
Profit net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	4,415	4,415	31	4,446
<b>At 31 December</b>	24,314	(712)	-	(11,109)	12,493	(2,062)	10,431

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023  
(CONT'D)

	Attributable to Owners of the Company		Non-distributable				(Accumulated losses)/		Total Equity RM'000
	Share Capital RM'000	Other Reserve* RM'000	Subtotal RM'000	Treasury Shares RM'000	Capital Reduction Reserve RM'000	Warrants Reserve RM'000	Retained Earnings RM'000	Non- Controlling Interests RM'000	
<b>2023</b>									
<b>Group</b>									
<b>At 1 January</b>	24,314	-	24,314	(712)	-	-	(11,109)	(2,062)	10,431
<b>Transactions with Owners of the Company:</b>									
Shares issuance	4,800	-	4,800	-	-	-	-	-	4,800
Capital reduction	(14,292)	-	(14,292)	-	3,624	-	10,668	-	-
Rights issue with warrants	7,099	(2,054)	5,045	-	-	2,054	-	-	7,099
Expenses set off against Share Capital in relation to Share Issuance and Rights Issue with Warrants	(893)	-	(893)	-	-	-	-	-	(893)
Conversion of Warrants	339	118	457	-	-	(118)	-	-	339
<b>Total transactions with Owners of the Company</b>	(2,947)	(1,936)	(4,883)	-	3,624	1,936	10,668	-	11,345
Profit net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	-	-	-	1,927	(67)	1,860
<b>At 31 December</b>	21,367	(1,936)	19,431	(712)	3,624	1,936	1,486	(2,129)	23,636

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

(CONT'D)

2022 Company At 1 January Transactions with Owners of the Company:	Non-distributable				Total Equity RM'000
	Share Capital RM'000	Subtotal RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	
	10,064	10,064	(712)	4,534	(12,084)
19 Conversion of Warrants	14,250	14,250	-	(3,318)	10,932
19 Expiry of Warrants	-	-	-	(1,216)	1,216
<b>Total transactions with Owners of the Company:</b>	14,250	14,250	-	(4,534)	10,932
Profit net of tax, for the financial year representing total comprehensive income for the financial year	-	-	-	-	586
<b>At 31 December</b>	<b>24,314</b>	<b>24,314</b>	<b>(712)</b>	<b>-</b>	<b>(566)</b>

**STATEMENTS OF  
CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023  
(CONT'D)

	Note	Share Capital		Non-distributable			Total Equity			
		RM'000	RM'000	Share Capital RM'000	Others Reserve* RM'000	Subtotal RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
<b>2023</b>										
<b>Company</b>										
<b>At 1 January</b>		24,314	-	24,314	-	24,314	(712)	-	(24,168)	(566)
<b>Transactions with Owners of the Company:</b>										
Shares issuance	17	4,800	-	4,800	-	4,800	-	-	-	4,800
Capital reduction	17	(14,292)	-	(14,292)	-	(14,292)	-	-	14,292	-
Rights issue with warrants	17, 19	7,099	(2,054)	5,045	-	5,045	-	2,054	-	7,099
Expenses set off against Share Capital in relation to Share Issuance and Rights Issue with Warrants	17	(893)	-	(893)	-	(893)	-	-	-	(893)
Conversion of Warrants	17, 19	339	118	457	-	457	-	(118)	-	339
<b>Total transactions with Owners of the Company:</b>		(2,947)	(1,936)	(4,883)	-	(4,883)	-	1,936	14,292	11,345
Loss net of tax, for the financial year representing total comprehensive income for the financial year		-	-	-	-	-	-	-	(1,933)	(1,933)
<b>At 31 December</b>		21,367	(1,936)	19,431	-	19,431	(712)	1,936	(11,809)	8,846

\* The other reserve, in substance, form part of the issued and paid-up share capital and is presented separately for better understanding.

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash Flows from Operating Activities</b>					
Profit/(Loss) before tax		2,182	4,837	(1,933)	586
<i>Adjustments for:</i>					
Depreciation of plant and equipment		460	236	-	-
Depreciation of right-of-use assets		94	64	-	-
Amortisation of intangible assets		41	-	-	-
Fair value (gain)/loss on marketable securities		(3)	3	-	-
Impairment loss on amount due from subsidiaries		-	-	513	175
Interest expense on lease liabilities		7	8	-	-
Reversal of impairment loss on investment in subsidiary		-	-	-	(100)
Reversal of accruals no longer required		-	(1,387)	-	(1,063)
Unrealised (gain)/loss on foreign exchange		(19)	80	-	-
Operating profit/(loss) before changes in working capital		2,762	3,841	(1,420)	(402)
<i>Changes in working capital:</i>					
Receivables		(1,599)	(6,328)	58	(2,084)
Payables		(1,957)	295	(95)	(1,088)
Contract liabilities/(assets)		1,166	(695)	-	-
<b>Cash from/(used in) operations</b>		372	(2,887)	(1,457)	(3,574)
Income tax paid		(428)	(300)	-	-
Interest paid		(7)	(8)	-	-
<b>Net cash used in operating activities</b>		(63)	(3,195)	(1,457)	(3,574)

**STATEMENTS OF  
CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023  
(CONT'D)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash Flows from Investing Activities</b>					
Purchase of plant and equipment		(110)	(2,109)		-
Additions of intangible assets		(1,520)	(405)	(1)	(5)
Proceed from disposal of other investment		-	360	-	360
Advance to subsidiaries		-	-	(949)	(6,111)
<b>Net cash used in investing activities</b>		<b>(1,630)</b>	<b>(2,154)</b>	<b>(950)</b>	<b>(5,756)</b>
<b>Cash Flows from Financing Activities</b>					
Repayment to subsidiaries	(ii)	-	-	(157)	(23)
Repayment to Directors	(ii)	(27)	(1,247)	(2)	(766)
Proceed from issuance of shares, net of share issuance expenses	17	11,006	10,932	11,006	10,932
Warrants conversion		339	-	339	-
Repayment of lease liabilities	(i)(ii)	(94)	(62)	-	-
<b>Net cash from financing activities</b>		<b>11,224</b>	<b>9,623</b>	<b>11,186</b>	<b>10,143</b>
<b>Net increase in cash and cash equivalents</b>		<b>9,531</b>	<b>4,274</b>	<b>8,779</b>	<b>813</b>
Cash and cash equivalents at beginning of the financial year		4,503	229	832	19
Cash and cash equivalents represent cash and bank balance only		14,034	4,503	9,611	832



**STATEMENTS OF  
CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023  
(CONT'D)

**Note:**

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b> <b>RM'000</b> <b>RM</b>	<b>2022</b> <b>RM'000</b> <b>RM</b>	<b>2023</b> <b>RM'000</b> <b>RM</b>	<b>2022</b> <b>RM'000</b> <b>RM</b>
<b>Included in net cash used in operating activities:</b>				
- Interest paid in relation to lease liabilities	7	8	-	-
- Payment related to short-term leases	8	25	-	21
<b>Included in net cash from financing activities:</b>				
- Payment for the principal portion of lease liabilities	94	62	-	-
Total cash outflows for leases	<u>109</u>	<u>95</u>	<u>-</u>	<u>21</u>

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

	<b>Lease liabilities</b> <b>RM'000</b>	<b>Amount due to Directors</b> <b>RM'000</b>
<b>Group</b>		
<b>2023</b>		
At beginning of the financial year	171	30
Interest	7	-
Repayment	(101)	(27)
Net changes from financing cash flows	(94)	(27)
At end of the financial year	<u>77</u>	<u>3</u>

**STATEMENTS OF  
CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023  
(CONT'D)

**Note:** (cont'd)

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

	<b>Lease liabilities RM'000</b>	<b>Amount due to Directors RM'000</b>
<b>Group</b>		
<b>2022</b>		
At beginning of the financial year	-	1,277
Addition of leases	233	-
Interest	8	-
Repayment	(70)	(1,247)
	(62)	(1,247)
At end of the financial year	<u>171</u>	<u>30</u>
	<b>Amount due to subsidiaries RM'000</b>	<b>Amount due to Directors RM'000</b>
<b>Company</b>		
<b>2023</b>		
At beginning of the financial year	8,948	2
Repayment to, representing net changes from financing cash flows	(157)	(2)
At end of the financial year	<u>8,791</u>	<u>-</u>
<b>2022</b>		
At beginning of the financial year	8,971	768
Repayment to, representing net changes from financing cash flows	(23)	(766)
At end of the financial year	<u>8,948</u>	<u>2</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 1. CORPORATE INFORMATION

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

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

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

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

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 26 April 2024.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

### (i) Changes in material accounting policies

The Group and the Company has adopted amendments to MFRS 101, *Presentation of Financial in Statements and MFRS Practice Statement 2 - Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to financial statements where relevant.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 2. BASIS OF PREPARATION (cont'd)

### (a) Statement of compliance (cont'd)

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

##### *Effective for financial periods beginning on or after 1 January 2024*

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-Current Liabilities with Covenants and classification of Liabilities as Current or Non-Current
Amendments to MFRS 7 and MFRS 107	Supplier Finance Arrangements

##### *Effective for financial periods beginning on or after 1 January 2025*

Amendments to MFRS 121	Lack of Exchangeability
------------------------	-------------------------

##### *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
------------------------------------	---

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial applications.

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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

### (d) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 2. BASIS OF PREPARATION (cont'd)

### (d) Significant accounting estimates and judgements

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 amounts of assets and liabilities within the next financial year are set out below.

- (i) Revenue (Note 4)
- (ii) Tax expense (Note 6)
- (iii) Deferred tax assets and liabilities (Note 12)
- (iv) Impairment of financial assets (Note 25)

## 3. OTHER MATERIAL ACCOUNTING POLICIES

### (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 subsidiaries 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.

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 is recognised directly in equity.

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 reserves that relate to the subsidiary is recognised as gain or loss on disposal.

#### Subsidiaries

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

#### Non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to Owners of the Company.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 DECEMBER 2023  
(CONT'D)

**3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)**

**(a) Basis of consolidation (cont'd)**

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.

**(b) Financial instruments**

**(i) Initial recognition and measurement**

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

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

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

**(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their 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(c)(i)] where the effective interest rate is applied to the amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

### (b) 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(c)(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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

### (b) Financial instruments (cont'd)

#### (iv) Regular way purchase or sale of financial assets (cont'd)

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

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

#### (v) Derecognition

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

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

### (c) Impairment of assets

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

### (c) Impairment of assets

#### (i) Financial assets (cont'd)

##### Simplified approach – trade receivables

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

##### General approach – other financial instruments

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

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

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

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

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

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

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 DECEMBER 2023  
(CONT'D)

**3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)**

**(c) Impairment of assets (cont'd)**

**(i) Financial assets (cont'd)**

Credit impaired financial assets (cont'd)

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

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

Write-off policy

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

**(ii) Non-financial assets**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 3. OTHER MATERIAL ACCOUNTING POLICIES (cont'd)

### (c) Impairment of assets (cont'd)

#### (ii) Non-financial assets

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.

## 4. REVENUE

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Point in time</b>					
Refurbishment services		972	458	-	-
Technical support and maintenance		128	128	-	-
Others		18	87	-	-
		<u>1,118</u>	<u>673</u>	<u>-</u>	<u>-</u>
<b>Over time</b>					
Platform design and development	(i)	5,843	10,213	-	-
Technical support and maintenance	(ii)	2,662	33	-	-
Managed security service	(iii)	1,131	500	-	-
Smart manufacturing solutions	(iv)	1,506	784	-	-
Lease services	(v)	574	311	-	-
Management fees		-	-	923	1,097
		<u>11,716</u>	<u>11,841</u>	<u>923</u>	<u>1,097</u>
		<u>12,834</u>	<u>12,514</u>	<u>923</u>	<u>1,097</u>

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 DECEMBER 2023  
(CONT'D)

**4. REVENUE (cont'd)**

The following table shows unsatisfied performance obligation ("PO") resulting from the platform design and development, technical support and maintenance, managed security service, smart manufacturing solutions and lease services:

(i) Platform design and development

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue	13,321	11,748
Less: Cumulative revenue recognised		
- on-going contracts	-	(7,478)
- completed during the year	(13,321)	(3,000)
Unsatisfied PO as at 31 December	<u>-</u>	<u>1,270</u>

There is no unsatisfied PO as at year end. As for the prior financial year, the remaining unsatisfied are expected to be recognised as revenue within the next 12 months.

(ii) Technical support and maintenance

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue	7,532	198
Less: Cumulative revenue recognised		
- on-going contracts	(2,464)	(33)
- completed during the year	(231)	-
Unsatisfied PO as at 31 December	<u>4,837</u>	<u>165</u>

The remaining unsatisfied PO are expected to be recognised as revenue within the next 12 months (2022: 12 months).

(iii) Managed security service

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue	2,139	2,139
Less: Cumulative revenue recognised		
- on-going contracts	(1,631)	(500)
Unsatisfied PO as at 31 December	<u>508</u>	<u>1,639</u>

The remaining unsatisfied PO are expected to be recognised as revenue within the next 12 months (2022: 24 months).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 4. REVENUE (cont'd)

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

### (iv) Smart manufacturing solutions

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue	3,521	28
Less: Cumulative revenue recognised		
- on-going contracts	(1,492)	(14)
- completed during the year	(28)	-
Unsatisfied PO as at 31 December	<u>2,001</u>	<u>14</u>

The remaining unsatisfied PO are expected to be recognised as revenue within the next 12 months (2022: 12 months).

### (v) Lease services

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue	1,723	1,723
Less: Cumulative revenue recognised		
- on-going contracts	(885)	(311)
Unsatisfied PO as at 31 December	<u>838</u>	<u>1,412</u>

The remaining unsatisfied PO are expected to be recognised as revenue within the next 24 months (2022: 36 months).

## 4.1 Material accounting policy information

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023  
(CONT'D)

## 4. REVENUE (cont'd)

### 4.1 Material accounting policy information (cont'd)

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

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

#### (a) *Platform design and development*

##### Over time

The Company recognises revenue from platform design and development over time if it creates an asset with no alternative use to the Group and the Group has enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on input method and output method to satisfy the performance obligation. Revenue recognised using input method is recognised progressively over time based on the percentage of completion by using the cost-to-cost method, based on the proportion of contracts costs incurred for work performed to date relative to the estimated total contract costs. In making the estimated total contract costs, the management relies on opinion/services of experts, past experience and continuous monitoring mechanism.

Revenue recognised using output method is based on the direct measurement of the value to the customer of the services transferred to date relative to the remaining services promised under the contract.

#### (b) *Technical support and maintenance services*

##### Point in time

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 4. REVENUE (cont'd)

### 4.1 Material accounting policy information (cont'd)

(b) *Technical support and maintenance services (cont'd)*

Over time

Revenue from technical support is recognised over time as the customer simultaneously receives and consumes the benefit provided by the Group's performance.

(c) *Lease services*

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

(d) *Smart manufacturing solutions*

Over time

Revenue from smart manufacturing solutions is recognised at over time by reference to the progress towards complete satisfaction of that performance obligation.

Revenue from smart manufacturing solutions is recognised at over time by reference to the progress towards complete satisfaction of that performance obligation.

The Group entered into contracts with customer to provide manpower services in respect of system integration, commissioning and setup services for customers. Revenue from smart manufacturing solutions is recognised over time as the customer simultaneously receives and consumes the benefit provided by the Group's performance.

(e) *Refurbishment services*

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

(f) *Managed security service*

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

(g) *Other services*

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

(h) *Management fee*

Revenue is recognised over time when services are rendered.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 5. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration:				
- Statutory audit	170	168	80	80
- Other services	5	5	5	5
Depreciation of plant and equipment	460	236	-	-
Depreciation of right-of-use assets	94	64	-	-
Amortisation of intangible assets	41	-	-	-
Fair value (gain)/loss on marketable securities	(3)	3	-	-
Employees benefit expenses [Note 5(a)]	3,740	2,489	727	749
Regularisation plan expenses	1,240	-	1,240	-
Impairment loss on amount due from subsidiaries	-	-	513	175
Interest expense on lease liabilities	7	8	-	-
(Gain)/loss on foreign exchange:				
- Realised	21	14	-	-
- Unrealised	(19)	80	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	-	(100)
Reversal of accruals no longer required	-	(1,387)	-	(1,063)
Short-term leases	8	25	-	21



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

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

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

(a) Employees benefit expenses comprise of:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Staff costs</b>				
Salaries, bonus and wages	2,575	1,615	273	171
Contributions to statutory contribution	352	188	35	22
Other emoluments	13	-	-	-
	<u>2,940</u>	<u>1,803</u>	<u>308</u>	<u>193</u>
<b>Executive and Non-executive Directors</b>				
<b>Directors of the Company</b>				
Directors' fee	208	366	208	366
Directors' salaries	322	144	156	144
Contributions to statutory contribution	20	18	20	18
Other emoluments	35	28	35	28
	<u>585</u>	<u>556</u>	<u>419</u>	<u>556</u>
<b>Directors of subsidiaries</b>				
Directors' salaries	190	114	-	-
Contributions to statutory contribution	25	16	-	-
	<u>215</u>	<u>130</u>	<u>-</u>	<u>-</u>
Total employees benefit expenses	<u>3,740</u>	<u>2,489</u>	<u>727</u>	<u>749</u>

## 6. TAX EXPENSE

No provision for tax has been made in the financial year ended 31 December 2023 and 31 December 2022 for the Company as the Company has no taxable income.

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 6. TAX EXPENSE (cont'd)

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current tax:</b>		
- Current year	540	493
- Overprovision in prior year	(143)	-
	<u>397</u>	<u>493</u>
<b>Deferred tax (Note 12):</b>		
- Relating to origination or reversal of temporary differences	1	(102)
- Overprovision in prior year	(76)	-
	<u>(75)</u>	<u>(102)</u>
<b>Tax expense for the financial year</b>	<u><u>322</u></u>	<u><u>391</u></u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before tax	<u>2,182</u>	<u>4,837</u>	<u>(1,933)</u>	<u>586</u>
Tax at the Malaysian statutory income tax rate of 24% (2022: 24%)	524	1,161	(464)	141
Income not subject to tax	(7)	(169)	-	(114)
Tax effect arising from non-deductible expenses	92	76	-	41
Utilisation of previously unrecognised tax losses	(405)	(706)	-	(68)
Deferred tax recognised on tax losses	-	29	-	-
Deferred tax not recognised	337	-	464	-
Overprovision of deferred tax in prior year	(76)	-	-	-
Overprovision of income tax expense in prior year	(143)	-	-	-
	<u><u>322</u></u>	<u><u>391</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 6. TAX EXPENSE (cont'd)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax losses	122,424	122,668	64,878	62,945
Unabsorbed capital allowances	1,885	1,881	453	452
	<u>124,309</u>	<u>124,549</u>	<u>65,331</u>	<u>63,397</u>

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

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

### 6.1 Material accounting policy information

#### (a) 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.

#### (b) 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.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 DECEMBER 2023  
(CONT'D)

**6. TAX EXPENSE** (cont'd)

**6.1 Material accounting policy information** (cont'd)

(b) Deferred tax (cont'd)

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.

**7. EARNING PER ORDINARY SHARE**

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for own shares held.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
Profit after tax attributable to the Owners of the Company (RM'000)	1,927	4,415
<b>Weighted average number of ordinary shares (excluding treasury shares)</b>		
Number of ordinary shares at beginning of the financial year ('000 units)	176,659	140,224
Effect of new ordinary shares issued ('000 units)	15,945	-
Effect of rights issue with warrants ('000 units)	62,893	-
Effect of exercise of Warrants ('000 units)	634	23,711
<b>Weighted average number of ordinary shares for basic earning per ordinary share excluding treasury shares ('000 units)</b>	256,131	163,935
Basic earnings per ordinary share (sen)	0.75	2.69

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 7. EARNING PER ORDINARY SHARE (cont'd)

### (b) Diluted

In the prior financial year, diluted earnings per share for the financial year is not computed as the Group has no potential dilutive ordinary shares at the end of the financial year.

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of dilutive potential ordinary shares.

	<b>Group 2023</b>
Profit after tax attributable to the Owners of the Company (RM'000)	<u>1,927</u>
Weighted average number of ordinary shares for basic earning per ordinary share excluding treasury shares ('000 units)	256,131
Effect of dilution:	
- Exercise of Warrants ('000 units)	<u>84,071</u>
Weighted average number of ordinary shares for basic earning per ordinary share excluding treasury shares ('000 units)	<u>340,202</u>
Diluted earnings per share (sen)	<u>0.57</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 8. PLANT AND EQUIPMENT

2023 Group Cost	Computer hardware and software RM'000	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Total RM'000
At 1 January	1,596	328	132	53	2,109
Additions	110	-	-	-	110
At 31 December	1,706	328	132	53	2,219
<b>Accumulated depreciation</b>					
At 1 January	201	17	16	2	236
Charge for the financial year	394	33	27	6	460
At 31 December	595	50	43	8	696
<b>Net carrying amount</b>					
At 31 December	1,111	278	89	45	1,523

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 8. PLANT AND EQUIPMENT (cont'd)

	Computer hardware and software RM'000	Leasehold improvement and office renovation RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Total RM'000
<b>2022</b>					
<b>Group Cost</b>					
At 1 January	-	-	-	-	-
Additions	1,596	328	132	53	2,109
At 31 December	1,596	328	132	53	2,109
<b>Accumulated depreciation</b>					
At 1 January	-	-	-	-	-
Charged for the financial year	201	17	16	2	236
At 31 December	201	17	16	2	236
<b>Net carrying amount</b>					
At 31 December	1,395	311	116	51	1,873

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 8. PLANT AND EQUIPMENT (cont'd)

Included in computer hardware and software of the Group is an amount of RM894,717 (2022: RM1,250,000) representing the carrying amount of computers that are leased to customers.

### 8.1 Material accounting policy information

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

#### (a) Recognition and measurement

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

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

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

#### (b) Subsequent costs

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

#### (c) 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 plant and equipment at the following annual rates:

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 9. RIGHT-OF-USE-ASSETS

	2023 RM'000	2022 RM'000
<b>Group</b>		
<b>Office premises</b>		
<b>Cost</b>		
At 1 January	233	-
Addition	-	233
At 31 December	<u>233</u>	<u>233</u>
<b>Accumulated depreciation</b>		
At 1 January	64	-
Charge for the financial year	94	64
At 31 December	<u>158</u>	<u>64</u>
<b>Net carrying amount</b>		
At 31 December	<u>75</u>	<u>169</u>

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

	<b>Group</b>		<b>Company</b>	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of right-of-use assets	94	64	-	-
Interest expense on lease liabilities	7	8	-	-
Short-term leases	<u>8</u>	<u>25</u>	<u>-</u>	<u>21</u>

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

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 DECEMBER 2023  
(CONT'D)

**10. INTANGIBLE ASSETS**

	<b>Manu- facturing Executive System ("MES") RM'000</b>	<b>Software development costs RM'000</b>	<b>Trademark RM'000</b>	<b>Total RM'000</b>
<b>2023</b>				
<b>Group Cost</b>				
At 1 January	-	400	5	405
Additions	782	737	1	1,520
Reclassification	400	(400)	-	-
At 31 December	<u>1,182</u>	<u>737</u>	<u>6</u>	<u>1,925</u>
<b>Accumulated Amortisation</b>				
At 1 January	-	-	-	-
Charge for the financial year	41	-	-	41
At 31 December	<u>41</u>	<u>-</u>	<u>-</u>	<u>41</u>
<b>Net Carrying Amount</b>				
At 31 December	<u><u>1,141</u></u>	<u><u>737</u></u>	<u><u>6</u></u>	<u><u>1,884</u></u>
<b>2022</b>				
<b>Group Cost</b>				
At 1 January	-	-	-	-
Additions	-	400	5	405
At 31 December, representing net carrying amount	<u>-</u>	<u>400</u>	<u>5</u>	<u>405</u>
<b>2023</b>				
<b>RM'000</b>				
<b>2022</b>				
<b>RM'000</b>				
<b>Trademark Company Cost</b>				
At 1 January			5	-
Addition			1	5
At 31 December, representing net carrying amount			<u>6</u>	<u>5</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 10. INTANGIBLE ASSETS (cont'd)

### 10.1 Material accounting policy information

#### MES

MES relates to the internally generated system that allows manufacturing companies to manage and control production activities. MES provide real-time information about production processes, equipment status, and material flow.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the MES over 5 years from the date that they are available for use.

#### Software development costs

Software development costs relate to the internal costs that are additional modules which enhance the MES including internally generated software that allow customers to perform complex automation for highly repetitive data analysis, transforming vast amounts of cross-departmental information into graphical reports, amongst other features.

Software development cost is stated at cost less any accumulated impairment losses (Note 3(c)(ii)) incurred during the period of development and is in progress. No amortisation charge is recognised as the software is not ready for use as at financial year end. The cost will be transferred to MES once ready for use.

#### Trademark

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

## 11. INVESTMENT IN SUBSIDIARIES

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unquoted shares, at cost</b>		
At beginning of the financial year	36,099	36,099
Add: Addition	-	*
At end of the financial year	36,099	36,099
Less: Accumulated impairment loss		
At beginning of the financial year	(35,999)	(36,099)
Reversal	-	100
At end of the financial year	(35,999)	(35,999)
<b>Net carrying amount</b>	100	100

\* representing RM2

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023  
(CONT'D)

## 11. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2023 %	2022 %	
Asian Technology Resources Sdn. Bhd.* #	Malaysia	100.00	100.00	Provision of car park management services and investment holding
FSBM CTech Sdn. Bhd. #	Malaysia	100.00	100.00	Development of software applications and systems integration
FSBM Datatech Sdn. Bhd.* #	Malaysia	100.00	100.00	Investment holding
FSBM I-Centre Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and delivery of multimedia learning and teaching products and services
FSBM I-Command Sdn. Bhd.* #	Malaysia	100.00	100.00	Development of intelligent city, municipal and building solutions and the provision of related system engineering services
FSBM I-Design Sdn. Bhd.	Malaysia	100.00	100.00	Provider of enterprise-wide ICT and systems integration services
FSBM Mes Elite Sdn. Bhd.	Malaysia	100.00	100.00	Provision of industry digitalisation transformation, transformation, internet of things ("IOT"), smart manufacturing solutions and provision of development in manufacturing execution system (MES) software and system integration services
FSBM Mantissa (Malaysia) Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and provision of study plans, programs and courses including instruct, teach and delivery of courses
FSBM MSC Gateway Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 11. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2023 %	2022 %	
FSBM M2B Sdn. Bhd.* # ("FSBM M2B")	Malaysia	53.66	53.66	Contents syndication and distribution, contents aggregation, channel development, electronic programming, consultancy and design
FSBM Net Media Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Smart Comm Sdn. Bhd.* #	Malaysia	100.00	100.00	Property management
Jaring Sekitar Sdn. Bhd.* #	Malaysia	100.00	100.00	Provision of car park management and investment holding
MyUnos Sdn. Bhd.* #	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Smart 360 Sdn. Bhd.* #	Malaysia	100.00	100.00	Development and delivery of training products and services for schools and teachers
Unos Sdn. Bhd.	Malaysia	100.00	100.00	Provider of communication and networking services
FSBM Solutions Sdn. Bhd.*	Malaysia	100.00	100.00	Provider of network security solutions and other information technology related services

### Subsidiary of Asian Technology Resources Sdn. Bhd.

Televas Holdings Sdn. Bhd. ("Televas")*	Malaysia	51.00	51.00	Project management
---	----------	-------	-------	--------------------

\* Not audited by Moore Stephens Associates PLT.

# Currently inactive.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 11. INVESTMENT IN SUBSIDIARIES (cont'd)

### Non-controlling interests in subsidiaries

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

	FSBM M2B RM'000	Televas RM'000	Total RM'000
<b>Group</b>			
<b>2023</b>			
NCI percentage of ownership interest and voting interest	46.34%	49.00%	-
Carrying amount of NCI	(828)	(1,301)	(2,129)
Loss allocated to NCI	<u>(3)</u>	<u>(64)</u>	<u>(67)</u>
<b>2022</b>			
NCI percentage of ownership interest and voting interest	46.34%	49.00%	-
Carrying amount of NCI	(825)	(1,237)	(2,062)
(Loss)/Profit allocated to NCI	<u>(2)</u>	<u>33</u>	<u>31</u>

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

	FSBM M2B RM'000	Televas RM'000
<b>Group</b>		
<b>2023</b>		
<b>Assets and liabilities</b>		
Current assets	2	-
Current liabilities	<u>(1,788)</u>	<u>(2,655)</u>
Net liabilities	<u>(1,786)</u>	<u>(2,655)</u>
<b>Results</b>		
Revenue	-	128
Loss for the financial year, representing total comprehensive income for the financial year	<u>(7)</u>	<u>(130)</u>
<b>Cash flows used in:</b>		
- Operating activities	<u>(7)</u>	<u>(130)</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 11. INVESTMENT IN SUBSIDIARIES (cont'd)

### Non-controlling interests in subsidiaries (cont'd)

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

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

## 12. DEFERRED TAX (ASSETS)/LIABILITIES

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

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	(102)	-
Recognised in profit or loss (Note 6)	<u>(75)</u>	<u>(102)</u>
At end of the financial year	<u>(177)</u>	<u>(102)</u>
Presented after appropriate offsetting:		
- Deferred tax assets	(177)	(329)
- Deferred tax liabilities	<u>-</u>	<u>227</u>
	<u>(177)</u>	<u>(102)</u>
<b>Represented by:</b>		
Deferred tax assets	(278)	(268)
Deferred tax liabilities	<u>101</u>	<u>166</u>
	<u>(177)</u>	<u>(102)</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 12. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

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

	At 01.01.2023 RM'000	Recognised in profit or loss (Note 6) RM'000	At 31.12.2023 RM'000
<b>Group</b>			
<b>Deferred tax liabilities</b>			
Differences between plant and equipment and its tax base	186	(85)	101
Differences between net of right-of-use assets and its tax base	41	(41)	-
	<u>227</u>	<u>(126)</u>	<u>101</u>
<b>Deferred tax assets</b>			
Unutilised tax losses	(268)	(10)	(278)
Other deductible temporary differences	(61)	61	-
	<u>(329)</u>	<u>51</u>	<u>(278)</u>
	<u>(102)</u>	<u>(75)</u>	<u>(177)</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses	121,264	121,552	64,878	62,945
Unabsorbed capital allowances	1,885	1,881	453	452
	<u>123,149</u>	<u>123,433</u>	<u>65,331</u>	<u>63,397</u>

## 13. TRADE RECEIVABLES

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External parties	(a)	6,625	4,629	-	-
Subsidiaries	(b)	-	-	2,020	1,097
Related party	(b)	16	416	-	-
		<u>6,641</u>	<u>5,045</u>	<u>2,020</u>	<u>1,097</u>

The normal credit terms of trade receivables of the Group and of the Company range from 1 to 90 days (2022: 1 to 90 days).



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 13. TRADE RECEIVABLES (cont'd)

- (a) Included in trade receivables from external parties is an amount due from Technitium Sdn. Bhd. ("TSB") amounting to RM25,319,000 which has been fully written off in the financial year ended 31 December 2021. Details are as follows:

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

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

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

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

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

## 14. OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables					
- External parties		235	37	-	-
- Subsidiaries	(a)	-	-	7,061	6,111
Deposits		193	332	-	-
Prepayments		931	987	6	987
		<u>1,359</u>	<u>1,356</u>	<u>7,067</u>	<u>7,098</u>
<b>Accumulated impairment loss</b>					
- Subsidiaries					
At 1 January		-	-	(175)	-
Addition		-	-	(513)	(175)
At 31 December		-	-	(688)	(175)
		<u>-</u>	<u>-</u>	<u>(688)</u>	<u>(175)</u>
		<u>1,359</u>	<u>1,356</u>	<u>6,379</u>	<u>6,923</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 14. OTHER RECEIVABLES (cont'd)

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

## 15. CONTRACT (LIABILITIES)/ASSETS

	Note	Group	
		2023 RM'000	2022 RM'000
<b>Represented by:</b>			
Contract assets	(i)	116	818
Contract liabilities	(ii)	<u>(464)</u>	<u>-</u>
		<u><u>(348)</u></u>	<u><u>818</u></u>

- (i) Contract assets primarily relate to the Company's right to consideration for work completed on service contract but not yet billed as at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

	2023 RM'000	2022 RM'000
At beginning of the year	818	123
Revenue recognised during the year (Note 4)	10,114	11,841
Progress billing during the year	<u>(10,816)</u>	<u>(11,146)</u>
At end of the year	<u><u>116</u></u>	<u><u>818</u></u>

- (ii) Contract liabilities primarily relate to the amount billed to customers in advance prior to satisfaction of performance obligation for the service contracts.

	2023 RM'000	2022 RM'000
At beginning of the year	-	-
Revenue recognised during the year (Note 4)	1,602	-
Progress billing during the year	<u>(2,066)</u>	<u>-</u>
At end of the year	<u><u>(464)</u></u>	<u><u>-</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 16. INVESTMENT IN MARKETABLE SECURITIES

	Group	
	2023 RM'000	2022 RM'000
<b>At fair value through profit or loss</b>		
- Investment in quoted shares outside Malaysia		
At beginning of the financial year	4	7
Fair value gain/(loss)	3	(3)
At end of the financial year	<u>7</u>	<u>4</u>

## 17. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023 Unit '000	2022 Unit '000	2023 RM'000	2022 RM'000
<b>Issued and fully paid:</b>				
At 1 January	177,750	141,315	24,314	10,064
Issuance of ordinary shares pursuant to:				
- Conversion of Warrants	6,791	36,435	339	14,250
- Capital reduction	-	-	(14,292)	-
- Share issuance	60,000	-	4,594	-
- Rights issue with Warrants	236,659	-	6,412	-
At 31 December	<u>481,200</u>	<u>177,750</u>	<u>21,367</u>	<u>24,314</u>

During the financial year, the Company has increased its issued ordinary shares from RM24,314,000 to RM35,659,341 by way of issuance of:

- (i) 60,000,000 new ordinary shares at an issue price of RM0.08 per share representing approximately 30% of FSBM's enlarged issued shares after the shares issuance to the Subscribers. The expenses of RM206,110 was attributed to issuance of new shares.
- (ii) 236,659,300 new ordinary shares at an issue price of RM0.03 per share pursuant to the rights issue for the purpose of raising working capital. The expenses of RM687,034 was attributed to issuance of rights issue with warrants.
- (iii) 6,790,450 new ordinary shares at an issue price of RM0.05 per share pursuant to the exercise of Warrants B 2023/2028 ("Warrants B"); and

The Company has completed the capital reduction of RM14,292,450 pursuant to Section 116 of the Companies Act 2016 to reduce share capital of the Company from RM35,659,341 to RM21,366,891.

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

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

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 DECEMBER 2023  
(CONT'D)

**18. 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 (2022: RM712,000) as at financial year end. As at 31 December 2023, the Company had a total of 1,091,000 (2022: 1,091,000) ordinary shares of its 481,200,000 (2022: 177,750,000) ordinary shares as treasury shares.

**19. RESERVES**

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital reduction reserve	(a)	3,624	-	-	-
Warrants reserve	(b)	1,936	-	1,936	-
Other reserve	(c)	(1,936)	-	(1,936)	-
		<u>3,624</u>	<u>-</u>	<u>-</u>	<u>-</u>

**(a) Capital reduction reserve**

The capital reserve arose from the excess capital reduction pursuant to Section 116 of Companies Act 2016 to reduce the share capital of the Company.

**(b) Warrants reserve**

In the current financial year, warrants reserve represents reserve allocated to free detachable warrants B issued with rights issue. In the prior year, warrants reserve represents reserve allocated to free detachable warrants A issued with right issue and have expired.

Warrants 2023/2028

On 26 September 2023, the Company listed and quoted of 118,329,650 free detachable Warrants B pursuant to the renounceable rights issue with Warrants on the basis of 1 warrant for every 2 rights share. The warrants are constituted by a Deed Poll dated 17 August 2023. The salient features of the warrants are as follow:

- (i) Conversion to ordinary shares at an exercise price of RM0.05 per warrant;
- (ii) The exercise price of the warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll;
- (iii) 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
- (iv) The warrants are for a period of five years and expire on 18 September 2028.

The fair value of the Warrants was determined based on the fair value of warrants immediately upon the listing and quotation on 26 September 2023 thereof at RM0.0174 per warrant.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 19. RESERVES (cont'd)

### (b) Warrants reserve (cont'd)

As at 31 December 2023, the total number of Warrants B that remain unexercised amounted to 111,539,200.

### (c) Other reserve

Other reserve represents the discount on issuance of shares and the value of which is represented by the fair value of the warrants. The other reserve, in substance, form part of the issued and paid-up share capital and is presented separately for better understanding.

## 19.1 Material accounting policy information

### Warrant reserve

#### Rights Issue with Detachable Warrants

Total proceeds received by the Company arising from the Rights issue with Warrants have been allocated to two types of equity instruments i.e. share capital and warrants. Fair value of Rights Issue and Warrants are adjusted for the apportionment of its relative fair value between share capital and warrants. The amount allocated to warrants reserve which is non-distributable. 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 other reserve.

## 20. LEASE LIABILITIES

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Future minimum lease payments:</b>		
- not later than 1 year	60	101
- later than 1 year but not later than 2 years	20	60
- later than 2 years but not later than 5 years	-	20
	<u>80</u>	<u>181</u>
Less: Unexpired finance charges	(3)	(10)
Total present value of minimum lease payments	<u>77</u>	<u>171</u>
<b>Present value of lease liabilities:</b>		
- not later than 1 year	58	94
- later than 1 year but not later than 2 years	19	58
- later than 2 years but not later than 5 years	-	19
	<u>77</u>	<u>171</u>
<b>Represented by:</b>		
Current liabilities	58	94
Non-current liabilities	19	77
	<u>77</u>	<u>171</u>

The lease liabilities bear effective interest rate of 5.63% (2022: 5.63%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 21. TRADE PAYABLES

The normal trade credit terms granted by trade creditors to the Group and to the Company range from 1 to 60 days (2022: 1 to 60 days).

## 22. OTHER PAYABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables					
- External parties		783	1,843	323	422
- Subsidiaries		-	-	8,791	8,948
Accruals		547	365	124	119
Amount owing to Directors	(a)	3	30	-	2
		<u>1,333</u>	<u>2,238</u>	<u>9,238</u>	<u>9,491</u>

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

## 23. RELATED PARTY TRANSACTIONS

### Identity of related parties

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

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

The related parties' balance is disclosed in Notes 13, 14 and 22.

### Related party transactions

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

	2023 RM'000	2022 RM'000
<b>Group</b>		
<b>Transactions with Directors</b>		
Repayment to	<u>(27)</u>	<u>(1,247)</u>
<b>Transactions with related party</b>		
Revenue	-	(450)
Repayment from	<u>400</u>	<u>34</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 23. RELATED PARTY TRANSACTIONS (cont'd)

Related party transactions (cont'd)

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

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Company</b>		
<b>Transactions with Directors</b>		
Repayment to	<u>(2)</u>	<u>(766)</u>
<b>Transactions with subsidiaries</b>		
Management fee income	(923)	(1,097)
Advances to	(949)	(6,111)
Repayment to	<u>(157)</u>	<u>(23)</u>

Compensation of key management personnel

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

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries and bonus	325	255	195	135
Contributions to defined contribution plan	33	30	19	16
Social security contributions	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>
	<u>360</u>	<u>287</u>	<u>215</u>	<u>152</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 24. OPERATING SEGMENTS

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

Platform design and development	Development of web-based and mobile platforms for customers
Refurbishment services	Refurbishment of pre-owned IT hardware
Lease services	Leasing of IT hardware
Technical support and maintenance services	After-sales service following the completion of platform design and development projects
Smart manufacturing solutions	Provide manpower services in respect of system integration, commissioning and setup services.
Managed security service	Provider of network security solutions
Others	Principal activities related to management fee and other services

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

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

### Segment assets

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

### Segment liabilities

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 24. OPERATING SEGMENTS (cont'd)

	Platform design and development RM'000	Refurbishment services RM'000	Lease services RM'000	Technical support and maintenance RM'000	Smart manufacturing solutions RM'000	Managed security services RM'000	Others RM'000	Adjustment & Elimination RM'000	Group RM'000
<b>2023</b>									
External revenue	5,843	972	574	2,790	1,506	1,131	18	-	12,834
Inter segment sales	-	-	-	387	71	-	923	(1,381)	-
Total revenue	5,843	972	574	2,790	1,506	1,131	941	(1,381)	12,834
<b>Results</b>									
Depreciation of plant and equipment	101	-	356	-	2	1	-	-	460
Depreciation of right-of-use assets	94	-	-	-	-	-	-	-	94
Amortisation of intangible assets	-	-	-	-	41	-	-	-	41
Other non-cash expense	(15)	-	-	-	-	-	(7)	-	(22)
Profit/(loss) before tax	3,030	17	81	382	172	(14)	(2,012)	533	2,189
Interest expense	(7)	-	-	-	-	-	-	-	(7)
Tax expense	(206)	(40)	(23)	(52)	-	-	(1)	-	(322)
Profit/(loss) net of tax	2,817	(23)	58	330	172	(14)	(2,013)	533	1,860
<b>Assets</b>									
Addition to:-									
Non-current assets	578	-	-	-	1,031	11	10	-	1,630
Segment assets	9,509	-	943	19	3,466	551	20,170	(9,135)	25,523
<b>Liabilities</b>									
Segment liabilities	6,764	-	-	13,650	8,074	689	34,895	(62,170)	1,902

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 24. OPERATING SEGMENTS (cont'd)

	Platform design and development RM'000	Refurbishment services RM'000	Lease services RM'000	Technical support and maintenance RM'000	Smart manufacturing solutions RM'000	Managed security services RM'000	Others RM'000	Adjustment & Elimination RM'000	Group RM'000
<b>2022</b>									
External revenue	10,213	458	311	161	784	500	87	-	12,514
Inter segment sales	-	-	-	20	13	-	1,096	(1,129)	-
	<u>10,213</u>	<u>458</u>	<u>311</u>	<u>181</u>	<u>797</u>	<u>500</u>	<u>1,183</u>	<u>(1,129)</u>	<u>12,514</u>
<b>Results</b>									
Depreciation of plant and equipment	50	-	186	-	-	-	-	-	236
Depreciation of right-of-use assets	64	-	-	-	-	-	-	-	64
Other non-cash expense	80	-	-	-	-	-	(1,384)	-	(1,304)
Profit/(loss) before tax	3,126	38	95	191	127	140	905	223	4,845
Interest expense	(8)	-	-	-	-	-	-	-	(8)
Tax expense	(362)	(16)	(11)	(1)	-	-	-	-	(391)
Profit/(loss) net of tax	<u>2,756</u>	<u>22</u>	<u>84</u>	<u>190</u>	<u>127</u>	<u>140</u>	<u>905</u>	<u>223</u>	<u>4,446</u>
<b>Assets</b>									
Addition to:-									
Non-current assets	903	-	1,436	-	-	-	408	-	2,747
Segment assets	<u>9,324</u>	<u>-</u>	<u>1,298</u>	<u>91</u>	<u>1,614</u>	<u>208</u>	<u>8,965</u>	<u>(7,327)</u>	<u>14,173</u>
<b>Liabilities</b>									
Segment liabilities	<u>8,793</u>	<u>-</u>	<u>-</u>	<u>13,561</u>	<u>6,171</u>	<u>331</u>	<u>34,622</u>	<u>(59,827)</u>	<u>3,651</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 24. OPERATING SEGMENTS (cont'd)

- (a) Inter-segment revenue are eliminated on consolidation.
- (b) Other material non-cash expenses consist of the following items as presented in the respective notes to the consolidated financial statements:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Fair value (gain)/loss on marketable securities	(3)	3
Unrealised gain on foreign exchange	(19)	80
Reversal of accruals no longer required	-	(1,387)
	<u>(22)</u>	<u>(1,304)</u>

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Plant and equipment	110	2,109
Intangible assets	1,520	405
Right-of-use-assets	-	233
	<u>1,630</u>	<u>2,747</u>

- (d) Reconciliation of assets

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segments assets</b>	25,523	14,173
Deferred tax assets	278	268
<b>Total assets</b>	<u>25,801</u>	<u>14,441</u>

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Intangible assets	(58)	-
Investment in subsidiaries	(100)	(100)
Elimination of inter-segment transactions	(8,977)	(7,227)
	<u>(9,135)</u>	<u>(7,327)</u>

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 DECEMBER 2023  
(CONT'D)

**24. OPERATING SEGMENTS** (cont'd)

(e) Reconciliation of liabilities

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segments liabilities</b>	1,902	3,651
Deferred tax liabilities	101	166
Tax payable	162	193
<b>Total liabilities</b>	<u>2,165</u>	<u>4,010</u>

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Elimination of inter-segment transactions	<u>(62,170)</u>	<u>(59,827)</u>

**25. FINANCIAL INSTRUMENTS**

**Categories of financial instruments**

The Group and the Company categorised their financial assets (excluding prepayments) and financial liabilities at amortised cost respectively, except for investment in marketable securities as disclosed in Note 16 which have been categorised as fair value through profit and loss.

**Financial Risk Management Objectives and Policies**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (a) Credit risk

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

There are no significant changes as compared to prior years.

#### Trade receivables

##### Exposure to credit risk, credit quality and collateral

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

##### Credit risk concentration profile

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

At the reporting date, approximately 49% and 88% (2022: 84% and 92%) of the Group's and the Company's gross trade receivables were due from 3 and 2 (2022: 3 and 1) customers respectively.

##### Recognition and measurement of impairment loss

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

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

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

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for trade receivable.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (a) Credit risk (cont'd)

#### Trade receivables (cont'd)

#### Impairment losses

The following table provides information about the exposure to credit risk and ECL for trade receivables as 31 December 2023 and 31 December 2022:

	<b>Gross RM'000</b>	<b>Impairment losses RM'000</b>	<b>Net RM'000</b>
<b>Group</b>			
<b>2023</b>			
<b>Trade receivables</b>			
Not past due	3,120	-	3,120
Past due:			
Less than 30 days	686	-	686
31 days to 60 days	613	-	613
61 days to 90 days	339	-	339
More than 90 days	1,883	-	1,883
	<u>3,521</u>	<u>-</u>	<u>3,521</u>
	6,641	-	6,641
<b>Contract assets</b> (Note 15)	116	-	116
	<u>6,757</u>	<u>-</u>	<u>6,757</u>
<b>2022</b>			
<b>Trade receivables</b>			
Not past due	3,388	-	3,388
Past due:			
Less than 30 days	1,657	-	1,657
	<u>5,045</u>	<u>-</u>	<u>5,045</u>
<b>Contract assets</b> (Note 15)	818	-	818
	<u>5,863</u>	<u>-</u>	<u>5,863</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (b) Credit risk (cont'd)

##### Trade receivables (cont'd)

##### Impairment losses (cont'd)

	Gross RM'000	Impairment losses RM'000	Net RM'000
<b>Company</b>			
<b>2023</b>			
<b>Trade receivables</b>			
Not past due	255	-	255
Past due:			
Less than 30 days	67	-	67
31 days to 60 days	68	-	68
61 days to 90 days	50	-	50
More than 90 days	1,580	-	1,580
	1,765	-	1,765
	<u>2,020</u>	<u>-</u>	<u>2,020</u>
<b>2022</b>			
<b>Trade receivables</b>			
Not past due	325	-	325
Past due:			
Less than 30 days	130	-	130
31 days to 60 days	117	-	117
61 days to 90 days	117	-	117
	364	-	364
<b>Credit impaired</b>			
More than 90 days	408	-	408
	<u>1,097</u>	<u>-</u>	<u>1,097</u>

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 DECEMBER 2023  
(CONT'D)

**25. FINANCIAL INSTRUMENTS (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

(a) Credit risk (cont'd)

**Trade receivables** (cont'd)

**Impairment losses** (cont'd)

Receivables that are not past due

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

Receivables that are past due but not impaired

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

As at reporting date, these trade receivables that are past due have not been impaired as the past due amount have been substantially received from these debtors subsequent to year end.

**Cash and cash equivalents**

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

**Other receivables and deposits**

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

**Amount due from subsidiaries**

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

As at the end of the financial year, the maximum exposure to credit risk arising from amounts due from subsidiaries is represented by the carrying amount in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (a) Credit risk (cont'd)

##### **Amount due from subsidiaries** (cont'd)

Generally, the Company considers advances to subsidiaries has low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be credit impaired when the subsidiaries are unlikely to repay their advances to the Company in full given insufficient highly liquid resources.

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

The Company has provided allowances for expected credit losses in respect of the amount due from subsidiaries as disclosed in Note 14.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and lease liabilities.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

	Carrying amount RM'000	Contractual cash flows RM'000	Contractual Cash Flows ----->		
			<----- On demand/ Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000
<b>Group</b>					
<b>2023</b>					
<b>Financial liabilities</b>					
Trade payables	144	144	144	-	-
Other payables	1,333	1,333	1,333	-	-
Lease liabilities	77	80	60	20	-
	<u>1,554</u>	<u>1,557</u>	<u>1,537</u>	<u>20</u>	<u>-</u>
<b>2022</b>					
<b>Financial liabilities</b>					
Trade payables	1,242	1,242	1,242	-	-
Other payables	2,238	2,238	2,238	-	-
Lease liabilities	171	181	101	60	20
	<u>3,651</u>	<u>3,661</u>	<u>3,581</u>	<u>60</u>	<u>20</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 25. FINANCIAL INSTRUMENTS (cont'd)

### Financial Risk Management Objectives and Policies (cont'd)

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales transactions and balances that are denominated in a currency other than the functional currencies within the Group. The currencies giving rise to this risk are Hong Kong Dollar ("HKD") and United States Dollar ("USD").

Foreign exchange exposures in transactional currency other than functional currency of the Group are kept to an acceptable level.

#### Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at end of the reporting period was:

	2023 RM'000	2022 RM'000
<b>Group</b>		
<b>Denominated in HKD</b>		
Trade receivables	1,226	3,476
<b>Denominated in USD</b>		
Other payables	<u>107</u>	<u>-</u>

#### Foreign currency risk sensitivity analysis

A 10% strengthening/weakening of the functional currency of the Group against the foreign currency at the end of the reporting period would have increased/(decreased) (loss)/profit after tax and equity by the amounts shown below:

	2023 Increase/ (Decrease) RM'000	2022 Increase/ (Decrease) RM'000
<b>Group</b>		
<b>Effect on profit after tax/equity:</b>		
<b>HKD/RM</b>		
Strengthened by 10%	93	264
Weakened by 10%	(93)	(264)
<b>USD/RM</b>		
Strengthened by 10%	(8)	-
Weakened by 10%	<u>8</u>	<u>-</u>

**NOTES TO THE  
FINANCIAL STATEMENTS**  
31 DECEMBER 2023  
(CONT'D)

**26. 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
<b>2023</b>					
<b>Group</b>					
<b>Financial Asset</b>					
Investment in marketable securities	7	-	-	7	7
<b>2022</b>					
<b>Financial Asset</b>					
Investment in marketable securities	4	-	-	4	4

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

Financial instrument other than those carried at fair value

*Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values*

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair values due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

**27. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory. As the Group and the Company have no external borrowings except lease liabilities relating to office premises right-of-use assets, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of risk of borrowings.

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

The Group and the Company is not subject to any externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(CONT'D)

## 28. CAPITAL COMMITMENT

	Group	
	2023	2022
	RM'000	RM'000
<b>Authorised and contracted for:</b>		
Addition of intangible assets	1,968	225

## 29. SIGNIFICANT EVENT

### Practice Note 17 status

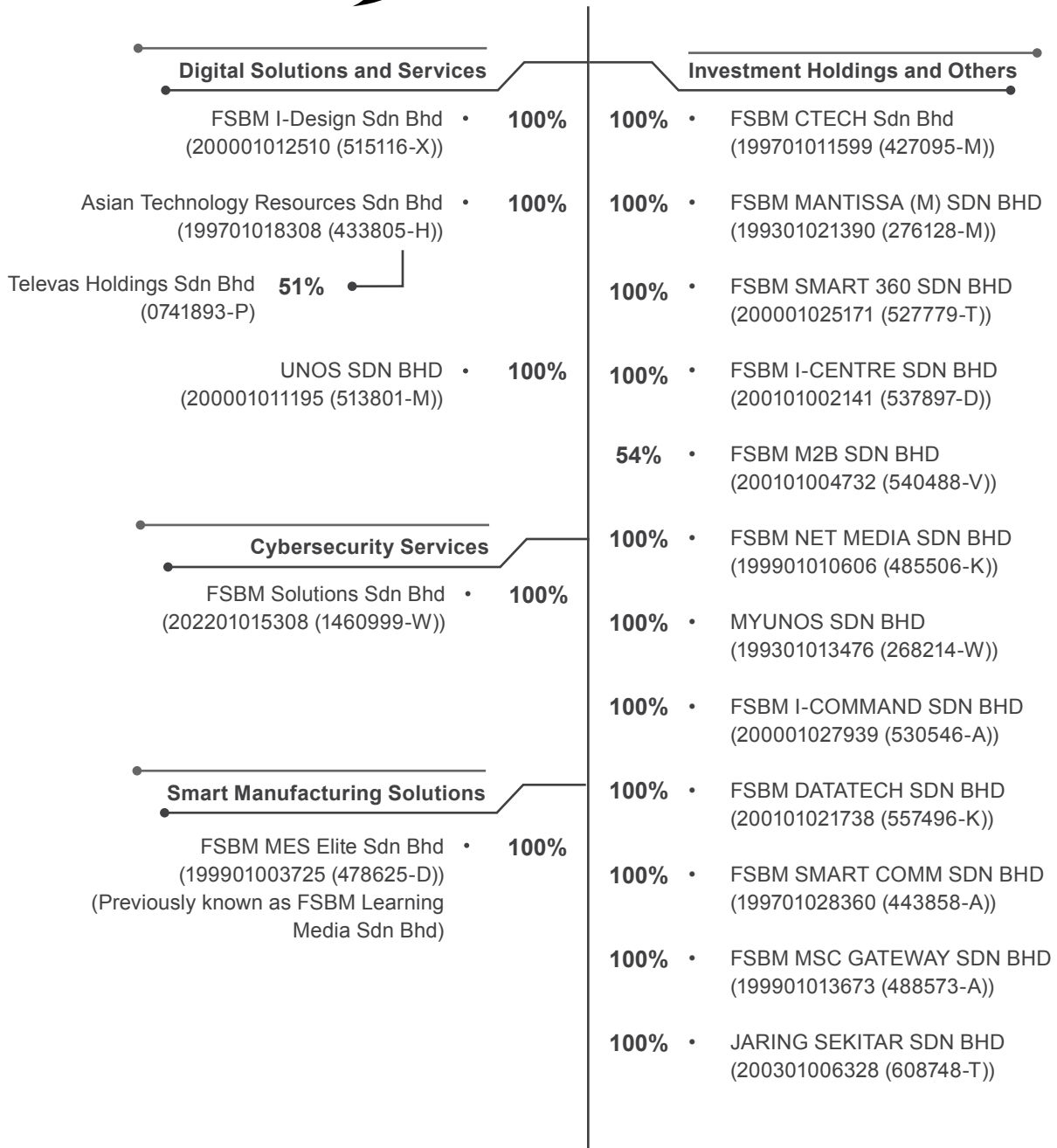
The Group has been classified as an affected issuer pursuant to Paragraph 8.03A(2) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") since 17 October 2019 and Paragraph 2.1(d) of Practice Note 17 ("PN17") since 30 December 2019. The Group has submitted the regularisation plan to Bursa Securities on 15 April 2022.

A revised regularisation plan has approved by Bursa on 22 May 2023. Subsequently, the Abridged Prospectus was issued on 25 August 2023 and the approved regularisation plan entails the following:

- (i) Proposed capital reduction exercise;
- (ii) Proposed share issuance of 60.0 million new ordinary shares; and
- (iii) Proposed rights issue of up to 236,659,300 new shares together with up to 118,329,650 free warrants.

The above proposals were completed on 26 September 2023.

# CORPORATE STRUCTURE



This page has been intentionally left blank.

# PROXY FORM

39<sup>TH</sup> ANNUAL GENERAL MEETING

## FSBM HOLDINGS BERHAD

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

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 e-mail 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 e-mail address) and/ or failing him/her\* \_\_\_\_\_ (name of Proxy 2 in capital letters)

IC No./Passport No.\* \_\_\_\_\_ of \_\_\_\_\_ (full address, contact no. and e-mail 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-Ninth Annual General Meeting of the Company to be at Strive Room, Level M3, VE Hotel & Residence, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Tuesday, 25 June 2024 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	To approve payment of Directors' fees amounting to RM208,000 for the financial year ended 31 December 2023		
Resolution 2	Re-election of Dato' Tan Hock San @ Tan Hock Ming as Director		
Resolution 3	Re-election Mr. Mok Kar Foo as Director		
Resolution 4	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 5	Renewal of Authority for Directors to Issue Shares		

\* Strike out which is not applicable.

\*\* If you wish to appoint any person other than the Chairman of the Meeting to be your proxy, kindly strike out the words "the Chairman of the Meeting" and insert the name of the person desired.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

For appointment of more than one (1) proxy, percentage (%) of shareholdings to be represented by the proxies.			
	Name of Proxy	No. of shares	%
Proxy 1			
Proxy 2			
TOTAL			100

Signature of Member / Common Seal of Shareholder<sup>^</sup>

<sup>^</sup> Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

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 18 June 2024 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.



*Fold this flap for sealing*

---

*Then fold here*

---

AFFIX  
STAMP

**The Company Secretary**

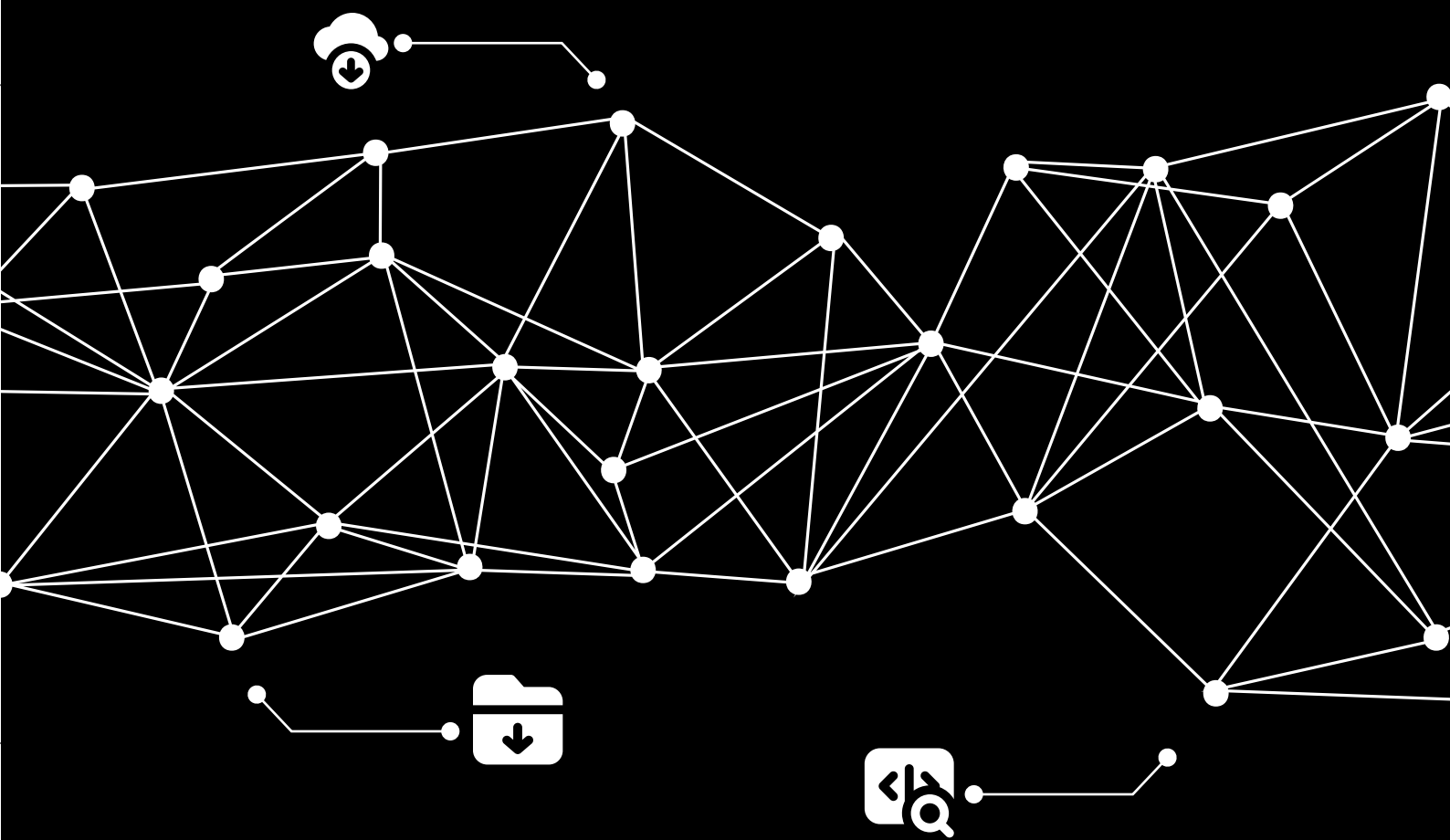
**FSBM HOLDINGS BERHAD**

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

*First fold here*

---



## **FSBM HOLDINGS BERHAD**

Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South,  
59200 Kuala Lumpur, Malaysia

Tel: +603 7932 2313  
Email: [enquiry@fsbm.com.my](mailto:enquiry@fsbm.com.my)