FIAMMA

Annual Report 2021

Innovate • Diversify

EBAC™ HOME

KITCHEN

WARDROBE

VANITY

It is all about comfortable and stylish living

-EBAC HOME-

INSIDE THIS REPORT

Corporate Information

BOARD OF DIRECTORS

Dato' Bahar Bin Ahmad
Chairman, Independent Non-Executive Director

Lim Choo Hong
Chief Executive Officer/
Group Managing Director
Non-Independent Executive Director

Chua Choo Eng
Independent Non-Executive Director

Eugene Lee Cheng Hoe
Independent Non-Executive Director

Kok Sau Chun
Non-Independent Non-Executive Director

Chin Mee Foon
Chief Finance Officer/Company Secretary
Non-Independent Executive Director

Stefan Matthieu Lim Shing Yuan
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Eugene Lee Cheng Hoe
Chairman, Independent Non-Executive Director

Dato' Bahar Bin Ahmad
Member, Independent Non-Executive Director

Chua Choo Eng
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Bahar Bin Ahmad
Chairman, Independent Non-Executive Director

Eugene Lee Cheng Hoe
Member, Independent Non-Executive Director

Chua Choo Eng
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

Chua Choo Eng
Chairman, Independent Non-Executive Director

Lim Choo Hong
Member, Chief Executive Officer/Group Managing Director
Non-Independent Executive Director

Eugene Lee Cheng Hoe
Member, Independent Non-Executive Director

COMPANY SECRETARIES

Chin Mee Foon
Tai Yit Chan
Tan Ai Ning

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7890 4800
Fax : (03) 7890 4650

REGISTRARS

Tricor Investor and Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Tel : (03) 2783 9299
Fax : (03) 2783 9222

AUDITORS

KPMG PLT
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7721 3388
Fax : (03) 7721 3399

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Islamic Bank Berhad
OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : FIAMMA
Stock Code : 6939

Directors' Profile

DATO' BAHAR BIN AHMAD

Male

Malaysian

Dato' Bahar Bin Ahmad, 72, is an Independent Non-Executive Director and Chairman of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad as an Executive Director on 14 April 1997. He was re-designated as Non-Independent Non-Executive Director on 1 April 2016 and Independent Non-Executive Director on 2 April 2018. He was appointed as Chairman of the Board on 28 December 2018. He graduated from University of Malaya, Kuala Lumpur with a Bachelor of Arts (Honours) in 1973.

He was a member of the Boards of Rebak Island Marina Berhad, Kenyir Splendour Berhad, Horsedale Development Berhad and several private limited companies within DRB-HICOM Berhad Group including Glenmarie Properties Sdn Bhd and Glenmarie Cove Development Sdn Bhd, which are involved in the development of residential projects, namely Glenmarie Gardens, Laman Glenmarie and Glenmarie Cove, until 31 December 2020.

He started his career in the Malaysian Administrative and Diplomatic Service from April 1973 to December 1996 in various capacities at the Ministry of International Trade and Industry (MITI). He was appointed as Assistant Trade Commissioner, Malaysia Trade Office in New York, United States of America in 1977. In 1979, he was assigned as Trade Commissioner, Malaysia Trade Office, Manila, Philippines and in 1981, as Trade Commissioner, Malaysian Trade Commission, London, United Kingdom. He was reposted to serve as the Senior Trade Commissioner/Minister Counselor in the Malaysian High Commission, London, United Kingdom, and was admitted to the Court of St James as a Diplomat from 1991 until 1996.

Dato' Bahar is the Chairman of the Nomination Committee and a member of the Audit Committee. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. He attended all the four board meetings held during the financial year ended 30 September 2021. Other than Fiamma Holdings Berhad, he does not hold any other directorship in public companies and listed issuers in Malaysia.

LIM CHOO HONG

Male

Malaysian

Mr. Lim Choo Hong, 64, is a Non-Independent Executive Director and the Chief Executive Officer/ Group Managing Director of Fiamma Holdings Berhad. He is a founder member of the Fiamma Group and was appointed to the Board of Fiamma Holdings Berhad on 16 August 1982. He is a businessman and entrepreneur and has more than 40 years of business experience dealing in home appliances. He also has more than 25 years experience in property development. Prior to his involvement in the Fiamma Group in 1979, he was involved in the retail business in Singapore.

Mr. Lim Choo Hong is a member of the Remuneration Committee. He also sits on the Board of some of the subsidiary companies of Fiamma Group. He is a major shareholder of Fiamma Holdings Berhad. He is the spouse of Madam Kok Sau Chun. He attended all the four board meetings held during the financial year ended 30 September 2021. Other than Fiamma Holdings Berhad, he does not hold any other directorship in public companies and listed issuers in Malaysia.

Directors' Profile

CHIN MEE FOON

Female

Malaysian

Ms. Chin Mee Foon, 67, is a Non-Independent Executive Director of Fiamma Holdings Berhad. She was appointed to the Board of Fiamma Holdings Berhad on 2 April 2018. She is a fellow member of the Association of Chartered Certified Accountants, a member of the Malaysian Institute of Accountants and an associate member of the Institute of Chartered Secretaries and Administrators.

She is also the Chief Finance Officer and the Company Secretary of Fiamma. She joined Fiamma as an Accountant in July 1989 and was promoted to Finance and Administration Manager of the Fiamma Group in January 1992 and to the position of Chief Finance Officer in 1999. She is responsible for the overall financial management, secretarial, tax and corporate functions of the Fiamma Group. Prior to joining Fiamma, Ms. Chin was with Ernst & Young from 1984 to 1989 where she was involved in both tax compliance and advisory work. She was an Assistant Tax Manager in Ernst & Young when she left in June 1989. She previously sat on the board of Engtex Group Berhad as an Independent Non- Executive Director until June 2020.

She also sits on the Board of some of the subsidiary companies of Fiamma Group. She does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. She attended all the four board meetings held during the financial year ended 30 September 2021. Other than Fiamma Holdings Berhad, she does not hold any other directorship in public companies and listed issuers in Malaysia.

KOK SAU CHUN

Female

Malaysian

Madam Kok Sau Chun, 62, is a Non-Independent Non-Executive Director of Fiamma Holdings Berhad. She was appointed to the Board of Fiamma Holdings Berhad on 30 March 1992. She has held various administrative positions prior to her appointment to the Board of the Company.

Madam Kok Sau Chun is the spouse of Mr. Lim Choo Hong. She also sits on the Board of several subsidiary companies of Fiamma Group. She attended all the four board meetings held during the financial year ended 30 September 2021. Other than Fiamma Holdings Berhad, she does not hold any other directorship in public companies and listed issuers in Malaysia.

CHUA CHOO ENG

Male

Singaporean

Mr. Chua Choo Eng, 71, is an Independent Non-Executive Director of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad on 1 October 2018. He graduated from Nanyang University, Singapore with First Class Honours – Accountancy in July 1973 and is also a graduate of the Institute of Cost and Management Accountants, United Kingdom.

He was the Financial Controller of PT Antam Niterra Haltim, Indonesia from 2016 to 2017 and Assistant General Manager of Furnell International (Shenzen) Ltd from 2006 to 2015. He also served as the Chief Financial Officer in Changzhou Casa-Shinco Appliances Co., Ltd, Jiangsu, China from 2002 to 2006 and was the Managing Director of Carpet World Pte Ltd, Singapore from 1984 to 2002.

Mr. Chua is the Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. He attended all the four board meetings held during the financial year ended 30 September 2021. Other than Fiamma Holdings Berhad, he does not hold any other directorship in public companies and listed issuers in Malaysia.

Directors' Profile

EUGENE LEE CHENG HOE

Male

Malaysian

Mr. Eugene Lee Cheng Hoe, 52, is an Independent Non-Executive Director of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad on 28 December 2018. He holds a Bachelor of Economics (majoring in Accounting) from Macquarie University, Sydney, Australia. He is a Chartered Accountant (CA) with the Malaysian Institute of Accountants, a Certified Practising Accountant (CPA) with CPA Australia and a Registered Financial Planner (RFP) with the Malaysian Financial Planning Council (MFPC).

He has extensive corporate and financial advisory and strategy consulting experience. He is currently a Principal at Atreus Consulting Sdn Bhd. He was formerly Senior Manager, Corporate Affairs at Hong Leong Group, Director/Executive Vice President at BinaFikir Sdn Bhd (a subsidiary of Maybank Investment Bank Berhad), General Manager, Corporate Planning & Development at MISC Berhad (a subsidiary of PETRONAS), Associate Director, Corporate Finance at AmInvestment Bank Berhad and Audit Semi-Senior at Coopers & Lybrand (now PricewaterhouseCoopers). He was also an Independent Non-Executive Director and Audit Committee Chairman of Ideal Jacobs (Malaysia) Corporation Berhad from March 2013 to October 2015. He currently sits on the Board of Southern Cable Group Berhad as an Independent Non-Executive Director.

Mr. Lee is the Chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. He attended all the four board meetings held during the financial year ended 30 September 2021. Other than Fiamma Holdings Berhad and the directorship as disclosed above, he does not hold any other directorship in public companies and listed issuers in Malaysia.

STEFAN MATTHIEU LIM SHING YUAN

Male

Singaporean

Mr. Stefan Matthieu Lim Shing Yuan, 42, is a Non-Independent Non-Executive Director of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad on 8 October 2021. He holds a Master of Business Systems and Bachelor of Commerce (Accounting & Finance) degree from Monash University, Australia.

He is currently a Non-Independent Executive Director of Casa Holdings Limited ("Casa"), a company listed on Singapore Exchange Limited. He was a Non-Executive and Non-Independent Director of Casa from September 2009 to January 2020. He was re-designated from his position as a Non-Executive Director to Executive Director following his appointment as Deputy Chief Executive Officer in January 2020. He is also a General Manager and a director of Polybuilding (S) Pte Ltd.

Mr. Lim is the son of Mr. Lim Soo Kong (Lim Soo Chong), a major shareholder of Fiamma Holdings Berhad. Other than Fiamma Holdings Berhad, he does not hold any other directorship in public companies and listed issuers in Malaysia.

<u>Other Information</u>

a. Conflict of Interest

None of the directors have any conflict of interest with the Company.

b. Conviction of Offences

None of the Directors have any conviction for offences within the past 5 years other than traffic offences, if any, and no public sanction or penalty have been imposed on them by the relevant regulatory bodies during the financial year.

Key Senior Management Profile

CHING WOOI KONG

Male | Malaysian

Mr. Ching Wooi Kong, 62, is the Managing Director of Fiamma Trading Sdn Bhd ("FTSB"). He sits on the Board of some of the subsidiary companies of Fiamma Group. He has more than 30 years of working experience in the home appliances and sanitary ware industry. He is responsible for business and product development and all aspects of strategic planning for Rubine and Haustern brands of home appliances. Mr. Ching joined Fiamma Group on 2 January 1990 as Project Executive. He also served as Assistant Project Manager and Project Manager. He became the General Manager of FTSB on 1 January 1995 and assumed his current position of Managing Director in April 2007.

Mr. Ching is also the Managing Director of Kingston Medical Supplies Pte Ltd and Kinsmedic Sdn Bhd, the medical division that is involved in the distribution of healthcare and medical equipment and is responsible for business, product development and strategic planning of the medical division. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

CHEW LENG HUAT

Male | Malaysian

Mr. Chew Leng Huat, 59 is the Managing Director of Fimaco Sdn Bhd ("FCSB"). He has more than 30 years of working experience in the home appliances industry. He is responsible for business and product development and all aspects of strategic planning for Faber, MEC and Tuscani homegrown brands of home appliances. His brand portfolios also include the agency brands of Braun (Germany), Oral B (Germany) and Speed Queen (USA). Mr. Chew joined Fiamma Group on 1 September 1989 as Sales Representative. He also served as Area Sales Manager, National Sales Manager and Sales & Marketing Manager. He became General Manager of FCSB on 1 October 1999 and assumed his current position of Managing Director on 15 May 2008. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

LING KEAN HONG

Male | Malaysian

Mr. Ling Kean Hong, 54, is the Managing Director of Fiamma Sdn. Bhd. ("FSB"). He has more than 25 years of working experience in the home appliances industry. He is responsible for business and product development and all aspects of strategic planning for ELBA brand of home appliances. Mr. Ling joined Fiamma Group on 1 April 1994 as Sales Representative. He also served as Area Sales Manager, Regional Sales Manager and Sales & Marketing Manager. He became General Manager of FSB on 1 April 2007 and assumed his current position of Managing Director in April 2012. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

Key Senior Management Profile

CHONG SZE CHUN

Female | Malaysian

Ms. Chong Sze Chun, 54, is the Managing Director of Ebac Home Sdn Bhd ("EHSB"). She has more than 30 years experience in the home kitchen cabinets and home furnishing industry. She is responsible for the development and strategic planning of the project business of EHSB. Ms. Chong joined EHSB in November 2013 as General Manager and was promoted to Managing Director in April 2018. Prior to this, she was the Head of Project for Aino Kitchen Sdn Bhd from December 2008 to October 2013, where she was involved in building the project business. She also served Fiamma Group as Sales Manager between March 1995 and November 2008 where she was overall in charge of retail sales and project sales of the kitchen and home furnishing business. She does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

LIM CHOON WENG

Male | Malaysian

Mr. Lim Choon Weng, 50, is the General Manager in charge of Exact Quality Sdn Bhd and Fiamma Logistics Sdn Bhd. He has more than 23 years of management experience in home appliances, information technology and telecommunication industries. He is responsible for the after sales service of the products and logistics operations of Fiamma Group. He joined Fiamma Group in November 2013. He graduated with a Bachelor Degree in Electrical Engineering in 1996 and Master of Business Administration Degree in 2003, both from University of Malaya. Prior to this, he also served in Canon Maketing (M) Sdn Bhd, Redtone Technology Sdn Bhd and Binariang Berhad (Maxis). He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

Other Information

a. **Conflict of Interest**
None of the Key Senior Management has any conflict of interest with the Company.

b. **Conviction of Offences**
None of the Key Senior Management has any conviction for offences within the past 5 years other than traffic offences, if any, and no public sanction or penalty have been imposed on them by relevant regulatory bodies during the financial year.

c. **Directorships**
None of the Key Senior Management holds any directorship in any public companies and listed issuers in Malaysia.

Corporate Structure
as at 31 December 2021

FIAMMA HOLDINGS BERHAD

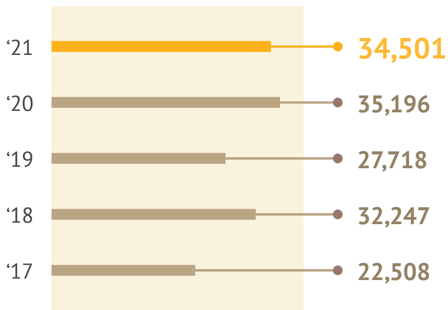
- Fiamma Sdn Bhd 100%
  - Fiamma Logistics Sdn Bhd 100%
  - Exact Quality Sdn Bhd 100%
- Fimaco Sdn Bhd 100%
- Fiamma Trading Sdn Bhd 70%
  - Haustern Sdn Bhd 100%
- Ebac Home Sdn Bhd 100%
- Ebac Home Pte Ltd 100%
- Kingston Medical Supplies (Pte) Ltd 70%
  - Kinsmedic Sdn Bhd 100%
- FHB Management Sdn Bhd 100%
- Fiamma Development Sdn Bhd 100%
  - Pinang Sutera Sdn Bhd 60%
- Affluent Crafts Sdn Bhd 100%
- Active Edge Sdn Bhd 100%
- Oaksvilla Sdn Bhd 100%
- Uniphoenix Jaya Sdn Bhd 100%
- Fiamma Land Sdn Bhd 100%
- Fiamma Properties Sdn Bhd 100%
- Enex Sdn Bhd* 100%

* In Member's Voluntary Liquidation

Financial Highlights

Profit for the financial year attributable to owners of the Company

(RM'000)



Basic earnings per share

(sen)

Net assets per share

(RM)

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
RESULTS					
Revenue	315,607	338,626	337,412	378,591	**338,022**
Operating profit before depreciation, finance cost, foreign exchange gain/losses and tax	43,596	58,476	54,194	68,149	**62,625**
Profit before taxation	33,864	46,235	41,830	55,368	**53,613**
Profit for the financial year attributable to owners of the Company	22,508	32,247	27,718	35,196	**34,501**
EQUITY AND ASSETS					
Share capital	265,028	265,028	265,030	265,030	**268,408**
Total equity attributable to owners of the Company	445,910	478,565	489,501	508,438	**532,384**
Total assets	726,254	797,327	808,072	836,899	**774,079**
Cash and bank balances and deposits with financial institutions	78,938	102,645	83,325	114,027	**104,450**
FINANCIAL STATISTICS					
Basic earnings per share (sen)	4.43	6.39	5.63	7.20	**7.03**
Gross dividend per share (sen)	1.75	2.25	2.00	2.75	**3.20#**
Dividend pay-out	8,862	11,326	9,853	13,498	**15,796#**
Net assets per share (RM)	0.88	0.95	0.99	1.04	**1.08**

Interim and proposed final dividend

Note

FY2018 figures have been restated due to First-time Adoption of Malaysian Financial Reporting Standards

Management Discussion and Analysis

Introduction

Fiamma Holdings Berhad was founded in 1979 and listed on the Bursa Malaysia Securities Berhad in 1997. The Group's business is categorised into three segments: -

- Trading and Services
- Property Development
- Investment Holding and Property Investment

Trading and Services Segment is involved in the distribution and servicing of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products. Its in-house brands include Elba, Faber, Rubine, Tuscani, Haustern and Ebac. It also holds distribution rights for international brands, namely Braun, Speed Queen, Omron and Beurer.

Property Development Segment is involved in the development of residential and commercial properties in the Central and Southern Regions of Malaysia. Some of the signature projects are: -

- Menara Centara at Jalan Tuanku Abdul Rahman, Kuala Lumpur;
- East Parc @ Menjalara, Kuala Lumpur; and
- Taman Kota Jaya, Kota Tinggi, Johor.

Investment Holding and Property Investment Segment is mainly involved in the letting of investment properties, namely commercial spaces in Wisma Fiamma in Bandar Menjalara and Menara Centara in Jalan Tuanku Abdul Rahman, both in Kuala Lumpur, Malaysia.

Overview of Financial Year 2021

It has been almost two years since the World Health Organisation declared the 2019 Novel Coronavirus ("Covid-19") a global pandemic on 11 March 2020. With the Covid-19 pandemic situation still evolving and uncertain, the Government of Malaysia imposed various targeted containment measures in efforts to curb and contain the spread of Covid-19.

In 2021 the country reported a resurgence in daily Covid-19 cases, as the highly infectious Delta variant spread across the country, causing the Government to enforce nationwide "total lockdown" from June 2021 whereby only essential services and e-commerce were allowed to operate. The control measures against the Covid-19 affected the economy across a wide range of activities nationwide and the Group was not spared. The situation gradually eased from mid-August following the Government's efforts to ramp up the pace of vaccination to inoculate the populations as well as the decrease in the number of Covid-19 infections. With effect from 16 August 2021, more economic sectors and all non-essential industries were allowed to operate subject to the strict compliance of the Standard Operating Procedures.

The Group recorded a lower revenue of RM338.02 million in FY2021 compared with the revenue of RM378.59 million in the previous financial year (FY2020). Included in FY2020's revenue was a one-off sales of land of RM39.21 million. Excluding the one-off sales of land, the Group recorded a marginally lower revenue of RM338.02 million in FY2021 against the revenue of RM339.38 million in FY2020. Despite the drop in revenue, the Group recorded a better profit before taxation ("PBT") of RM53.61 million in FY2021 compared with RM39.60 million in FY2020 (excluding the sales of land).

Higher revenue contribution from Trading and Services Segment was, however, offset by the lower contribution from the Property Development Segment.

Due to the Covid-19 pandemic that continues to challenge public health and the enforcement of pandemic-related movement restrictions, people are confined to their homes, working remotely and home-schooling. Hence, electrical home appliances have become more important in daily life and sales of electrical home appliances have gone up during FY2021, except during the "total lockdown" period.

Management Discussion and Analysis

Overview of Financial Year 2021 (cont'd)

The temporary forced closure of non-essential retail stores, including traditional domestic appliance retailers and/or independent retailers without an established online presence, have affected the demand for the Group's trading products from June to mid-August 2021.

Overall, apart from the continued demand for the electrical home appliances, the increase in trading sales was also partly due to price adjustment amid rising shipping costs and material costs as well as appreciation of Chinese Renminbi.

Meanwhile, the Group's Property Development Segment remained subdued with less property transactions due to the soft property market and economy slowdown caused by the Covid-19 pandemic. This has resulted in the write-down in value of unsold developed properties. Rental rebates were also given to tenants who were affected by the lockdown.

Excluding the one-off sales of land, the Group's PBT had improved by approximately 35% though the revenue dropped marginally by 0.4%. Improvement in the bottom line was mainly due to the following reasons: -

(a) Different sales mix with Trading & Services Segment recording better gross margin compared with other segments;
(b) Lower interest expense due to repayment of borrowings and lower interest rates following the Overnight Policy Rate (OPR) cut by 1.25% from January to July 2020;
(c) Fair value loss of RM4.12 million in FY2020 for investment property held; and
(d) Lower operating expenditure due to the total lockdown and various pandemic-related movement restrictions.

FY2021 Financial Performance

	FY2021 RM'000	FY2020 RM'000	Changes RM'000	%
REVENUE				
Trading & Service	311,475	280,384	31,091	11.1%
Property Development	22,072	53,636	(31,564)	-58.8%
Investment Holding and Property Investment	4,475	5,359	(884)	-16.5%
	338,022	339,379	(1,357)	-0.4%
Sales of land	-	39,212	(39,212)	-100.0%
	338,022	378,591	(40,569)	-10.7%
PROFIT BEFORE TAXATION				
Trading & Service	55,591	41,001	14,590	35.6%
Property Development	(4,606)	1,350	(5,956)	-441.2%
Investment Holding and Property Investment	2,628	(2,754)	5,382	-195.4%
	53,613	39,597	14,016	35.4%
Sales of land	-	15,771	(15,771)	-100.0%
	53,613	55,368	(1,755)	-3.2%

Management Discussion and Analysis

FY2021 Financial Performance (cont'd)

Trading and Services Segment

Trading and Services Segment remained the key contributor to the Group's top and bottom lines which contributed 92.2% of the Group's revenue in FY2021. The segment revenue of RM311.48 million in FY2021 was higher than FY2020's revenue of RM280.38 million. Accordingly, FY2021's PBT had gone up to RM55.59 million, up RM14.59 million or 35.6% from RM41.00 million in FY2020.

This segment registered a strong performance on the back of increase in demand for electrical household products, which gained traction amidst the pandemic-related movement restrictions except during the "total lockdown" period whereby only essential services and e-commerce were allowed to operate.

Increase in trading sales was also partly due to upward price adjustment amidst the rising shipping costs and material costs. Shortage of vessels, containers and raw materials, surge in global oil and fuel prices, appreciation of Chinese Renminbi, etc., all feed into the price increase.

Better PBT margin was mainly due to improvement in sales and gross margin and drop in operating expenditure arising from the pandemic-related movement restrictions.

Property Development Segment

In FY2021, 6.5% of the Group's revenue was contributed by Property Development Segment. This segment recorded a lower revenue of RM22.07 million against FY2020's revenue of RM53.64 million, thus incurring loss before tax ("LBT") of RM4.61 million against PBT of RM1.35 million in FY2020.

Higher revenue in FY2020 was due to completion of few housing projects, i.e. East Parc @ Menjalara Project and residential landed properties in Batu Pahat. The decline in FY2021's performance was mainly due to the following factors despite the low interest rate and the extension of Home Ownership Campaign until the end of 2021: -

(a) Tight lending conditions;
(b) Ongoing pandemic and its prolonged impact on the property industry; and
(c) Write-down in value of RM2.71 million for the unsold developed properties – the residential property overhang situation in Johor Bahru together with the impacts of Covid-19 pandemic had affected the demand for houses in Johor Bahru.

Investment Holding and Property Investment Segment

The remaining of the Group's revenue and bottom line were contributed by the Investment Holding and Property Investment Segment. The revenue was derived from letting of investment properties at Wisma Fiamma in Bandar Menjalara and Menara Centara in Jalan Tuanku Abdul Rahman, both located in Kuala Lumpur.

The segment recorded a lower revenue of RM4.47 million in FY2021 compared with RM5.36 million in FY2020, mainly due to lower occupancy rate upon the expiry of the lease tenure and lower rental rate. The segment, however, recorded PBT of RM2.63 million in FY2021 against LBT of RM2.75 million in FY2020. LBT in FY2020 was mainly attributed to the decrease in fair value of RM4.12 million for investment properties held resulting from the soft property market and slowdown in economy brought about by the Covid-19 pandemic.

Management Discussion and Analysis

Prospects & Strategies

The Malaysian economy experienced renewed demand and supply shocks arising from strict containment measures under the National Recovery Plan (NRP) 1 during the third quarter of 2021. As a result, the economy contracted by 4.5% (2Q 2021: +16.1%). On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 3.6% (2Q 2021: -1.9%).

In their October World Economic Outlook (WEO) publication, the IMF revised its projection of global growth marginally downwards from 6.0% to 5.9% for 2021, compared to their July WEO. This reflected weaker prospects in advanced economies, due partly to resurgences in Covid-19 cases which dampened domestic demand as well as ongoing supply disruptions in the manufacturing sector. The growth outlook for several emerging market economies ("EMEs") were revised upwards, reflecting improving demand conditions and commodity exporters benefitting from a rebound in demand and higher prices.

The balance of risks remains tilted to the downside. Covid-19 is a key source of downside risks. Other risks include more severe and persistent global supply disruptions leading to higher price pressures and faster-than-expected policy normalisation. In contrast, upside risks to growth could come from faster vaccination progress in EMEs.

For 2021, the Malaysian economy remains on track to achieve the projected growth range of 3.0% - 4.0%. The recent gradual relaxations for reopening of more economic sectors, along with higher adaptability of firms to the new operating environment and continued policy support, partly mitigated the impact of nationwide containment measures in the third quarter. Furthermore, the successful rollout of the vaccination programme, which has resulted in improved health outcomes, has enabled a phased and safe reopening of economic sectors and allow the economy to continue its recovery path.

Going into 2022, the positive growth momentum is expected to improve. The economy would benefit from expansion in global demand, higher private sector expenditure in line with the resumption of economic activity and continued policy support.

The balance of risks remains tilted to the downside due to external and domestic factors. These include a weaker-than-expected global growth, a worsening in supply chain disruptions, and the re-imposition of containment measures due to the impact of new Covid-19 variants of concern.

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

Trading and Services Segment

The pandemic has shifted the consumption habits and accelerated the growth of the convenience of online shopping and changed the way businesses are conducted. This trend is likely to continue well into the post-pandemic future. To make the most of it, the Group is expediting its efforts in expanding its online presence, including setting up its own e-commerce stores, partnering with its customers that have their own online platform, third-party online marketplace and social media platforms, in order to reach a wider retail customer base, on top of its existing distribution channels, i.e. corporate, chain-store and traditional retail clientele. It is expected that the integration of brick-and-mortar and online business models has the power to amplify reach and sales.

The electrical home appliances market is considerably driven by the rise in consumer expectations for smart appliances that offer advanced features (e.g. smart functionality with wireless technologies), more energy-efficient with stylish design, good quality and safe. Hence, the Group will continue to work with its business partners to ensure product innovation and product differentiation that may offer avenues for market growth.

Apart from the above, the Group will continue to build on its supply chain system and core competencies to remain a market leader for its products, expand its product portfolios, broaden the product range, invest in brand building and promotional activities to remain competitive, to strengthen and expand its distribution network in Malaysia for its various brands of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products and source for new products and business opportunities that are in synergy with the Group's products and activities.

Management Discussion and Analysis

Prospects & Strategies (cont'd)

Property Development Segment

Several property-related measures unveiled by the government will serve as a boon to the property market. For instance: -

- Stamp duty exemption on Memorandum of Transfer (MOT) and loan agreement for first-time homebuyers with property priced below RM500,000 from January 2021 to December 2025;
- Allocation of Housing Credit Guaranteed Scheme of RM2 billion, which aims to assist the gig workers, micro-entrepreneurs, small traders and farmers with the ability to pay but without income statement to support the mortgage application and access to financing; and
- Real Property Gains Tax ("RPGT") exemption for residential properties disposed of in the 6th year and onwards with effect from 1 January 2022.

The prevailing low interest rates that is expected to ease financing coupled with all the above measures are expected to spur demand in the property market and help invigorate the Malaysian property market and eventually translate into a positive multiplier effect on the economy.

The Group's current inventory of the completed projects in Klang Valley, Kota Tinggi, Batu Pahat and Johor Bahru, together with the following ongoing developments will contribute to the revenue and earnings for the financial year 2022 and the coming financial years: -

- Landed residential properties in Batu Pahat, Johor
- Landed residential properties in Kota Tinggi, Johor
- Medium cost landed residential properties in Kota Tinggi, Johor

The Group currently owns two parcels of prime land, i.e. 1.4-acre land in Jalan Yap Kwan Seng and 2.6 acres land in Jalan Sungai Besi. The Group proposed to develop these parcels of land into residential properties. However, the Group remains cautious on the property market and is adopting a realistic approach by launching projects only when there is a firm demand.

These proposed new developments are expected to contribute to the Group's future income stream once they are launched and sold.

In view of the prevailing soft property market, the Group takes full cognisance of the challenges ahead but remains positive as it continues to focus on sales initiatives to clear its current inventory of completed projects and ongoing developments, instead of having new launches.

Investment Holding and Property Investment Segment

Both the investment properties of the Group are situated in strategic locations with good connectivity. During FY2021, the average occupancy rates for Wisma Fiamma and Menara Centara were 77%. This segment will continue to contribute to the Group's annual revenue and profit base with recurring income stream.

In the near term, the new norm of "work-from-home" brought about by the Covid-19 pandemic together with the slowdown in economy may exert some pressures on office rental and occupancy rate of the oversupplied Klang Valley office market, as well as the office space market values.

Management Discussion and Analysis

Statements of Financial Position

The Group's total assets decreased from RM836.90 million in FY2020 to RM774.08 million in FY2021, mainly due to the drop in trading sales during the total lockdown period amid Covid-19 surge, inventory write-down of RM2.71 million for unsold developed properties and termination of agreements for the joint development of two (2) parcels of freehold land held for future development.

The Group's total liabilities decreased from RM303.16 million in FY2020 to RM214.62 million in FY2021. The decrease was mainly due to the repayment of bank borrowings, lesser utilisation of trade facilities arising from the delay in the procurement of trading products following the drop in sales during the total lockdown period and cancellation of the balance land consideration owed to the landowners following the termination of joint agreements mentioned above.

The Group's net gearing ratio as at 30 September 2021 was at 0.05 times (FY2020: 0.14 times). The improvement in net gearing ratio was due to repayment of bank borrowings and lesser utilisation of trade facilities.

During FY2021, a total of 5,295,000 new ordinary shares were issued pursuant to the exercise of Employees' Share Option Scheme ("ESOS") at an option price of RM0.56 per ordinary share.

During FY2021, the Company repurchased 237,100 of its own shares from the open market at an average price of RM0.50 per share including transaction cost and the total consideration paid was RM118,591. At 30 September 2021, the Company held 21,624,400 of its own shares.

Statements of Cash Flow

Operating Activities

Net cash from operating activities was RM64.96 million in FY2021 against RM62.88 million in FY2020, an increase of RM2.08 million. This was mainly due to better operating performance of Trading & Services Segment.

Investing Activities

Net cash used in investing activities was RM1.06 million in FY2021 against RM1.36 million in FY2020, mainly due to the lesser amount incurred on the acquisition of property, plant and equipment and lower interest received in FY2021.

Financing Activities

Net cash used in financing activities was RM73.56 million in FY2021 against RM12.14 million in FY2020, an increase of RM61.42 million. Higher cash used in FY2021 was mainly attributable to net repayment of borrowings of RM55.53 million in FY2021 as opposed to net drawdown of RM15.78 million in FY2020. This was, however, offset by lower dividend payout, lower interest paid, and lesser purchase of treasury shares as well as proceeds received from the issuance of ordinary shares pursuant to the exercise of share options in FY2021.

Management Discussion and Analysis

Risk Management

Trading and Services Segment

There are still uncertainties over the development of Covid-19 with the potential emergence of new virus strains. The pandemic has also given rise to other ripple effects, e.g. swelling freight rates, container shortage and material shortage, which have become a global challenge disrupting supply chains across industries. All these supply chain problems coupled with the increase in labour cost, power shortage and fluctuation in foreign currencies have put pressures on prices and may affect the product costs and margins of the Group.

Trading conditions in FY2022 may continue to be challenging as the uncertain economic outlook may impact consumer purchasing power.

The Group will closely monitor the development of the world economy and pandemic, as well as continues its effort to expand its distribution network, improves its product innovation and differentiation, expands the product portfolios, broadens the product range and invests in brand building and promotional activities to create brand awareness in the consumers. Despite the challenging business environment, the Group is poised to capitalise on the anticipated post-pandemic economic rebound.

Property Development Segment

The property sector remains soft due to the prolonged effects of Covid-19 pandemic, especially Johor Bahru, due to the border closures between Singapore and Malaysia, leading to inventory overhang and depreciation of property values.

With the resumption of economic activities, recovery of economy and reopening of Singapore-Malaysia border, it is anticipated that property industry will gradually improve but prices to remain flattish.

The Group has carved its mitigation plans to aggressively market its properties as well as to improve its promotional and incentive efforts to enhance the competitive advantage of the Group's products.

In view of the volatile property market, the Group is cautious about the timing to launch new projects as well as the right products to offer.

Investment Holding and Property Investment Segment

The rental outlook for commercial properties remains gloomy in view of the economy slowdown and oversupply of commercial office especially in Klang Valley, thus suppressing the rental and affecting the yield and occupancy/take-up rates.

The office buildings of the Group are located in areas with good infrastructure and good connectivity, and the Group maintains a long-term and good relationship with its tenants. This has enabled the Group to secure long-term tenancies. The Group will continue to invest in tenant improvements and provide quality building services and maintenance to satisfy the occupants' comfort needs.

Management Discussion and Analysis

Dividends

During FY2021, the Company paid a first interim single-tier dividend of 1.0 sen (FY2020: 1.0 sen) per ordinary share totalling approximately RM4.93 million (FY2020: RM4.89 million) in respect of the financial year ended 30 September 2021 on 28 September 2021.

The Board is recommending a final single tier dividend of 2.20 sen (FY2020: 1.75 sen) per ordinary share totalling approximately RM10.86 million (FY2020: RM8.61 million), which is subject to shareholders' approval at the forthcoming Annual General Meeting.

The Company does not have any formal dividend policy but will strive to deliver satisfactory results to return value to its shareholders with a stable dividend payout of an average 30% to 50% of net profit over the years.

Looking Ahead

Looking forward, the Group will continue to monitor the development of the country's economic activities and Covid-19 pandemic and implement measure to minimise and/or mitigate any impact arising therefrom to the Group's business, including prudent management of its cash flows to maintain a robust financial health and to remain cost vigilant to improve profitability as well as to ensure sustainable business growth.

The Group remains steadfast in its continued efforts to grow its top and bottom lines whilst boosting the resilience of its businesses and operations. Although the uncertain market sentiments and challenging business environment are expected to continue into FY2022, the Group has strong fundamentals to embrace and withstand the challenges ahead and is cautiously optimistic on the economic prospects and maintains a positive outlook, going forward, especially the post-pandemic recovery.


ELBA
Looks Good. Works Even Better.
Designer Hood
Side-by-side Refrigerator
Professional Range Cooker
Built-in Hob
Cook with Love in the
Heart and Soul of Your Home


FABER
LUSSO
LUXURY SERIES
SMART INVERTER REFRIGERATOR
KITCHEN APPLIANCES | HOME APPLIANCES | COOLING APPLIANCES | BUILT-IN APPLIANCES

MODERN LIVING
TIMELESS APPEALS

TUSCANI™
ITALY
WINE COOLER

Speed Queen

The Proven Performer in Laundry

BRAUN

Leading the way in health and well being

beurer
health and well-being
Healthcare Devices

FORA®
Total Care Solution
Healthcare Devices

ChoiceMMed
Providing a Better Life
Pulse Oximeter

charder®
Much more than weighing
Medical Scales

SONY
Medical Solutions Business
Medical Imaging Solutions

Tuttnauer
Sterilization & Infection Control
Sterilization & Infection Control Products

VISIOFOCUS®
Infrared Thermometer

Spirit®
SINCE 1975
Diagnostic Medical Instruments


samira
Taman Kota Jaya


FREEHOLD
KT8
Taman Kota Jaya 2

Sustainability Statement

The Board of Directors ("Board") of Fiamma Holdings Berhad ("Fiamma" or the "Company") presents this Sustainability Statement ("Statement") which sets out the economic, environmental and social ("EES") risks and opportunities, also known as sustainability matters, which are material to the businesses of Fiamma Group ("Group").

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and has also considered the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits published by Bursa Securities.

The Group's vision is to be a leading distributor of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products in Malaysia; to be a property developer that delivers innovative and quality products and services that enhance stakeholder value; and to be committed to provide unparalleled service to all its customers.

In the pursuit of its vision, the Group recognises that as a business its purpose extends beyond shareholder value optimisation to the preservation and creation of value for its stakeholders.

Governance for Management of Sustainability Matters

Fiamma has incorporated the accountability and responsibility for the management of the Group's sustainability matters in its governance structure, and it is closely in line with the Group's risk management governance structure.

The Board of Fiamma bears the ultimate responsibility for ensuring the strategic plan of Fiamma supports long-term value creation and includes strategies on EES consideration underpinning sustainability.

The Board is supported by the Audit Committee ("AC") whose responsibility is to:

- ensure a systematic process is in place to identify sustainability matters which are material to the Group, i.e. Material Sustainability Matters; and
- review the Material Sustainability Matters as identified by the Management via the Risk Management Committee ("RMC") and how they are being managed.

The Risk Management Committee ("RMC") is a management-level committee comprising the Chief Executive Officer/Group Managing Director ("CEO/GMD"), the heads of business units, and senior management. The RMC's role is to identify, assess, prioritise, and manage the Group's Material Sustainability Matters, considering if they:

- reflect the Group's significant EES risks and opportunities; or
- substantively influence the assessments and decisions of the Group's stakeholders.

The RMC as a committee is also responsible for determining strategies or policies for managing Material Sustainability Matters, as well as monitoring the effective implementation of these strategies or policies. The RMC reports semi-annually to the AC on EES-related matters.

Reporting Scope and Materiality Process

The scope of this Statement includes two of the Group's key revenue contributors, i.e. Trading and Services Segment and Property Development Segment, which have jointly contributed approximately 98% of the Group's revenue for the past 3 financial years.

Reporting Scope and Materiality Process (cont'd)

During the financial year ended 30 September 2021, the Group conducted materiality assessment, as guided by the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits and also international best practices such as the GRI Standards, on its various stakeholder groups to assess their influence and dependence on the Group's activities and the effectiveness of the Group's engagement with key stakeholder groups. Amongst others, the Group's key stakeholder groups include shareholders and investors, employees, customers, transporters, agents, and government, government agencies, authorities and regulators. In addition to existing engagement methods, the Group had also conducted additional surveys with its customers and employees to better understand their views and concerns, especially pertaining to EES matters.

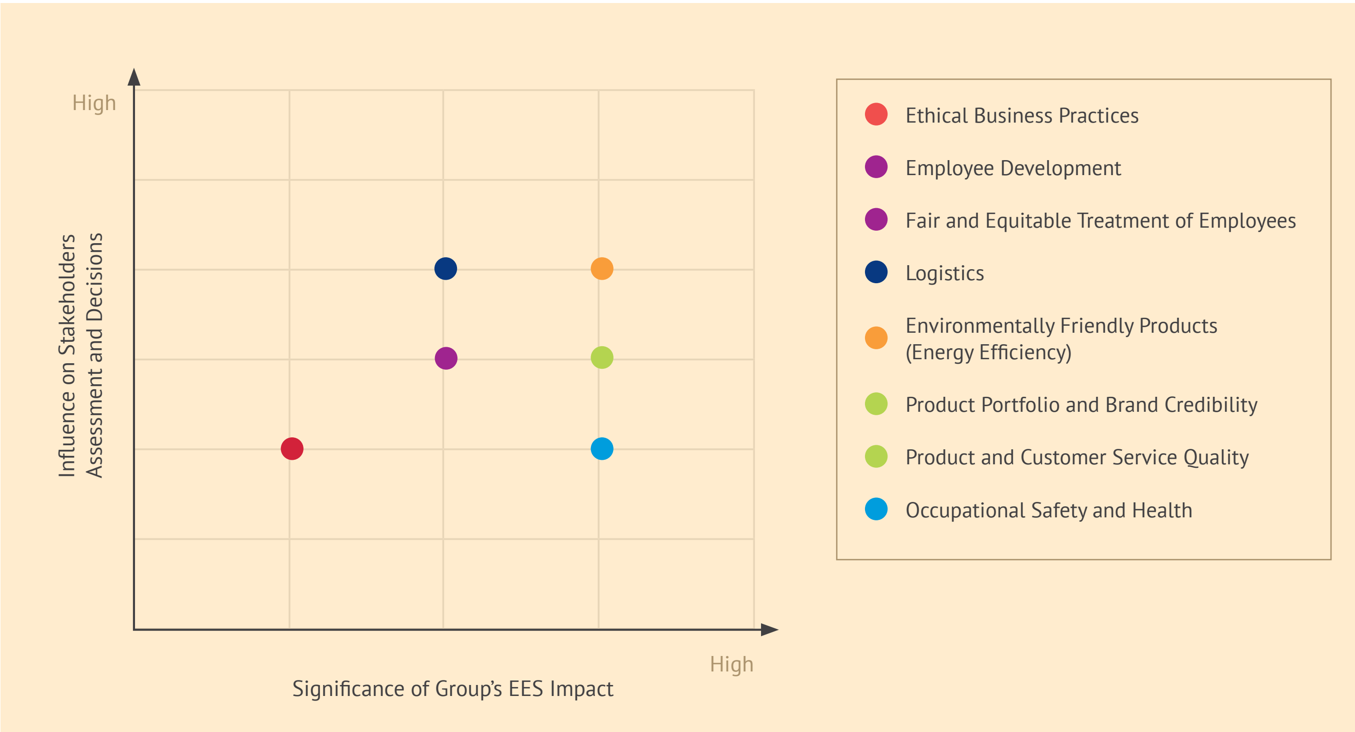
A summary of the Group's stakeholder groups, including the Group's engagement with them and the focus areas commonly discussed, is presented in the following table:

Stakeholder Groups	Engagement Methods	Focus Areas
Customers (dealers, consumers, homebuyers and tenants)	• Customer surveys • Appreciation events • Sales, marketing and promotional events • Collaboration activities • Social media • Customer visits/site visits	• Product safety and quality • Design and features • Timely delivery • Facilities management • Customer service and experience • Energy efficiency
Employees	• Employee survey • Code of Ethics • Whistleblowing policy and mechanism • Career development programmes • Training programmes • Day-to-day operations	• Occupational safety and health • Employee appreciation, welfare and benefits • Employee development • Fair and equitable treatment
Shareholders/ Investors	• Annual general meetings • Quarterly announcement of financial results • Press conference • Analyst briefing • Website updates	• Sustainable financial returns
Government, Government Agencies, Authorities and Regulators	• Regulatory disclosures/reporting • Meetings	• Compliance • Approvals and permits
Financial Institutions/ Lenders	• Annual and periodic reviews • Meetings	• Financial soundness
Vendors/Suppliers/ Transporters/ Contractors/Agents	• Business meetings • Responsible sourcing • Strategic partnership/alliance • Day-to-day operations	• Ethical business practices • Occupational safety and health • Product quality and safety • Timely delivery • Supply chain efficiency

Reporting Scope and Materiality Process (cont'd)

A materiality matrix which indicates the Group's Material Sustainability Matters, in relation to their significance to the Group and the stakeholders, was developed from the materiality assessment process and is presented as follows:

Fiamma Group's Materiality Matrix FY2021



Product Portfolio and Brand Credibility

One of the key factors that sets Fiamma apart from its competitors is the establishment of its portfolio of brands, which has attained a maturity of brand awareness in the market and is able to meet the current market demand.

The Group is constantly observing and analysing market forces and trends. When an opportunity to include a new brand or product in its portfolio arises, market study will be conducted to analyse market demand and potential traction for the brand and its products, including a comparative analysis which considers the price, features and specifications of other products in the market.

In addition, Fiamma has a set of guidelines which sets the standards for new products to be included in its portfolio which considers, amongst others, quality, pricing, and regulatory compliance.

For in-house brands, the Group is also constantly looking into product expansion opportunities, depending on the economic and market conditions, in order to strengthen the market share and brand credibility of the Group's in-house brands.

From time to time, Fiamma reviews and assesses its portfolio of brands to ensure that its product offering is relevant to the current market condition, considering factors such as customer satisfaction, market positioning of the brand, profit margin, etc.

Energy Efficiency

One of the key product categories of Fiamma's portfolio is electrical home appliances, which has a reach to the livelihood of a wide range of end-consumers. As a business that is responsible not only to its stakeholder but also to the environment, Fiamma encourages its customers and end-consumers to use energy-efficient products, which can help minimise the use of electricity, preserve energy for better use, and save cost at the same time.

Fiamma is supportive of the Government's regulation and initiatives on the Minimum Energy Performance Standards ("MEPS") provided in the Electricity Regulations 1994 and its subsequent amendments. Through its quality control and quality assurance processes, the Group ensures that all products regulated under the Electricity Regulations 1994 and its subsequent amendments have obtained the necessary energy efficiency rating and affixed with the required MEPS Star Rating label. The Group's products with MEPS Star Rating labels include cooling appliances, washing machines and small cooking appliances.

As economically-practical as possible, Fiamma aims to promote energy efficiency with its products. Hence, Fiamma endeavours to procure products with high energy efficiency rating in its portfolio.

Fiamma will continue to work with its suppliers and business partners to promote high-quality and energy-efficient products in the market, satisfying customers' and end-consumers' needs at the same time.

Product Quality and Safety

To preserve and maintain the reputation and credibility of Fiamma's portfolio of brands, it must ensure the quality and safety of its products, and Fiamma sees this as a responsibility towards its customers and end-consumers, as well as its shareholders and investors.

In ensuring compliance with regulatory standards and certification bodies, each business unit is responsible to ensure that the Group's products managed by the respective business units have obtained the necessary approvals or certifications, such as SIRIM approval or Certification Mark under SIRIM's Product Certification Scheme, certification from the Energy Commission ("EC") for certain electrical home appliances, or certifications from the Construction Industry Development Board ("CIDB") for sanitaryware. From time to time, audits are also carried out by SIRIM or CIDB representatives via factory audits or consignment audits. However, due to the movement restrictions arising from the Covid-19 pandemic, the regulatory bodies conducted the remote factory audits in FY2021 virtually via video conference.

The Group has set up a dedicated function to oversee and manage the quality control and quality assurance ("QC and QA") of the Group. One of the key responsibilities of the QC and QA function is to perform product tests focusing on product safety, quality, and functionality before a product is launched. Working in collaboration with the sales and service team of each brand within Fiamma's portfolio, the QC and QA function also manages after-sales support services, addressing quality and functionality-related issues and performing analysis on any product failure cases.

The Group has established rigorous QC and QA processes, especially for its in-house brands. Product expansion activities, such as product sourcing and assessment, incorporate considerations of regulatory and certification requirements and tests by QC and QA function are also carried out during this stage. Before onboarding a new vendor or supplier, Fiamma conducts factory visits to assess the business operation and management process, including its quality control processes and workflow, of the potential supplier or vendor. In addition, in-house engineers/technicians and third-party inspectors perform sample testing on each batch of the Group's in-house branded products before they are shipped. Due to the travel restrictions arising from the Covid-19 pandemic, factory introduction of new suppliers are done virtually via video conference while samples are tested by in-house QC and QA team as well as pre-shipment inspection prior to outbound shipment.

Sustainability Statement

Product Quality and Safety (cont'd)

For the Group's medical devices and healthcare products, Fiamma ensures the regulatory standards and requirements under the Good Distribution Practice of Medical Device ("GDPMD") and Medical Device Authority ("MDA") are complied with.

On a monthly basis, as part of the Group's quality management process, failure analysis reports ("FARs") on product quality and/or safety issues are submitted to the heads of business units. The heads of business units will undertake the necessary remedial actions to resolve arising issues, including engaging with the respective suppliers to review the product quality and/or safety concerns.

In ensuring the quality and standards of its property development projects, Fiamma's property development team works closely with project consultants and contractors, including conducting regular site visits and reviewing monthly site reports, to ensure the construction quality is in accordance with project specification.

Customer Service

Fiamma Group has established a subsidiary, Exact Quality Sdn Bhd, to provide after-sales customer service support. Information on the Group's customer service and support is as follows:

Exact Quality Sdn. Bhd.
Lot 13, Jalan E 1/5, Taman Usaha Ehsan,
Kepong 52100 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

Web: www.e-quality.com.my
Hotline: 03-6286 9000 **Fax:** 03-62869004
Customer Service Email: eqservice@fiamma.com.my

The service centre and its authorised service contractors provide walk-in and on-site service support to customers nationwide. During the nationwide total lockdown, customer service team continued to operate from home and was reachable by customers via website, email or WhatsApp for service assistance and/or parts orders. Service calls were diverted to customer service mobile devices.

In order to ensure that its customer service function is equipped with the relevant knowledge to address customers' enquiries especially on product support, customer service is provided with product service manual, exploded parts diagram, or related documentation. As and when required, product training or service training is provided to customer service staff and service technicians to keep them abreast of the latest product support information, especially for newly launched products. The customer service is also supported by the technical advice provided by the Group's QC team who has a good understanding of the products' specifications and functions.

The Group provides standard warranty for its products where consumers are assured with quality products and after-sales support from Fiamma. Online warranty registration and service warranty request are made available for the convenience of end consumers. Product serial numbers are assigned to each product and printed on warranty card and at carton box in alphanumeric and bar code format for warranty control.

As for Ebac Home brand which provides installation services for kitchen, wardrobe system and built-in furniture, customers will submit the After Service Form or Defect Form upon the completion of installation services, subsequent to which the site co-ordinator will coordinate and follow-up on the rectification work with the respective installers.

Customer Service (cont'd)

The Fiamma Group prioritises its dealers and consumers and is always seeking to improve its service and customer satisfaction. The sales and service team for each brand the Group carries engages closely with dealers and customers to ensure their needs are being addressed, including attending to customer feedback and providing necessary product information to facilitate dealers' and customers' informed decision-making.

Furthermore, during the financial year under review, the Group has also conducted a survey with some of its key dealers and customers to obtain their feedback on the Group's product and service quality. The Group commits to continue delivering the value customers see in Fiamma's products and services, and efforts will also be put in to strengthen areas which it can further enhance, as identified from the comments and feedback received.

Logistics

The Group has set targets for delivery time to ensure Fiamma's products reach its dealers and customers on time. In addition, Fiamma' sales team regularly communicate and coordinate with dealers and customers and the logistics team to provide updates on delivery status. Close engagements between the logistics team, sales team and dealers and customers are conducted should there be any unresolved logistics-related matters. The Fiamma logistics team also provides delivery performance report to the Group on a monthly basis.

Efficient and successful logistics management is further optimised by the Group's Warehouse Management System which adopts a technology-enabled stock analysis system for real-time inventory management.

Ethical Business Practice

Fiamma believes in doing business ethically and with integrity, and that by doing so it creates long-term sustained value for its stakeholders, shareholders, and the wider society. To promote an environment of integrity and ethical behaviour within the Group, the Board of Fiamma spearheaded the setting of ethical standards of the Group which are codified into the Code of Ethics, which is applicable to the Directors, and the Code of Conduct and Anti-Bribery and Corruption Policy and Procedure ("ABCPP"), which are applicable to Directors, Management and employees of the Group.

These codes and policy and procedures cover the areas of workplace culture and environment, company records and assets, conflict of interest, anti-bribery and corruption, gifts, hospitability and entertainment, insider trading, money laundering, fraud and so forth.

The Code of Ethics, Code of Conduct and ABCPP are enforced by Fiamma's internal procedures and any breaches can be reported through the Group's whistleblowing channel, which is formalised through the Whistleblowing Policy as approved by the Board. The whistleblowing channel is accessible by the Group's employees and the general public including the Group's stakeholders, e.g. suppliers, customers, business partners, etc. The whistleblowing channel has incorporated the elements of independence and protection for the whistle-blower to encourage genuine reporting and raising of concerns.

The Code of Ethics, Code of Conduct, ABCPP and Whistleblowing Policy are available on Fiamma's corporate website www.fiamma.com.my. For the financial year under review, there were no whistleblowing cases reported.

Sustainability Statement

Equitable Treatment and Non-Discrimination

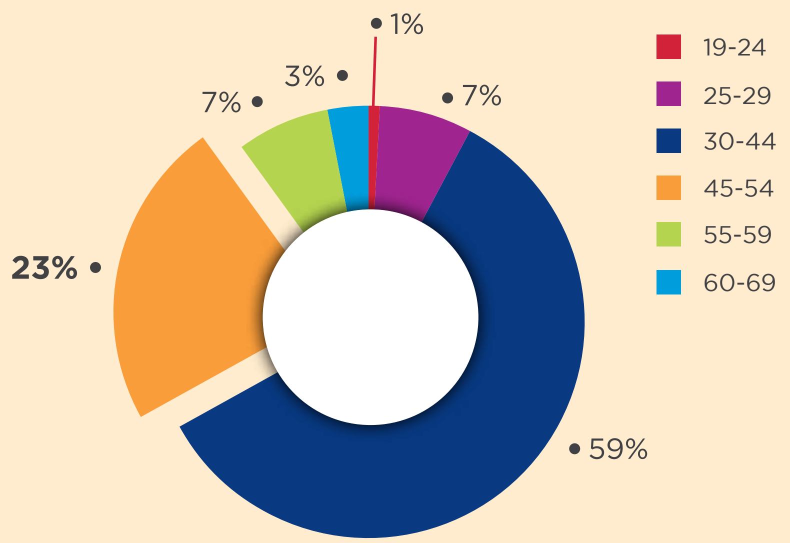
Guided by the Group's Code of Conduct set by the Board, Fiamma adopts a policy of equal employment opportunities and no discrimination at the workplace. Employees of the Group, including Directors and Managers, are required to treat all with personal dignity, respect the privacy and basic human rights of each individual.

The Group is committed to providing a work environment that is free from all forms of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability, or sexual preference. It values the wide-ranging perspectives inherent in a diverse workforce and encourages the values of candour, courtesy, ability to deal with change, and respect to humanity, personal dignity and privacy amongst its employees.

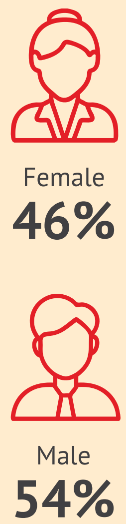
The Code of Conduct further provides for the reporting of complaints or concerns relating to harassment or violation of the Group's non-discrimination policy to the Human Resource Department or via the whistleblowing channel.

The Group's diverse employment statistics as at 30 September 2021, representing a mixed composition of all age groups from young adults to senior citizens, as well as a balanced mix of gender, is presented as follows:

Group Employee Statistics By Age Group



Group Employee Statistics By Gender



Occupational Safety and Health

While Fiamma's main business is in trading and services, it is also exposed to a certain degree of occupational safety and health risks as it has in-house logistics teams for the delivery of goods and installation teams for the installation of kitchen, wardrobe system and built-in furniture.

The Group has established a set of General In-house Occupational Safety and Health Rules ("OSH Rules") that guides the safety practices of employees in performing their duties. Amongst others, the OSH Rules specifies the following:

- proper usage of Personal Protection Equipment ("PPE");
- proper operation of equipment, machinery or vehicle by authorised personnel;
- management of visitors, vendors, and contractors; and
- reporting of incidents and injuries.

The Group provides PPE, such as safety boots, safety helmet, and safety vest, to the relevant employees, such as the logistics teams and installation teams. PPEs are also checked and replaced on a regular basis depending on usage frequency. As for the Property Development Segment, while the responsibility to provide PPE lies with the main contractor, the property development team also plays the role in ensuring the main contractors provide a safe work environment to their workers.

Employees of the Group work together with the Human Resource Department on any enquiries relating to safety and health matters. Apart from observing the safety principles set out in the OSH Rules, employees are required to report to the Human Resource Department on any concerns or issues arising, where occupational safety and health is concerned.

For the financial year under review, there were no serious injuries recorded by the Group.

COVID-19

One year on, the threat of Covid-19 still lingers especially with the different Covid-19 variants that come with higher infectivity and mortality rates. This has triggered the Malaysian Government to re-implement various movement restrictions in efforts to control the spread of the virus.

Since the beginning of the pandemic outbreak, the Group has implemented various measures based on the guidelines and instructions of the Ministry of Health, Ministry of International Trade & Industry and the National Security Council, such as: -

(i) Daily temperature screening and check-in at MySejahtera application at building entrance for all staff, tenants and visitors;
(ii) Provision of hand-sanitiser at common areas;
(iii) Physical distancing protocols for office seating, common areas, meeting areas, elevators and lobbies;
(iv) Provision of face masks to employees;
(v) Embrace new normal working style - "Work From Home" with rotation of staff in office;
(vi) Virtual meeting facilities to avoid mass gathering/clusters as well as to accommodate participants from different countries/states; and
(vii) Disinfection activity as and when the needs arise.

In addition, as part of the Group's preventive measures and business continuity plan, employees having symptoms or are exposed to someone with suspected or confirmed Covid-19 are immediately sent for swab tests and/or to undergo home quarantine, if necessary, to curb the spread of the virus as well as to safeguard the health of its employees and building occupants/visitors and the sustainability of the Group's business.

COVID-19 (cont'd)

The Group also provides Covid-19 self-test kits to all its employees bi-weekly to enable them to perform self-test for early detection of Covid-19.

The Malaysian Government has rolled out the National Covid-19 Immunisation Programme in February 2021 to ensure as many residents (citizens and non-citizens) in Malaysia receive the vaccine in the fastest possible time and to facilitate the eventual resumption of economic activity. Although Covid-19 vaccination remains voluntary in Malaysia, given the severity of the pandemic, the Group mandated all its employees to get the jab, including funding the costs of vaccination for employees who have not received vaccination appointments from the relevant authority, to safeguard the safety and health of its employees and to curb the spread of Covid-19. Exception will be given to those unfit for vaccination.

Employee Development

The Fiamma Group values its employees and the talent, skills and knowledge they bring as vital assets that need to be developed and enhanced on an ongoing basis.

The Group embeds succession planning consideration in its employee development strategy, identifying potential talents which may potentially provide leadership and management skills for the medium and longer-term future. During the performance appraisal session which is conducted at least twice a year, leaders and managers engage with identified talents to discuss their career development as well as their training needs. From time to time, the Human Resource Department will arrange trainings for employees to keep them abreast of the latest development in the relevant field and industry.

For the financial year under review, the following trainings were provided to the employees of the Group:

- Transfer Pricing Conference 2021;
- Effective Inventory and Warehouse Management;
- Facebook and Instagram Marketing Masterclass; and
- Effective Clerical and Administrative Skills.

Moving Forward

Having incorporated consideration of sustainability matters, the Group will continue to put in efforts to manage the EES risks and opportunities relevant to its businesses, with a specific focus on the Material Sustainability Matters. Ongoing assessment and consideration will also be undertaken to identify and evaluate any emerging EES risk or opportunities, in addition to the Group's established risk management process which focuses on strategic, operational and financial risks, to enhance the long-term value creation of the Group.

The Covid-19 pandemic has disrupted worldwide business operations and affected the world economy. In the face of challenges, the Group managed to weather the crises and stay resilient. The Group is committed to building upon its sustainability measures as part of its corporate responsibility to stakeholders and will continue to adapt to changes in business models, structures and strategies to remain resilient.

Corporate Governance Overview Statement

This Corporate Governance Overview Statement ("Statement") outlines the corporate governance framework of Fiamma Holdings Berhad ("Fiamma" or the "Company") and its subsidiaries (collectively referred to as the "Group"), including a summary of its corporate governance practices with reference to the Malaysian Code on Corporate Governance ("MCCG").

This Statement should be read together with the Corporate Governance Report ("CG Report") and in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement) which provides stakeholders with a comprehensive view of the Group's corporate governance practices vis-à-vis the MCCG. The CG Report, which is prepared in the format prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"), is made available via annual announcement on the website of Bursa Securities and is also available on the Company's website: www.fiamma.com.my.

The aforementioned disclosures are made in accordance with Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Securities ("MMLR") and guided by Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities.

The Board is pleased to present this Statement and explain how the Company has applied the three (3) principles as set out in the MCCG: -

- Principle A: Board leadership and effectiveness;
- Principle B: Effective audit and risk management; and
- Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement outlines the principles and recommendations which the Company has adopted and applied, and where there are gaps in the Company's observation of any of the recommendations, they were disclosed herein with explanations.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

The Group is headed by an experienced and effective Board. The Board assumes overall responsibility in leading the strategic direction, future expansion, corporate governance, risk management and investments made by the Group and overseeing the proper conduct of business of the Group.

The Board is accountable to the stakeholders of the Group for the overall performance of the Group. The Board's primary role is to provide strategic leadership to the Group and ensure that the Group operates within a framework of prudent and effective controls which enables risks to be appropriately identified, assessed and managed. The Board sets the strategic direction for the Group and ensures that the necessary resources are in place for the Group to deliver its objectives and create sustainable value for its stakeholders.

In discharging its duties, the Board delegates certain of its responsibilities to the Board Committees, namely Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") which operate within their defined Terms of Reference. The Chairpersons of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary.

Corporate Governance Overview Statement

Group Governance Structure

The Board Charter adopted by the Board serves as a reference and guide for Directors in discharge of their fiduciary duties. The Board Charter sets out the respective roles and responsibilities of the Board, Board Committees, individual Director and Management and includes “Reserved Matters” for the Board. The Board reviews and updates its Board Charter periodically to ensure it complies and is consistent with the legislations and best practices as well as remains relevant and effective in the operations of the Group.

The Board has put in place Code of Conduct, Whistleblowing Policy, Code of Ethics and Anti-Bribery and Corruption Policy and Procedure (“ABCPP”) to promote an environment of integrity and ethical behaviour within the Group, of which are available on the Company website.

The Whistleblowing Policy serves as a guide to the employees on how to raise genuine concerns related to possible improprieties on the matters relating to financial reporting, compliance and other malpractices at the earliest opportunity and in an appropriate way. The Board has adopted the policy with the aim that the employee or stakeholder can report and disclose through established channels any improper or unethical activities relating to the Company and its subsidiaries.

The Group’s corporate governance policies and procedures complies with the Companies Act 2016, MCCG, the amendments to MMLR, the Corporate Governance Guide (3rd Edition) by Bursa Securities and Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”). These policies and procedures serve as the primary reference point and guide for Directors and the Board is committed to ensuring that they reflect the latest regulatory developments, expectations of stakeholders and the evolving demands and circumstances of the Group.

The Chairman oversees the Board in the effective discharge of its supervisory role emphasising on governance and compliance. There is a clear distinction of roles between the Chairman and Group Managing Director/Chief Executive Officer (“GMD/CEO”) to ensure a balance of power and authority. The Chairman is responsible for providing leadership to the Board, including ensuring that the Board fulfils its fiduciary obligations, leading the Board in the oversight of Senior Management, and acting as the spokesperson for the Group. Meanwhile, the GMD/CEO plays a vital role in leading the entire Group’s business operations and implementing policies, strategies and decisions adopted by the Board.

Corporate Governance Overview Statement

The Board is supported by qualified and competent Company Secretaries. The Board has direct access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries play an advisory role to the Board in relation to the Group's constitution, Board's policies and procedures, corporate governance and compliance with the relevant regulatory requirements and legislations. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required.

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. No individual or group of individuals dominates the Board's decision making. Each Director contributes his/her skill, experience and expertise accordingly and each agenda/issue raised is carefully considered during Board meeting. In furtherance to this, every Director has access to all information within the Group and all meeting materials are prepared and issued to the Board and Board Committee members at least seven (7) days prior to meetings to enable them to contribute constructively.

(II) Board Composition

Presently, the Board comprises seven (7) members: -

- Three (3) Independent Non-Executive Directors;
- Two (2) Non-Independent Non-Executive Directors; and
- Two (2) Executive Directors, comprising the GMD/CEO and Chief Financial Officer.

The Board is made up of three (3) Independent Directors. Hence, the composition of the Board complies with Paragraph 15.02 of the MMLR which requires at least two (2) directors or one third (⅓) of the Board, whichever is higher, to be Independent Directors.

The Board is well balanced, comprising experienced businessmen and qualified professionals of diverse age, ethnicity and gender. The Directors collectively bring with them diverse knowledge, skill, extensive experience and expertise in areas such as strategic planning, business development, finance, corporate affairs, marketing and operations.

In recommending the appointment of potential Directors, the NC assesses the candidate's skills, expertise and experience and balances these traits against the existing composition of the Board to determine his or her suitability for the position and overall fit within the Board.

All Directors have complied with the 50% attendance requirement in respect of Board meetings for the financial year ended 30 September 2021 as stipulated under Paragraph 15.05(3)(c) of the MMLR. The record of attendance for the Directors who held office during the financial year is as follows: -

Directors	No. of Meetings Attended
Dato' Bahar Bin Ahmad Independent Non-Executive Director	4/4
Lim Choo Hong GMD/CEO, Non-Independent Executive Director	4/4
Kok Sau Chun Non-Independent Non-Executive Director	4/4
Chin Mee Foon Chief Finance Officer, Non-Independent Executive Director	4/4
Chua Choo Eng Independent Non-Executive Director	4/4

Corporate Governance Overview Statement

Directors	No. of Meetings Attended
Eugene Lee Cheng Hoe Independent Non-Executive Director	4/4
Margaret Chak Lee Hung Non-Independent Non-Executive Director *(Resigned on 8 October 2021)*	4/4
Stefan Matthieu Lim Shing Yuan Non-Independent Non-Executive Director *(Appointed on 8 October 2021)*	Not Applicable

The Board has yet to develop a policy which limits the tenure of its Independent Directors to nine (9) years. Nonetheless, the Board is mindful of the prescribed Practice of the MCCG pertaining to Board independence. The Board further recognises that tenure of directorship is not an absolute indicator of a Director's independence and objectivity wherein the spirit, intention, purpose and attitude should also be considered.

Currently, the tenure of all Independent Directors of the Company did not exceed a cumulative term of nine (9) years. The Board will justify and seek shareholders' approval in the event it retains an Independent Director who has served in that capacity for a cumulative period of more than nine (9) years.

Presently, the NC comprises three (3) members, all of whom are Non-Executive Directors. The NC met once during the financial year. Their attendance at the NC meetings held during the tenure of office of the members is as follows: -

	No. of Meetings Attended
Dato' Bahar Bin Ahmad Chairman, Independent Non-Executive Director	2/2
Chua Choo Eng Member, Independent Non-Executive Director	2/2
Eugene Lee Cheng Hoe Member, Independent Non-Executive Director	2/2

The detailed Terms of Reference of the NC is available on the Company's website.

During the financial year ended 30 September 2021, the activities carried out by the NC were as follows: -

- Recommended to the Board the appointment of Mr Stefan Matthieu Lim Shing Yuan as Non-Independent Non-Executive Director after having reviewed his profile in detail.
- Performed an assessment on the Board, Board Committees and individual Directors.
- Reviewed and recommended to the Board the re-election of Directors pursuant to the Companies Act 2016 and the Company's Constitution.
- Assessed the independence of Independent Non-Executive Directors.
- Reviewed the mix of skill sets, knowledge, expertise and experience, competence, composition, size, gender, ethnicity and age of the Board.
- Considered the training needs of the Board.

The NC will identify and recommend candidates to the Board if there is any vacancy arising from resignation, retirement or any other reasons or if there is a need to appoint additional Director with the required criteria based on recommendation from existing Directors, Senior Management or shareholders. In making the recommendation, the NC will also consider candidates proposed by the GMD/CEO, and within the bounds of practicability, by any other senior executive, Director or shareholder. The NC is authorised by the Board to use independent search firms in identifying suitable candidates for appointment of directors when the need arises.

Corporate Governance Overview Statement

A seamless succession plan is a crucial component in safeguarding the vitality of the business and retaining the confidence of stakeholders to ensure that the development and execution of business strategy are carried out with a long-term horizon in view. In tandem with the strategic trajectory of the Group, the Board will seek to identify emerging talent and potential successors, from both within and outside of the Group, for Board and key Senior Management positions. The Company has adopted the Succession Planning Policy which provides guidance to identify and develop a talent pool of employees through mentoring, training and job rotation.

The Group also endeavours to have a balanced representation by taking into consideration a range of different skills, age, gender, ethnicity, backgrounds and experiences represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversified viewpoints and the effective governance of the Group. The Board has formalised a Diversity Policy which outlines its approach to the diversity of the Board of the Company and of the Group's workforce.

The NC will review the suitability of candidates based on skills, knowledge, character, integrity, expertise and experience, competency, commitment (including time commitment) and the independence of candidates for appointment as Independent Non-Executive Directors. The time commitment of the Directors was demonstrated by the full attendance and time spent at the Board and Board Committee meetings during FY2021.

The assessment of the Independent Directors is in accordance with the criteria as set out in the Board Charter and MMLR.

The Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees as well as the performance of each Director. The Independent Director is subject to independence and tenure of service criteria. The Board, through the NC, had carried out the annual assessment conducted internally and facilitated by the Company Secretary to review the effectiveness of the Board, its Committees and individual Directors during the financial year, and is satisfied with the current composition of the Board and its Committees in respect of their balanced mix of skills, experience and expertise, as well as individual Director's personal attributes and contribution to the Board. The results of the performance assessments have been documented.

The NC evaluates and determines the training needs of all its Directors on an annual basis. All Directors have completed the Mandatory Accreditation Programme ("MAP"). An in-house training programme on Updates on Directors' Duties & Responsibilities was held on 19 May 2021 which was attended by all the Directors. In addition, the Directors are kept informed of all relevant training programmes including courses conducted by Bursa Securities. The Company Secretaries also briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the MMLR, the new requirement of MCCG, the Companies Act 2016 and the MACC Act. The External Auditors also briefed the Board on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

The training programmes attended by the Directors during the financial year included the following: -

Directors	**Training Programmes**
Lim Choo Hong	• Updates on Directors' Duties & Responsibilities
Dato' Bahar Bin Ahmad	• Updates on Directors' Duties & Responsibilities
Kok Sau Chun	• Updates on Directors' Duties & Responsibilities
Margaret Chak Lee Hung	• Updates on Directors' Duties & Responsibilities • The Future of Sustainability Reporting • A hands-on approach towards Data Analytics (for Accountants and Analysts)

Corporate Governance Overview Statement

Directors	Training Programmes
Chin Mee Foon	• Transfer Pricing Conference 2021 • Updates on Directors' Duties & Responsibilities • Looking at the world from an Asian perspective
Chua Choo Eng	• Updates on Directors' Duties & Responsibilities • Value Creation Strategies
Eugene Lee Cheng Hoe	• Updates on Directors' Duties & Responsibilities • 2021 Budget Seminar • Data Analysing with Microsoft Excel Functions 2013 • Microsoft Access 2013 (Fundamental & Intermediate)

In accordance with the Company's Constitution, an election of Directors shall take place each year at an Annual General Meeting ("AGM") and one-third (1/3) of the Directors are subject to retirement by rotation, in any event, each Director shall retire from office once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election. A retiring Director is eligible for re-election. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separate resolution during the AGM of the Company.

Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Constitution at the forthcoming AGM: -

(1) Chin Mee Foon (Clause 95)
(2) Eugene Lee Cheng Hoe (Clause 95)
(3) Chua Choo Eng (Clause 95)
(4) Stefan Matthieu Lim Shing Yuan (Clause 102)

The aforesaid Directors have expressed their intention to seek re-election at the forthcoming AGM.

(III) Remuneration

The Board has adopted Directors and Senior Management's Remuneration Policy to govern the remuneration of Directors and Senior Management, of which serves as guidelines for the Board in remunerating Directors and Senior Management with a view to attract, retain and motivate talented and high-calibre individuals. The RC assists the Board in its oversight function on matters pertaining to Directors and Senior Management's remuneration.

The detailed Terms of Reference of the RC is available on the Company's website.

The RC comprises three (3) members and a majority of them are Non-Executive Directors. The RC met once during the financial year. Their attendance at the RC meeting held during the tenure of office of the members was as follows: -

	No. of Meetings Attended
Chua Choo Eng Chairman, Independent Non-Executive Director	1/1
Lim Choo Hong Member, GMD/CEO, Non-Independent Executive Director	1/1
Eugene Lee Cheng Hoe Member, Independent Non-Executive Director	1/1

(III) Remuneration (cont'd)

In determining the level and component parts of Directors' remuneration, the RC takes into consideration the demands, complexities and performance of the Group as well as the skills and experience that are required of Directors. The Executive Directors' performance evaluation is reviewed annually by the RC to ensure that they fulfil their fiduciary duties as Directors.

The remuneration of Non-Executive Directors is determined by the Board as a whole and Non-Executive Directors will abstain from discussing their own remuneration. The compensation of Non-Executive Directors which commensurate with their experience and level of responsibility is proposed by the RC for the Board's approval.

The disclosure for remuneration of the Board and of the top five (5) Senior Management are disclosed in the CG Report of the Company.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) Audit Committee

The AC plays a key role in the Group's governance structure. The AC comprises three (3) Independent Non-Executive Directors. The Chairman of the AC is not the Chairman of the Board ensuring that the objectivity of the Board's review of the AC findings and recommendations remain intact.

The AC's Terms of Reference sets out its goals, objectives, duties, responsibilities and criteria on the composition of AC.

The AC assists the Board in safeguarding the integrity of the Group's financial statements. The AC, as the Board's delegate, provides a robust and critical oversight of the financial reporting, internal and external audit and risk management and internal control processes.

The AC collectively possesses the requisite financial literacy to have a sound understanding of the financial matters of the Group. All members of the AC undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The AC has unrestricted access to both the internal and external auditors, who in turn report directly to the AC. The AC has established formal and transparent arrangements to maintain an appropriate relationship with the external auditors. This includes undertaking an annual assessment to ascertain the suitability, objectivity and independence of the external auditors.

More information on the AC and its activities during the financial year is set out in the AC Report of this Annual Report.

(II) Risk Management and Internal Control

The Board acknowledges that it is responsible for maintaining a sound system of internal control and risk management. With the assistance of the AC and Risk Management Committee which comprise the GMD/CEO and Senior Management, the Board carries out the ongoing process of identifying, evaluating and managing the key commercial and financial risks. The internal audit function which reports directly to the AC, assists the AC and the Board in this continuous process.

The AC reviews and deliberates on a quarterly basis the internal audit report, its findings and management's response. The AC reviews and approves the internal audit plan and the Group's risk profile on an annual basis.

The Statement on Risk Management and Internal Control of the Group as set out in the Annual Report provides an overview of the main features and state of internal controls and risk management within the Group for the financial year.

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

(I) Communication with Stakeholders

The Group is fully aware of the importance of effective and timely communication with the shareholders to keep them informed of the Group's latest financial performance, business and corporate developments. The Board has formalised a set of corporate disclosure policies and procedures to facilitate timely and quality dissemination of information to the stakeholders. This includes the Company's website, announcements to Bursa Securities and analyst briefing sessions.

The Company's website includes a dedicated Investor Relations section which provides the relevant information of the Group, including announcements to Bursa Securities, corporate governance policies and procedures, as well as the communication channel for any enquiry pertaining to the Group.

(II) Conduct of General Meetings

The AGM serves as the principal forum for dialogue with shareholders, where they may seek clarifications on the Group's performance, major developments of the Group as well as on the resolutions being proposed.

Members of the Board as well as the external auditors were present at the 38th AGM to answer questions raised by the shareholders. The GMD/CEO and/or authorised Senior Management meet occasionally with institutional investors to provide updates on the Group's progress and to address any concerns raised.

In line with good governance practice, the Notice of the 38th AGM together with the Annual Report were sent out to shareholders at least 28 days prior to the meeting in order to accord shareholders with sufficient time to review the Group's financial and operational performance as well as the resolutions proposed to be tabled at the AGM. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

In view of the movement restrictions and social distancing requirements arising from the Covid-19 pandemic, the 38th AGM was conducted on virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities. The Chairman, GMD/CEO and CFO were present at the broadcast venue whilst other Board members attended the 38th AGM remotely. All the resolutions set out in the Notice of the 38th AGM were put to vote by electronic poll. The shareholders were briefed on the voting procedures by the poll administrator prior to the poll voting and an independent scrutineer was appointed to validate the votes cast. All the resolutions set out in the Notice of the 38th AGM were duly passed and the outcome of the 38th AGM was announced to Bursa Securities on the same meeting day. A summary of the key matters discussed at the 38th AGM was published on the Company's website upon being reviewed by the Board members and approved by the Chairman.

FOCUS AREA DURING THE YEAR

Corporate governance was imperative for the Group against a relatively challenging economic environment that is characterised by volatile market conditions and Covid-19 pandemic. Arising therefrom, these have necessitated the Board to pay closer attention to its value creation role. The Board will continue to look into the enhancement or development of corporate governance policies and procedures in the best interest of the Company's shareholders and stakeholders.

This Statement together with the CG Report were approved by the Board on 25 November 2021.

Audit Committee Report

The Board of Directors ("Board") of Fiamma Holdings Berhad ("Fiamma" or the "Company") is pleased to present the report on the Audit Committee ("AC") for the financial year ended 30 September 2021.

COMPOSITION AND ATTENDANCE

Presently, the AC comprises three (3) members, all of whom are Independent Directors. The AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The AC met four (4) times during the financial year. Their attendances at the AC meetings held during the tenure of office of the members are as follows: -

	No. of Meetings Attended
Eugene Lee Cheng Hoe Chairman, Independent Non-Executive Director	4/4
Dato' Bahar Bin Ahmad Member, Independent Non-Executive Director	4/4
Chua Choo Eng Member, Independent Non-Executive Director	4/4

The AC Chairman, Mr Eugene Lee Cheng Hoe, is a Chartered Accountant of the Malaysian Institute of Accountants and also a member of the Certified Practising Accountant (CPA), Australia. The AC, therefore, meets the requirements of Paragraph 15.09(1)(c)(i) of the MMLR. Collectively, the AC possesses a wide range of necessary skills to discharge its duties and is financially literate and able to understand matters under the purview of the AC including the financial reporting process.

ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The AC is responsible for assisting the Board in fulfilling the statutory and fiduciary duties of monitoring the Fiamma Group's accounting and financial reporting practices, ensuring the efficacy of the Group's internal control system, risk management process and the oversight of both internal and external audit functions.

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available in the Company's website.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

In discharging its duties, the AC has carried out the following activities and reported the same to the Board for approval: -

Financial Reporting and Compliance

1. Reviewed the unaudited quarterly financial results and annual audited financial statements before recommending to the Board for approval, in particular: -

   a) Changes in or implementation of new accounting policies and practices;
   b) Compliance with applicable approved accounting standards and other legal or regulatory requirements;
   c) Significant and unusual events; and
   d) Going concern assumption.

2. Reviewed all recurrent related party transactions, as submitted by management on quarterly basis and any conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises question of management integrity.

Audit Committee Report

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)

Risk Management and Internal Audit

3. Considered and approved the annual internal audit plan and programme and be satisfied as to the adequacy of the scope, coverage and audit methodologies employed.

4. Ensured that the system of internal control is soundly in place, effectively administered and regularly monitored and reviewed the extent of compliance with established internal policies, standards, plans and procedures.

5. Reviewed and approved the reports on internal audit and risk management, including the Group's key operational and business risks areas, ensured that appropriate corrective actions were taken on the recommendations of the internal audit and risk management functions.

6. Assessed the adequacy and effectiveness of the system of internal control through the review of the results of work performed by the Internal and External Auditors and discussion with management.

External Audit

7. Reviewed and discussed with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit.

8. Discussed on findings, problems and reservations arising from the statutory audits and any matters the External Auditors wished to discuss as well as reviewed the extent of cooperation and assistance given by the employees of the Group to the External Auditors.

9. Met with the External Auditors together with the Head of Internal Audit on 26 November 2020 and 25 August 2021 without the presence of executive board members and management to discuss any key audit concerns and findings of the Group.

10. Reviewed the independence, suitability and performance of External Auditors before recommending their re-appointment to the Board for consideration. The AC assessed among others, the adequacy of External Auditors' experience and resources, their independence, objectivity and services rendered including non-audit services, and the quality of service and the experience of the audit engagement partners.

11. Reviewed matters concerning the re-appointment and audit and non-audit fees of the External Auditors.

Other matters

12. Reviewed the Group's financial budget for the financial year ended 30 September 2021 tabled by the management and the actual performance against the budget on a quarterly basis.

13. Reviewed the Statement to Shareholders in relation to the proposed renewal of authority for share buy-back.

14. Reviewed and recommended to the Board the following reports/statements for approval and inclusion in the Company's 2020 Annual Report: -

    - AC Report;
    - Statement on Risk Management and Internal Control;
    - Corporate Governance Overview Statement;
    - Corporate Governance Report;
    - Management Discussion and Analysis; and
    - Sustainability Statement.

INTERNAL AUDIT FUNCTION

The Group has an in-house internal audit function. The internal audit function is considered an integral part of the assurance framework and its primary mission is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework of the Group. The internal audit function is independent of the activities and operations of the Group.

The Group's internal audit function adopts a risk-based approach to the implementation and monitoring of the effectiveness of the Group's internal control systems.

During the financial year ended 30 September 2021, the major activities carried out by the Internal Auditors are summarised as follows:-

(i) Presented the Group Risk Profiles for the financial year 2021 to the AC for review and notation.

(ii) Conducted independent reviews based on the risk–based audit plan that was reviewed and approved by the AC, covering areas on sales and marketing, logistics and warehousing management, after sales service, finance, group human resource and property development divisions.

(iii) Followed-up on the corrective actions taken by the respective divisions to attend to the significant weaknesses highlighted in the Internal Audit Reports.

(iv) Presented the internal audit observations and status of the previous audit observations together with the Management's responses and action plans to the AC on a quarterly basis.

(v) Presented the submission status of the Letters of Representation on Internal Control by the various Heads of Department to the AC on a quarterly basis.

(vi) Developed the annual Internal Audit Plan for the financial year 2022 and tabled the same at the AC meeting for review and approval.

The main role of the internal audit function is to assist the AC and the Board in monitoring and managing risks and internal controls of all the companies in the Group by undertaking regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group.

The total cost incurred in managing the internal audit function in financial year 2021 was RM279,000.

This AC Report was approved by the Board on 25 November 2021.

Statement on Risk Management and Internal Control

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a risk management and internal control system in the Group and for reviewing its adequacy and integrity. These include business operations, financial management, corporate governance, information data base integrity and risk management procedures and practices.

RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations and is committed to the development of a risk management framework. The risk management framework is the starting point in the risk management initiative and has been prepared to ensure that risk management becomes a concern for everyone in the Group and that risk management practices are consistent throughout the Group, involving employees at all levels within the different business units of the Group.

The key elements of the Risk Management Framework of the Group are as follows:

Purpose

The purpose of the risk management framework is to establish policies and processes for identifying, assessing, monitoring and reporting of significant risks faced by the business units and ultimately the Group.

Risk Management Policy

The Group is committed to the development of an adequate and effective risk management framework which is capable of facilitating the identification, assessment and prioritisation of all significant risks confronting the Group and development of effective measures to mitigate the risks.

Roles and Responsibilities for Risk Management

The roles and responsibilities of the respective parties for the Group's risk management are defined in the Risk Management Framework as follows:

Functions	Roles and Responsibilities
The Board	• Establishing a framework to manage risks and provide the risk oversight function.
Audit Committee ("AC")	• Assisting the Board in establishing a framework to manage risks. • Reviewing the Group's risk policy and risk management framework. • Reviewing the Group's risk profile and risk tolerance.
Risk Management Committee ("RMC") comprising the Chief Executive Officer / Group Managing Director ("CEO/GMD"), senior management and heads of business units	• Assisting the Board and the AC with the overall responsibility for overseeing the risk management procedures. • Developing and implementing the risk management policy. • Developing and maintaining risk management procedures. • Monitoring the progress of risk mitigation plans. • Reporting to the AC on the risk management framework and the Group's risk profile.
Risk Owners comprising heads of business units	• Performing the operational risk assessment, monitoring and reporting risk exposures in their areas / activities within their control. • Submitting major new risks identified to the RMC in their respective Risk Register at least twice yearly.

Statement on Risk Management and Internal Control

Risk Management Process

Management from each business unit is responsible for creating a risk aware culture and applies a risk/control assessment approach in identifying emerging risks relating to their areas.

The half yearly risk assessment from the business units are consolidated and updated into the Group Risk Register, highlighting the major risks and the existing key controls. They are then compiled into Group Risk Profile based on the impact and likelihood of occurring.

The RMC met twice during the year to review the adequacy and effectiveness of risk management and internal control system, the strategic and operational risks and assessed losses incurred. These are compiled in the Group Risk Profile, before presenting to the Audit Committee and the Board for their attention.

The CEO/GMD and Chief Finance Officer ("CFO") have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material respects, based on the risk management and internal control system of the Group. Risk owners have also provided confirmation on the effectiveness of internal control in their respective operating units on a quarterly basis.

System of Internal Control

The system of internal control is designed to manage the principal business risks that may impede the Group from achieving its business objectives. Due to the limitations that are inherent in any system of internal control, the Group's system of internal control can only manage rather than eliminate the risk of failure to achieve business objectives, and therefore, can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors is committed to maintaining a system of internal control for the conduct of the Group's business operations to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify and manage risks affecting the Group;
- Ensure compliance with regulatory requirements; and
- Ensure operational results are monitored and substantial variances are explained.

The key features of the Group's system of internal control are:

- An organisational structure with defined lines of responsibility and delegated authority, which are communicated to all levels. Key responsibilities are segregated to ensure no one staff is in total control of the whole transaction.
- Financial results are reviewed quarterly by the Audit Committee and the Board.
- Key business risks are reviewed by the Board with the assistance of the Audit Committee, the Risk Management Committee and the Internal Auditors.
- The internal audit unit conducts reviews on the adequacy and effectiveness of the internal control system. Control deficiencies are communicated to management and staff to ensure corrective actions are taken. The audit reports and the proposed corrective actions are consolidated and tabled at the quarterly Audit Committee meetings for deliberation and approval. These reports are also presented to the Board by the Audit Committee.

Statement on Risk Management and Internal Control

System of Internal Control (cont'd)

The key features of the Group's system of internal control are (cont'd):

- The CEO/GMD meets with the individual head of business units once a month to discuss business and operational issues and all the heads of business units at least two times a year to discuss group objectives and key management issues.
- The CEO/GMD and the CFO meet monthly to review the monthly financial performance and cash flows of the companies in the Group.
- The Group has put in place financial reporting guidelines and policies for the generation of monthly financial information for management review.
- An annual budget is prepared to facilitate monitoring of the Group's financial performance. The Audit Committee reviews the Group's financial performance against the budget on a quarterly basis.
- The Group has put in place policies and procedures to review and approve its purchases, operating and capital expenditure and has a centralised human resource function which outlines procedures for recruitment, training and appraisal.
- The Group has established a Code of Conduct which governs the standards of behaviour and provides guidance on ethical standards.
- The Group has established a Whistleblowing Policy which encourages employees to report any wrongdoings committed by an employee, officer or management of the Group to the proper parties. This policy also applies to any vendors, partners, associates or any individuals, including the general public.
- The Group has established an Anti-Bribery and Corruption Policy & Procedure which prohibits all forms of bribery and corruption practices, and is committed to conduct business dealings with integrity and ethics. This policy applies to Directors, employees of the Group, contractors, joint venture partners or any other parties performing services for and on behalf of the Group.

Internal Audit Function

The internal audit unit reports directly to the Audit Committee, and its primary function is to provide feedback regarding the adequacy and the integrity of the Group's system of internal controls in managing its key risks. The internal audit unit conducts reviews on areas with high operational risk to ensure that internal control systems are in place to manage such risks and also follows up on the corrective actions taken by the respective business unit to attend to the significant weaknesses highlighted and reports the same to the Audit Committee accordingly on a quarterly basis. The Audit Committee reviews the internal audit plan, internal audit reports, risk management reports and deliberates on and makes recommendations for corrective actions where applicable, before submitting them to the Board for approval.

Statement on Risk Management and Internal Control

Conclusion

Throughout the year, the internal audit unit and the Risk Management Committee have performed various reviews over the adequacy and effectiveness of risk management and internal control system. The Board confirms that the risk management and internal control system is being implemented throughout the Group and continuous reviews are being carried out to ascertain its adequacy and effectiveness. There were no major weaknesses over the risk management and internal control system which might have a material impact on the Group's financial performance or operations. There were also no material internal control aspects of any significant problems disclosed in the annual report or financial statements.

The Board confirms that the risk management and internal control system described in this statement is considered appropriate to the Group's business operation. It should be noted that, due to the limitations that are inherent in any system of internal control, such arrangements do not eliminate all risks of failure to achieve business objectives. However, the risk management and internal control system during the financial year 2021 and up to the date of approval of this statement for inclusion in the annual report is adequate and effective to provide a level of confidence on which the Board relies upon.

This statement is made in accordance with a resolution of the Board of Directors dated 25 November 2021.

Additional Compliance Information

1) AUDIT AND NON-AUDIT FEES

The audit and non-audit fees payable to the external auditors for the financial year ended 30 September 2021 are as follows: -

	Company RM'000	Group RM'000
Audit fees	62	387
Non-audit fees	10	17
Total	**72**	**404**

2) EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an extraordinary general meeting held on 23 February 2016, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issue and paid up share capital of the Company, to the eligible Directors and employees of the Group.

The Company had extended the duration of its existing ESOS that expired on 11 May 2021 for a further period of five (5) years from 12 May 2021 to 11 May 2026 in accordance with the terms of the ESOS By-Laws. The ESOS extension is not subject to any regulatory or shareholders' approval. The ESOS extension will give the eligible Directors and employees of the Group additional time to exercise their options.

(i) Total number of options granted, exercised and outstanding during the financial year under review were as follows:

Number of Options	Group	Directors
Outstanding as at 1 October 2020	22,245,000	3,900,000
Granted	-	-
Exercised	(5,295,000)	(300,000)
Forfeited	(865,000)	-
Outstanding as at 30 September 2021	**16,085,000**	**3,600,000**

(ii) Percentage of options applicable to Directors and Senior Management based on the outstanding ESOS as at 30 September 2021 was as follows:

Directors and Senior Management	Percentage of options (%)
Aggregate maximum allocation	50.00
Actual granted	13.97
Actual vested	13.97

Other than the above, there were no options offered to and exercised by, or shares granted to and vested in Non-Executive Directors pursuant to ESOS during the financial year.

Additional Compliance Information

3) MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of Directors, chief executives or major shareholders during the financial year.

4) UTILISATION OF PROCEEDS

The Company did not undertake any corporate proposal to raise proceeds during the financial year.

Statement of Responsibility By Directors

In respect of the preparation of the annual audited financial statements

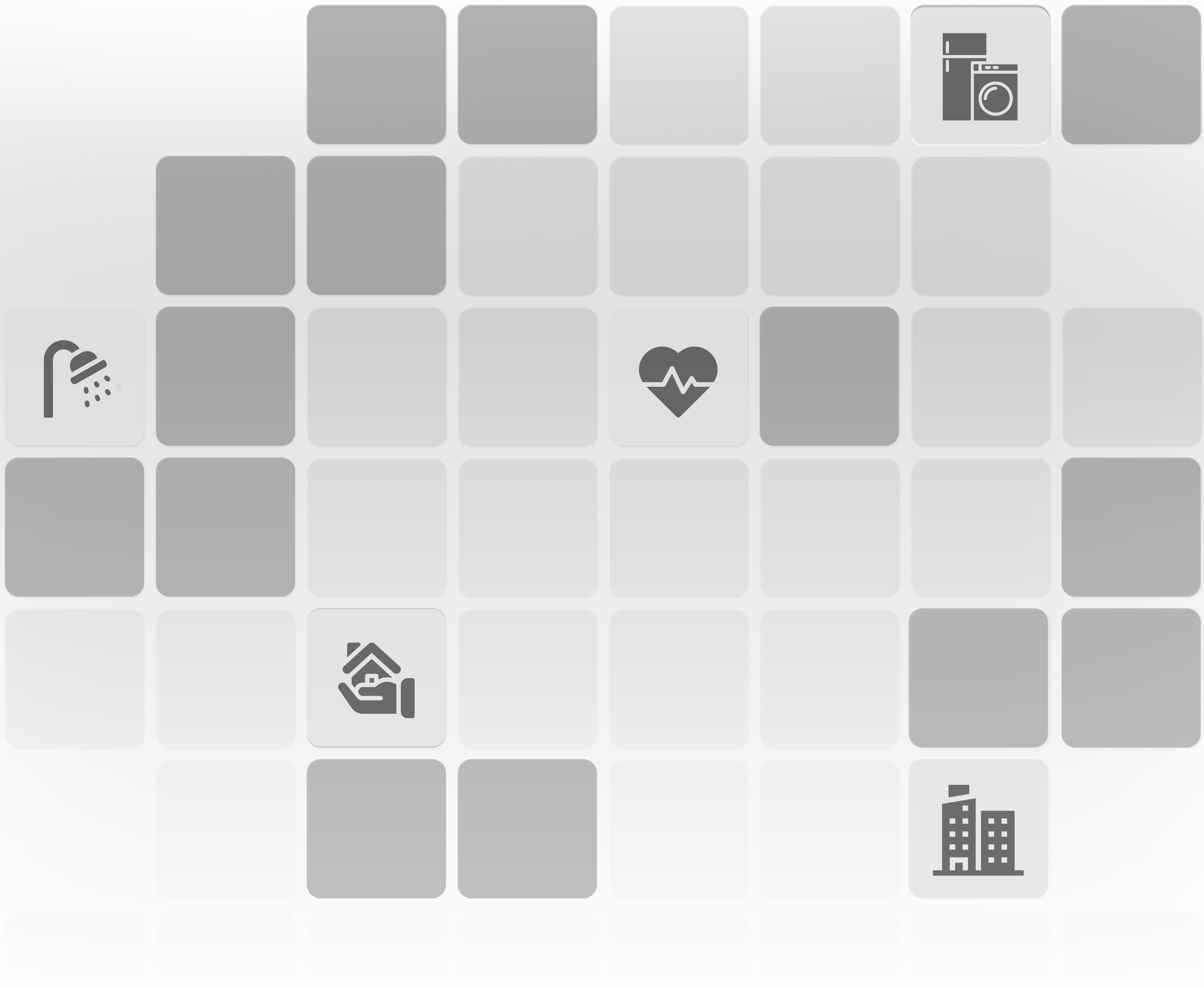
The Directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 2016.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group so as to give a true and fair view of the financial position of the Group as of 30 September 2021 and of their financial performance and cash flows for the year then ended.

In preparing the annual audited financial statements, the Directors have:

(i) selected and applied the appropriate and relevant accounting policies on a consistent basis;
(ii) made judgements and estimates that are reasonable and prudent; and
(iii) prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.



FINANCIAL STATEMENTS

Directors' Report
for the financial year ended 30 September 2021

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 30 September 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and property investment, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	34,501	16,857
Non-controlling interests	3,045	-
	37,546	16,857

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review, except as those disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid the following dividends:

	RM'000
In respect of financial year ended 30 September 2020 as reported in the Directors' report of that year:	
Final dividend of 1.75 sen per ordinary share, paid on 5 April 2021	8,612
In respect of financial year ended 30 September 2021:	
First interim dividend of 1.00 sen per ordinary share, paid on 28 September 2021	4,933
	13,545

Directors' Report
for the financial year ended 30 September 2021

DIVIDENDS (CONT'D)

The Directors recommended a final single tier dividend of 2.20 sen per ordinary share totalling approximately RM10,863,000 in respect of the financial year ended 30 September 2021. These dividends will be recognised in the subsequent financial period upon approval by the owners of the Company at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Bahar bin Ahmad
Lim Choo Hong
Kok Sau Chun
Chin Mee Foon
Chua Choo Eng
Eugene Lee Cheng Hoe
Stefan Matthieu Lim Shing Yuan (appointed on 8 October 2021)
Margaret Chak Lee Hung (resigned on 8 October 2021)

The names of the Directors of the Company's subsidiaries during the financial year until the date of this report excluding those who are listed above are as follows:

Lim Soo Kong (Lim Soo Chong)
Ngo Wee Bin
Ching Wooi Kong
Low Eng Bee
Chong Sze Chun
Liang Jit Sin
Quek Guek Peng
Dr Lim Kee Ley
Nordin bin Mohd Kanchil
Lim Chin Chia
Chong Yuen Bing
Kho Soo San
Yeo Hsin Yin
Ho Hong Seng
Chow Chiew Chin (appointed on 11 January 2021)

Directors' Report
for the financial year ended 30 September 2021

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests 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:

	Number of ordinary shares			
Shares in the Company	**At 1.10.2020**	**Bought**	**Sold**	**At 30.9.2021**
Fiamma Holdings Berhad				
Lim Choo Hong				
- direct interest	150,390,168	5,900	-	150,396,068
Dato' Bahar bin Ahmad				
- direct interest	300,000	-	(200,000)	100,000
Kok Sau Chun				
- deemed interest	150,390,168	5,900	-	150,396,068
Eugene Lee Cheng Hoe				
- direct interest	9,000	-	-	9,000
Chin Mee Foon				
- direct interest	-	300,000	-	300,000

By virtue of their interests in the ordinary shares of the Company, Lim Choo Hong and Kok Sau Chun are also deemed interested in the ordinary shares of the subsidiaries during the financial year to the extent that Fiamma Holdings Berhad has an interest.

The other Directors holding office at 30 September 2021 do not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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 30 to the financial statements.

There were no arrangements during and 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 apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS") as disclosed below:

Directors' Report
for the financial year ended 30 September 2021

DIRECTORS' BENEFITS (CONT'D)

	Number of options over ordinary shares			
	At 1.10.2020	Granted	Exercised	At 30.9.2021
Lim Choo Hong	1,500,000	-	-	1,500,000
Dato' Bahar bin Ahmad	600,000	-	-	600,000
Kok Sau Chun	600,000	-	-	600,000
Chin Mee Foon	600,000	-	(300,000)	300,000

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 5,295,000 new ordinary shares pursuant to the Company's ESOS at an option price of RM0.56 per ordinary share. These new ordinary shares issued rank *pari passu* in all respect with the existing ordinary shares of the Company.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 237,100 of its issued shares from the open market at an average price of RM0.50 per share including transaction cost and the total consideration paid was RM118,591. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

At 30 September 2021, the Company held 21,624,400 of its own shares.

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 ESOS.

At an extraordinary general meeting held on 23 February 2016, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issued and paid up share capital of the Company, to the eligible Directors and employees of the Group.

The ESOS which expired on 11 May 2021 had been extended for another five (5) years until 11 May 2026 in accordance with the terms of the ESOS By-Laws.

The salient features of the ESOS are disclosed in Note 19(b) to the financial statements.

Directors' Report
for the financial year ended 30 September 2021

INDEMNITY AND INSURANCE COSTS

During the financial year, no indemnity and insurance costs were incurred for the Directors, officers and auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report
for the financial year ended 30 September 2021

SIGNIFICANT EVENTS

The significant events are disclosed in Note 31 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

…………………………………………………………
Lim Choo Hong
Director

…………………………………………………………
Chin Mee Foon
Director

Kuala Lumpur,

Date: 7 January 2022

Statements of Financial Position
as at 30 September 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	**102,167**	98,901	**4**	-
Right-of-use assets	4	**72**	219	**-**	-
Investment properties	5	**76,906**	73,215	**8,400**	8,400
Inventories	6	**129,474**	132,227	**-**	-
Investments in subsidiaries	7	**-**	-	**218,053**	218,053
Amount due from subsidiaries	8	**-**	-	**104,075**	102,095
Deferred tax assets	9	**5,343**	5,492	**-**	-
Total non-current assets		**313,962**	310,054	**330,532**	328,548
Inventories	6	**277,854**	290,173	**-**	-
Contract assets	10	**3,418**	1,273	**-**	-
Contract costs	10	**1,230**	877	**-**	-
Trade and other receivables	11	**70,962**	118,985	**12**	12
Prepayments		**847**	1,153	**20**	29
Amount due from a subsidiary	8	**-**	-	**3,000**	-
Current tax assets		**1,343**	356	**-**	-
Derivative financial assets	12	**13**	1	**-**	-
Cash and cash equivalents	13	**104,450**	114,027	**2,008**	16,853
Total current assets		**460,117**	526,845	**5,040**	16,894
Total assets		**774,079**	836,899	**335,572**	345,442
Equity					
Share capital	14.1	**268,408**	265,030	**268,408**	265,030
Treasury shares	14.2	**(11,023)**	(10,904)	**(11,023)**	(10,904)
Reserves		**3,061**	4,034	**1,256**	2,373
Retained earnings		**271,938**	250,278	**48,638**	44,622
Equity attributable to owners of the Company		**532,384**	508,438	**307,279**	301,121
Non-controlling interests		**27,075**	25,299	**-**	-
Total equity		**559,459**	533,737	**307,279**	301,121

Statements of Financial Position
as at 30 September 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Liabilities					
Loans and borrowings	15	**42,788**	58,111	**22,337**	26,000
Lease liabilities		**48**	73	**-**	-
Trade and other payables	16	**5,613**	6,358	**-**	-
Deferred tax liabilities	9	**2,879**	2,881	**1,591**	1,591
Total non-current liabilities		**51,328**	67,423	**23,928**	27,591
Loans and borrowings	15	**87,751**	127,958	**3,663**	16,000
Lease liabilities		**26**	150	**-**	-
Trade and other payables	16	**55,454**	80,316	**699**	725
Provision for warranties	17	**485**	435	**-**	-
Contract liabilities	10	**17,488**	19,623	**-**	-
Current tax liabilities		**2,088**	7,247	**3**	5
Derivative financial liabilities	12	**-**	10	**-**	-
Total current liabilities		**163,292**	235,739	**4,365**	16,730
Total liabilities		**214,620**	303,162	**28,293**	44,321
Total equity and liabilities		**774,079**	836,899	**335,572**	345,442

The notes on pages 69 to 144 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income
for the financial year ended 30 September 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	18	**338,022**	378,591	**16,121**	36,477
Cost of sales		**(229,738)**	(259,328)	**(53)**	(88)
Gross profit		**108,284**	119,263	**16,068**	36,389
Change in fair value of investment properties	5	**(175)**	(4,124)	**-**	-
Other income		**1,933**	2,654	**-**	-
Distribution expenses		**(29,158)**	(29,793)	**-**	-
Administrative expenses		**(22,074)**	(22,221)	**(648)**	(668)
Net gain/(loss) on impairment of financial instruments	19	**237**	(1,097)	**-**	-
Other expenses		**(1,210)**	(1,861)	**(171)**	(448)
Results from operating activities	19	**57,837**	62,821	**15,249**	35,273
Finance income	20	**2,033**	2,120	**4,853**	5,177
Finance costs	21	**(6,257)**	(9,573)	**(2,641)**	(3,643)
Net finance (costs)/income		**(4,224)**	(7,453)	**2,212**	1,534
Profit before tax		**53,613**	55,368	**17,461**	36,807
Tax expense	24	**(16,067)**	(17,238)	**(604)**	(431)
Profit for the financial year		**37,546**	38,130	**16,857**	36,376
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation difference for foreign operations		**201**	5	**-**	-
Total comprehensive income for the financial year		**37,747**	38,135	**16,857**	36,376
Profit for the financial year attributable to:					
Owners of the Company		**34,501**	35,196	**16,857**	36,376
Non-controlling interests		**3,045**	2,934	**-**	-
Profit for the financial year		**37,546**	38,130	**16,857**	36,376
Total comprehensive income for the financial year attributable to:					
Owners of the Company		**34,645**	35,202	**16,857**	36,376
Non-controlling interests		**3,102**	2,933	**-**	-
Total comprehensive income for the financial year		**37,747**	38,135	**16,857**	36,376
Basic earnings per ordinary share (sen)	25	**7.03**	7.20		
Diluted earnings per ordinary share (sen)	25	**7.00**	7.20		

The notes on pages 69 to 144 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 September 2021

		Attributable to owners of the Company							
		Non-distributable				Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 October 2019		265,030	(9,073)	1,655	2,090	229,799	489,501	24,503	514,004
Foreign currency translation differences for foreign operations		-	-	6	-	-	6	(1)	5
Total other comprehensive income for the financial year		-	-	6	-	-	6	(1)	5
Profit for the financial year		-	-	-	-	35,196	35,196	2,934	38,130
Total comprehensive income for the financial year		-	-	6	-	35,196	35,202	2,933	38,135
Contributions by and (distributions to) owners of the Company:									
- Dividends to owners of the Company	26	-	-	-	-	(14,717)	(14,717)	-	(14,717)
- Own shares acquired	14.2	-	(1,831)	-	-	-	(1,831)	-	(1,831)
- Share-based payment transactions		-	-	-	283	-	283	-	283
Total transactions with owners of the Company		-	(1,831)	-	283	(14,717)	(16,265)	-	(16,265)
Dividends to non-controlling interests		-	-	-	-	-	-	(2,137)	(2,137)
At 30 September 2020		265,030	(10,904)	1,661	2,373	250,278	508,438	25,299	533,737
		Note 14.1	Note 14.2	Note 14.3	Note 14.4				

Consolidated Statement of Changes in Equity for the financial year ended 30 September 2021

		← Attributable to owners of the Company							
		← Non-distributable →				Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 October 2020		265,030	(10,904)	1,661	2,373	250,278	508,438	25,299	533,737
Foreign currency translation differences for foreign operations		-	-	144	-	-	144	57	201
Total other comprehensive income for the financial year		-	-	144	-	-	144	57	201
Profit for the financial year		-	-	-	-	34,501	34,501	3,045	37,546
Total comprehensive income for the financial year		-	-	144	-	34,501	34,645	3,102	37,747
Contributions by and (distributions to) owners of the Company:									
- Dividends to owners of the Company	26	-	-	-	-	(13,545)	(13,545)	-	(13,545)
- Issuance of ordinary shares pursuant to ESOS	14.1	2,965	-	-	-	-	2,965	-	2,965
- Transfer from share option reserve	14.1	413	-	-	(1,117)	704	-	-	-
- Own shares acquired	14.2	-	(119)	-	-	-	(119)	-	(119)
Total transactions with owners of the Company		3,378	(119)	-	(1,117)	(12,841)	(10,699)	-	(10,699)
Dividends to non-controlling interests		-	-	-	-	-	-	(1,326)	(1,326)
At 30 September 2021		**268,408**	**(11,023)**	**1,805**	**1,256**	**271,938**	**532,384**	**27,075**	**559,459**
		Note 14.1	Note 14.2	Note 14.3	Note 14.4				

Statement of Changes in Equity

for the financial year ended 30 September 2021

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Company	Note	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 October 2019		265,030	(9,073)	2,090	22,963	281,010
Profit and total comprehensive income for the financial year		-	-	-	36,376	36,376
Contributions by and (distributions to) owners of the Company:						
- Dividends to owners of the Company	26	-	-	-	(14,717)	(14,717)
- Own shares acquired	14.2	-	(1,831)	-	-	(1,831)
- Share-based payment transactions		-	-	283	-	283
Total transactions with owners of the Company		-	(1,831)	283	(14,717)	(16,265)
At 30 September 2020/1 October 2020		265,030	(10,904)	2,373	44,622	301,121
Profit and total comprehensive income for the financial year		-	-	-	16,857	16,857
Contributions by and (distributions to) owners of the Company:						
- Dividends to owners of the Company	26	-	-	-	(13,545)	(13,545)
- Issuance of ordinary shares pursuant to ESOS	14.1	2,965	-	-	-	2,965
- Transfer from share option reserve	14.1	413	-	(1,117)	704	-
- Own shares acquired	14.2	-	(119)	-	-	(119)
Total transactions with owners of the Company		3,378	(119)	(1,117)	(12,841)	(10,699)
At 30 September 2021		**268,408**	**(11,023)**	**1,256**	**48,638**	**307,279**
		Note 14.1	Note 14.2	Note 14.4		

The notes on pages 69 to 144 are an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 30 September 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit before tax		**53,613**	55,368	**17,461**	36,807
Adjustments for:					
Depreciation of:					
- property, plant and equipment	3	**2,703**	3,242	**1**	-
- right-of-use assets	4	**148**	118	**-**	-
Dividend income	18	**-**	-	**(15,593)**	(36,045)
Change in fair value of investment properties	5	**175**	4,124	**-**	-
Gain on disposal of property, plant and equipment	19	**(65)**	(1)	**-**	-
Net (gain)/loss on impairment of financial instruments	19	**(237)**	1,097	**-**	-
Interest expense	21	**5,860**	9,122	**2,639**	3,642
Interest income	20	**(2,033)**	(2,120)	**(4,853)**	(5,177)
Inventories written down	6	**3,095**	2,264	**-**	-
Inventories written off	6	**234**	232	**-**	-
Property, plant and equipment written off	19	**1**	6	**-**	-
Provision for warranties	17	**363**	302	**-**	-
Share-based payment transactions	19	**-**	283	**-**	283
Unrealised foreign exchange loss (net)		**-**	2	**-**	-
Unrealised (gain)/loss on derivative financial assets/liabilities (net)		**(13)**	9	**-**	-
Operating profit/(loss) before changes in working capital		**63,844**	74,048	**(345)**	(490)
Changes in working capital:					
Contract assets		**(2,145)**	17,191	**-**	-
Contract liabilities		**(2,135)**	3,065	**-**	-
Contract costs		**(353)**	3,072	**-**	-
Inventories		**5,173**	(1,087)	**-**	-
Prepayments		**306**	(142)	**9**	(5)
Trade and other payables		**(25,604)**	4,519	**(26)**	125
Trade and other receivables		**48,248**	(24,291)	**-**	-
Cash generated from/(used in) operations		**87,334**	76,375	**(362)**	(370)
Provision for warranties utilised	17	**(313)**	(261)	**-**	-
Net tax paid		**(22,066)**	(13,233)	**(606)**	(450)
Net cash from/(used in) operating activities		**64,955**	62,881	**(968)**	(820)

Statements of Cash Flows
for the financial year ended 30 September 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from investing activities					
Acquisition of:					
- investment property	5	**(90)**	-	**-**	-
- property, plant and equipment	3	**(3,070)**	(3,480)	**(5)**	-
Dividends received		**-**	-	**15,593**	36,045
Redemption of redeemable convertible preference shares		**-**	-	**-**	20,400
Net advances to subsidiaries		**-**	-	**(4,980)**	(67,120)
Interest received		**2,033**	2,120	**4,853**	5,177
Proceeds from disposal of property, plant and equipment		**65**	1	**-**	-
Net cash (used in)/from investing activities		**(1,062)**	(1,359)	**15,461**	(5,498)
Cash flows from financing activities					
Dividends paid to:					
- non-controlling interests		**(1,326)**	(2,137)	**-**	-
- owners of the Company	26	**(13,545)**	(14,717)	**(13,545)**	(14,717)
(Repayment)/Drawdown of borrowings (net)	(ii)	**(55,530)**	15,782	**(16,000)**	20,000
Interest paid		**(5,854)**	(9,113)	**(2,639)**	(3,642)
Interest paid in relation to lease liabilities	(i)	**(6)**	(9)	**-**	-
Payment of lease liabilities	(ii)	**(149)**	(114)	**-**	-
Purchase of treasury shares	14.2	**(119)**	(1,831)	**(119)**	(1,831)
Proceeds from issuance of ordinary shares pursuant to ESOS	14.1	**2,965**	-	**2,965**	-
Net cash used in financing activities		**(73,564)**	(12,139)	**(29,338)**	(190)
Net (decrease)/increase in cash and cash equivalents		**(9,671)**	49,383	**(14,845)**	(6,508)
Effect of exchange rate fluctuation on cash held		**94**	(14)	**-**	-
Cash and cash equivalents at beginning of year		**114,027**	64,658	**16,853**	23,36
Cash and cash equivalents at end of year	13	**104,450**	114,027	**2,008**	16,853

(i) Cash outflows for leases as a lessee

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	19	**29**	138	**-**	-
Payment relating to leases of low-value assets	19	**12**	12	**-**	-
		41	150	**-**	-
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities		**6**	9	**-**	-
Payment of lease liabilities		**149**	114	**-**	-
Total cash outflows for leases		**196**	273	**-**	-

Statements of Cash Flows
for the financial year ended 30 September 2021

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

	At 1.10.2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 30.9.2020/ 1.10.2020 RM'000	Net changes from financing cash flows RM'000	At 30.9.2021 RM'000
Group						
Term loans	62,127	11,106	-	73,233	(15,074)	58,159
Revolving credit	63,000	(7,000)	-	56,000	(9,000)	47,000
Bridging loan	9,038	(9,038)	-	-	-	-
Bankers' acceptance	36,122	20,714	-	56,836	(31,456)	25,380
Lease liabilities	220	(114)	117	223	(149)	74
Total liabilities from financing activities	170,507	15,668	117	186,292	(55,679)	130,613
Company						
Term loans	-	26,000	-	26,000	-	26,000
Revolving credit	22,000	(6,000)	-	16,000	(16,000)	-
Total liabilities from financing activities	22,000	20,000	-	42,000	(16,000)	26,000

The notes on pages 69 to 144 are an integral part of these financial statements.

Notes to the Financial Statements

Fiamma Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Wisma Fiamma
No. 20, Jalan 7A/62A
Bandar Menjalara
52200 Kuala Lumpur

Registered office
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

The consolidated financial statements of the Company as at and for the financial year ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 September 2021 do not include other entities.

The Company is principally engaged in investment holding and property investment, whilst the principal activities of the subsidiaries are as stated in Note 7.

These financial statements were authorised for issue by the Board of Directors on 7 January 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- Amendments to MFRS 9, *Financial Instruments,* MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures,* MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021
- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (cont'd)

- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020*)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 October 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021 and 1 April 2021;

- from the annual period beginning on 1 October 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022; and

- from the annual period beginning on 1 October 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

1. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - fair value of land and buildings
- Note 5 - fair value of investment properties
- Note 6 - net realisable value of finished goods and developed properties
- Note 9 - valuation of deferred tax assets
- Note 10 - discounts and rebates payable included in contract liabilities
- Note 18 - revenue recognition from contracts with customers

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(vi) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments

(i) Recognition and initial 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 significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item 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.

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) Amortised cost

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

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets. 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 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 (see Note 2(k)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

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

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) 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 transferred, or control of the asset is not retained or substantially all of 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 of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) 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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (cont'd)

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Property acquired after the revaluation date is stated at cost until the next revaluation interval.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• leasehold land	99 years
• buildings	50 years
• renovation	3 - 5 years
• plant and machinery, tools and piping	3 - 15 years
• office equipment, furniture and fittings	3 - 5 years
• motor vehicles	4 - 5 years
• computers	4 years
• moulds	2 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (cont'd)

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

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

(ii) Recognition and initial measurement (cont'd)

(a) As a lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

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

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

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue" and "other income".

(f) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

(i) Land held for future development

The cost of land held for future development includes expenditure incurred in acquiring the land, development and conversion costs and other costs incurred in bringing it to its existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Development properties

Development properties comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Costs of development properties not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(iii) Others

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The cost of developed properties includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance with MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Contract cost (cont'd)

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(k) Impairment

(i) Financial assets

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

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, 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 historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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

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 or the Company determines 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 or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax assets and investment properties measured at fair value) 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.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Provisions

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

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits (cont'd)

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(o) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue and other income (cont'd)

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(v) Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income tax (cont'd)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

(s) Operating segments

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

(t) Fair value measurements

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Fair value measurements (cont'd)

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

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

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery, tools and piping RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computers RM'000	Moulds RM'000	Asset under construction RM'000	Total RM'000
Cost/Valuation											
At 1 October 2019	16,524	36,900	42,249	2,237	16,577	5,879	3,892	7,182	114	-	131,554
Additions	-	-	404	176	2	60	280	298	-	2,260	3,480
Disposals	-	-	-	-	-	(25)	-	-	-	-	(25)
Write off	-	-	-	(273)	(82)	(332)	-	(367)	-	-	(1,054)
Effect of movements in exchange rates	-	-	21	-	-	1	-	1	-	-	23
At 30 September 2020/ 1 October 2020	16,524	36,900	42,674	2,140	16,497	5,583	4,172	7,114	114	2,260	133,978
Additions	-	-	-	26	432	123	254	235	2	1,998	3,070
Transfer from inventories	-	-	2,794	-	-	-	-	-	-	-	2,794
Transfer from asset under construction	-	-	4,258	-	-	-	-	-	-	(4,258)	-
Disposals	-	-	-	-	-	-	(236)	-	-	-	(236)
Write off	-	-	-	-	(114)	(17)	-	(109)	-	-	(240)
Effect of movements in exchange rates	-	-	118	-	1	7	-	6	-	-	132
At 30 September 2021	**16,524**	**36,900**	**49,844**	**2,166**	**16,816**	**5,696**	**4,190**	**7,246**	**116**	**-**	**139,498**

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Long term leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery, tools and piping RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computers RM'000	Moulds RM'000	Asset under construction RM'000	Total RM'000
Depreciation											
At 1 October 2019	464	-	1,859	1,942	13,849	5,014	2,695	6,974	107	-	32,904
Depreciation for the financial year	443	-	1,152	185	386	221	447	403	5	-	3,242
Disposals	-	-	-	-	-	(25)	-	-	-	-	(25)
Write off	-	-	-	(273)	(81)	(330)	-	(364)	-	-	(1,048)
Effect of movements in exchange rates	-	-	2	-	-	1	-	1	-	-	4
At 30 September 2020/ 1 October 2020	907	-	3,013	1,854	14,154	4,881	3,142	7,014	112	-	35,077
Depreciation for the financial year	207	-	1,127	151	346	191	470	210	1	-	2,703
Disposals	-	-	-	-	-	-	(236)	-	-	-	(236)
Write off	-	-	-	-	(115)	(16)	(108)	-	-	-	(239)
Effect of movements in exchange rates	-	-	13	-	1	7	-	5	-	-	26
At 30 September 2021	**1,114**	**-**	**4,153**	**2,005**	**14,386**	**5,063**	**3,268**	**7,229**	**113**	**-**	**37,331**
Carrying amounts											
At 1 October 2019	16,060	36,900	40,390	295	2,728	865	1,197	208	7	-	98,650
At 30 September 2020/ 1 October 2020	15,617	36,900	39,661	286	2,343	702	1,030	100	2	2,260	98,901
At 30 September 2021	**15,410**	**36,900**	**45,691**	**161**	**2,430**	**633**	**922**	**17**	**3**	**-**	**102,167**

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment, furniture and fittings RM'000	Total RM'000
Cost		
At 1 October 2019/30 September 2020/1 October 2020	-	-
Additions	5	5
At 30 September 2021	**5**	**5**
Depreciation		
At 1 October 2019/30 September 2020/1 October 2020	-	-
Depreciation for the financial year	1	1
At 30 September 2021	**1**	**1**
Carrying amounts		
At 1 October 2019/30 September 2020/1 October 2020	-	-
At 30 September 2021	**4**	**4**

3.1 Securities

Land and buildings of the Group totalling RM82,329,000 (2020: RM76,270,000) are charged to banks as security for credit facilities granted to subsidiaries of the Group (see Note 15).

3.2 Fair value information

Fair value of land and buildings are all categorised as Level 3.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

Group	2021 RM'000	2020 RM'000
Opening balance	**92,178**	93,350
Additions	**-**	404
Transfer from inventories (Note 6)	**2,794**	-
Transfer from asset under construction	**4,258**	-
Depreciation	**(1,334)**	(1,595)
Effect of movements in exchange rates	**105**	19
Closing balance	**98,001**	92,178

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.2 Fair value information (cont'd)

Level 3 fair value (cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sale comparison approach: The valuation method considers the fair value of similar properties that were listed for sale/ sold within the same locality or other comparable localities, size and etc. as compared to the Group's land and buildings.	Adjustment to the historical sales transaction price of property in vicinity compared made by the valuer.	The estimated fair value would increase/ (decrease) if: • the adjustments made by the valuer were higher or lower • the historical sales transaction prices were higher or lower
Investment method: The valuation method considers the capital value of the properties derived from annual rental income less outgoings, which is then capitalised at an appropriate current market yield. Annual rental income is estimated based on the market rental for which the properties can be reasonably let out. Outgoings include property taxes, repairs and maintenance, insurance and management expenses.	• Market rental and outgoing will sustain at current level • Occupancy rate of 68% (2020: 82%) • Market yield of 6.50% (2020: 6.25%)	The estimated fair value would increase/(decrease) if: • market rental were higher or lower • outgoing were lower or higher • occupancy rate was higher or lower • market yield was lower or higher

Valuation processes applied by the Group for Level 3 fair value

The Group's land and buildings were valued in 2017 by professional valuation firms, using the sales comparison method and investment method of valuation.

Assessment of the fair values of the Group's land and buildings is undertaken every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amounts. The changes in level 3 fair values are analysed by the management based on the assessment undertaken.

4. RIGHT-OF-USE ASSETS

Group	Note	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 1 October 2019		98	122	220
Addition		117	-	117
Depreciation	19	(93)	(25)	(118)
At 30 September 2020/ 1 October 2020		122	97	219
Depreciation	19	(122)	(26)	(148)
Effect of movements in exchange rates		-	1	1
At 30 September 2021		**-**	**72**	**72**

The Group leases a number of motor vehicles and office equipment that run between 2 to 3 years.

4.1 Restriction imposed by lease

The lease contracts for motor vehicles and office equipment restrict the Group's ability to sublease the leased assets in the respective contracts.

5. INVESTMENT PROPERTIES

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 October		**73,215**	77,339	**8,400**	8,400
Transfer from inventories	6	**3,776**	-	**-**	-
Addition		**90**	-	**-**	-
Change in fair value recognised in profit or loss	19	**(175)**	(4,124)	**-**	-
At 30 September		**76,906**	73,215	**8,400**	8,400

Included in the above are:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
At fair value				
Leasehold land	**-**	-	**7,050**	7,050
Buildings	**22,261**	18,480	**1,350**	1,350
Freehold land and building	**53,165**	53,080	**-**	-
Leasehold land and building	**1,480**	1,655	**-**	-
	76,906	73,215	**8,400**	8,400

5. INVESTMENT PROPERTIES (CONT'D)

5.1 Investment properties under fair value model

Investment properties carried at fair value comprise commercial properties that are leased out to third parties under operating leases. The investment properties are measured at fair value obtained from external valuation firms. The fair value is determined by the external valuation firms using the sale comparison method and investment method.

Each of the leases contains an initial non-cancellable period ranging between 1 to 3 years (2020: 1 to 3 years). Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

5.2 Transactions recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Lease income	**4,503**	5,359	**528**	432
Direct operating expenses				
- income generating investment properties	**(1,318)**	(1,436)	**(53)**	(88)
- non-income generating investment properties	**(5)**	(17)	**-**	-

The operating leases payments to be received are as follows:

Group	2021 RM'000	2020 RM'000
Less than one year	**3,180**	3,310
One to two years	**4,572**	2,365
Two to three years	**1,168**	2,007
Total undiscounted lease payments	**8,920**	7,682

Company	2021 RM'000	2020 RM'000
Less than one year	**528**	528
Total undiscounted lease payments	**528**	528

5. INVESTMENT PROPERTIES (CONT'D)

5.3 Securities

Investment properties of the Group totalling RM75,426,000 (2020: RM71,560,000) are charged to banks as securities for credit facilities granted to subsidiaries of the Group (see Note 15).

5.4 Fair value information

Fair value of investment properties are all categorised as Level 3.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Opening balance	**73,215**	77,339	**8,400**	8,400
Transfer from inventories (Note 6)	**3,776**	-	**-**	-
Addition	**90**	-	**-**	-
Change in fair value recognised in profit or loss	**(175)**	(4,124)	**-**	-
Closing balance	**76,906**	73,215	**8,400**	8,400

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sale comparison approach: The valuation method considers the fair value of similar properties that were listed for sale/ sold within the same locality or other comparable localities, size and etc. as compared to the Group's and the Company's investment properties.	Adjustment to the historical sales transaction price of property in vicinity compared made by the valuer.	The estimated fair value would increase/ (decrease) if: • the adjustments made by the valuer were higher or lower • the historical sales transaction prices were higher or lower
Investment method: The valuation method considers the capital value of the investment properties derived from annual rental income less outgoings, which is then capitalised at an appropriate current market yield. Annual rental income is estimated based on the market rental for which the investment properties can be reasonably let out. Outgoings include property taxes, repairs and maintenance, insurance and management expenses.	• Market rental and outgoing will sustain at current level • Occupancy rate of 68% (2020: 82%) • Market yield of 6.50% (2020: 6.25%)	The estimated fair value would increase/ (decrease) if: • market rental were higher or lower • outgoing were lower or higher • occupancy rate was higher or lower • market yield was lower or higher

5. INVESTMENT PROPERTIES (CONT'D)

5.4 Fair value information (cont'd)

Valuation processes applied by the Group for Level 3 fair value

The Group's and the Company's investment properties were valued during the financial year by professional valuation firms, using the sale comparison method and investment method of valuation.

Assessment of the fair values of the Group's and the Company's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

5.5 Highest and best use

The Group's and the Company's investment properties are currently valued at their highest and best use. The investment properties are situated within sizeable populations.

6. INVENTORIES

		Group	
	Note	**2021 RM'000**	**2020 RM'000**
Non-current			
Land held for future development	6.1, 6.2	**129,474**	132,227
Current			
Spare parts and consumables		**656**	504
Finished goods		**61,067**	55,686
Developed properties	6.1, 6.3	**204,086**	222,637
Development properties	6.1	**12,045**	11,346
		277,854	290,173
		407,328	422,400
Inventories transferred to property, plant and equipment	3	**2,794**	-
Inventories transferred to investment properties	5	**3,776**	-
		6,570	-
Recognised in profit or loss:			
- written down to net realisable value	6.4	**3,095**	2,264
- inventories recognised as cost of sales		**212,393**	199,378
- inventories written off		**234**	232

6. INVENTORIES (CONT'D)

6.1 Included in land held for future development, developed properties and development properties are properties of which the land titles have yet to be transferred to the Group. These properties were acquired via joint development agreements ("JDAs") with third parties and the land titles will only be transferred pursuant to the terms of the JDAs:

Group	2021 RM'000	2020 RM'000
Land held for future development	**15,798**	19,429
Developed properties	**3,606**	3,606
Development properties	**2,947**	1,922
	22,351	24,957

6.2 On 25 June 2021, the Group entered into termination agreements to revoke, rescind and terminate the joint venture agreements ("JVAs") on two plots of freehold land held for future development, subject to the terms and conditions of the termination agreements and JVAs.

6.3 Included in developed properties amounting to RM58,663,000 (2020: RM61,374,000) are developed properties of which the land titles are pending issuance from the land office.

6.4 The determination of inventories written down to net realisable value involved high degree of judgement. The determination of net realisable value for finished goods involved estimating future demand from customers and future selling prices. In respect of developed properties, net realisable value is determined after considering recent transacted prices for the developed properties, volume and pricing of other development within the vicinity and also the current and future market conditions in the property development industry.

6.5 The Group leases out its developed properties under operating leases.

The operating leases payments to be received are as follows:

Group	2021 RM'000	2020 RM'000
Less than one year	**536**	349
Between one and two years	**294**	106
Between two and three years	**3**	-
Total undiscounted lease payments	**833**	455

Each of the leases contains an initial non-cancellable period ranging between 1 to 3 years (2020: 1 to 2 years). Subsequent renewals will be negotiated with the lessees. No contingent rents are charged.

6.6 Inventories of the Group totalling RM197,203,000 (2020: RM211,639,000) are charged to banks as securities for credit facilities granted to subsidiaries of the Group (see Note 15).

7. INVESTMENTS IN SUBSIDIARIES

Company	Note	2021 RM'000	2020 RM'000
Cost			
Unquoted ordinary shares		**47,075**	47,075
Unquoted Redeemable Convertible Preference Shares	7.1	**170,978**	170,978
		218,053	218,053

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Fiamma Sdn. Bhd.	Malaysia	Distribution of electrical home appliances	**100**	100
Fimaco Sdn. Bhd.	Malaysia	Distribution of electrical home appliances	**100**	100
Active Edge Sdn. Bhd.	Malaysia	Property development	**100**	100
Fiamma Trading Sdn. Bhd.	Malaysia	Distribution of electrical home appliances, sanitaryware and bathroom accessories	**70**	70
FHB Management Sdn. Bhd.	Malaysia	Property investment and management	**100**	100
Fiamma Land Sdn. Bhd.	Malaysia	Property development	**100**	100
Fiamma Development Sdn. Bhd.	Malaysia	Property development	**100**	100
Enex Sdn. Bhd.* #	Malaysia	Dormant	**100**	100
Kingston Medical Supplies (Private) Limited*	Singapore	Distribution of medical devices and healthcare products	**70**	70
Uniphoenix Jaya Sdn. Bhd.*	Malaysia	Property development	**100**	100
Oaksvilla Sdn. Bhd.*	Malaysia	Property development	**100**	100
Affluent Crafts Sdn. Bhd.	Malaysia	Property development	**100**	100
Fiamma Properties Sdn. Bhd.	Malaysia	Property development	**100**	100
Ebac Home Sdn. Bhd.	Malaysia	Distribution of home furniture and electrical home appliances and fittings	**100**	100

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Fiamma Properties Sdn. Bhd.	Malaysia	Property development	**100**	100
Ebac Home Sdn. Bhd.	Malaysia	Distribution of home furniture and electrical home appliances and fittings	**100**	100
Ebac Home Pte. Ltd. *	Singapore	Distribution of home furniture and electrical home appliances and fittings	**100**	100
Subsidiary of Kingston Medical Supplies (Private) Limited				
Kinsmedic Sdn. Bhd.	Malaysia	Distribution of medical devices and healthcare products	**70**	70
Subsidiaries of Fiamma Sdn. Bhd.				
Fiamma Logistics Sdn. Bhd.	Malaysia	Provision of warehousing and logistics services	**100**	100
Exact Quality Sdn. Bhd.	Malaysia	Provision of after sales services of electrical home appliances	**100**	100
Subsidiaries of Fiamma Trading Sdn. Bhd.				
Haustern Sdn. Bhd. *	Malaysia	Dormant	**70**	70
Subsidiary of Fiamma Development Sdn. Bhd.				
Pinang Sutera Sdn. Bhd. *	Malaysia	Property development	**60**	60

* Not audited by KPMG PLT.

Enex Sdn. Bhd. commenced members' voluntary liquidation pursuant to Companies Act 2016 on 7 October 2020.

7.1 Unquoted Redeemable Convertible Preference Shares ("RCPS")

The main features of the RCPS issued by the subsidiaries of the Company are as follows:

(a) The RCPS holders shall rank equally among themselves and rank in priority to ordinary shares in the event of winding up. They do not carry the right to vote except in the following circumstances:
   (i) winding-up of the issuers; or
   (ii) reduction of share capital of the issuers; or
   (iii) amendment to the Constitution of the issuers which varies or affects the rights and privileges of the RCPS holders.

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

7.1 Unquoted Redeemable Convertible Preference Shares ("RCPS") (cont'd)

(b) Holders of RCPS are entitled to receive non-cumulative dividend at the issuers' discretion.

(c) The issuers shall have the option to redeem and/or convert the RCPS, wholly or partially, at any time. The RCPS may be transferred in accordance with the provisions of the Constitution of the issuer.

7.2 Non-controlling interests in subsidiaries

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

2021	Fiamma Trading Sdn. Bhd. and its subsidiary RM'000	Kingston Medical Supplies (Private) Limited and its subsidiary RM'000	Pinang Sutera Sdn. Bhd. RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30%	30%	40%	
Carrying amount of NCI	17,658	8,624	793	27,075
Profit/(Loss) allocated to NCI	2,316	818	(89)	3,045
Summarised financial information before intra-group elimination				
As at 30 September				
Non-current assets	1,513	8,253	28	
Current assets	64,715	25,806	10,454	
Non-current liabilities	(36)	(56)	-	
Current liabilities	(7,332)	(5,256)	(8,501)	
Net assets	58,860	28,747	1,981	
Financial year ended 30 September				
Revenue	65,284	17,037	1,735	
Profit/(Loss) for the financial year	7,721	2,726	(223)	
Total comprehensive income/(expense)	7,721	2,726	(223)	
Cash flows from operating activities	15,747	1,155	9	
Cash flows from investing activities	683	153	-	
Cash flows used in financing activities	(3,500)	(947)	-	
Net increase in cash and cash equivalents	12,930	361	9	
Dividends paid to NCI	(1,050)	(276)	-	(1,326)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

2020	Fiamma Trading Sdn. Bhd. and its subsidiary RM'000	Kingston Medical Supplies (Private) Limited and its subsidiary RM'000	Pinang Sutera Sdn. Bhd. RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30%	30%	40%	
Carrying amount of NCI	16,392	8,025	882	25,299
Profit allocated to NCI	1,784	853	297	2,934
Summarised financial information before intra-group elimination				
As at 30 September				
Non-current assets	1,807	8,549	9,000	
Current assets	67,206	25,629	7,249	
Non-current liabilities	(31)	(73)	-	
Current liabilities	(14,343)	(7,353)	(14,045)	
Net assets	54,639	26,752	2,204	
Financial year ended 30 September				
Revenue	59,313	16,387	3,425	
Profit for the financial year	5,946	2,844	742	
Total comprehensive income	5,946	2,844	742	
Cash flows from operating activities	8,698	9,443	187	
Cash flows from investing activities	852	147	-	
Cash flows used in financing activities	(3,500)	(3,649)	(188)	
Net increase/(decrease) in cash and cash equivalents	6,050	5,941	(1)	
Dividends paid to NCI	(1,050)	(1,087)	-	(2,137)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

The non-controlling interests in Fiamma Trading Sdn. Bhd. and its subsidiary include the non-controlling interests in Fiamma Trading Sdn. Bhd. and Haustern Sdn. Bhd.

The non-controlling interests in Kingston Medical Supplies (Private) Limited and its subsidiary include the non-controlling interests in Kingston Medical Supplies (Private) Limited and Kinsmedic Sdn. Bhd.

8. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are non-trade in nature, unsecured and bear interest at 3.00% (2020: 3.00%) per annum. The amounts do not have a fixed term of repayment and any repayment are at the discretion of the subsidiaries.

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets and (liabilities)

The recognised deferred tax assets and (liabilities) before off-setting are as follows:

	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group						
Property, plant and equipment	**81**	50	**(3,753)**	(3,811)	**(3,672)**	(3,761)
Investment properties	**-**	-	**(575)**	(593)	**(575)**	(593)
Inventories	**3,696**	3,954	**-**	-	**3,696**	3,954
Unutilised tax losses	**2,700**	2,859	**-**	-	**2,700**	2,859
Other items	**315**	152	**-**	-	**315**	152
Tax assets/(liabilities)	**6,792**	7,015	**(4,328)**	(4,404)	**2,464**	2,611
Set off of tax	**(1,449)**	(1,523)	**1,449**	1,523	**-**	-
Net tax assets/(liabilities)	**5,343**	5,492	**(2,879)**	(2,881)	**2,464**	2,611
Company						
Investment properties	**-**	-	**(1,591)**	(1,591)	**(1,591)**	(1,591)

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in temporary differences during the financial year

	At 1.10.2019 RM'000	Recognised in profit or loss (Note 24) RM'000	At 30.9.2020/ 1.10.2020 RM'000	Recognised in profit or loss (Note 24) RM'000	At 30.9.2021 RM'000
Group					
Property, plant and equipment	(3,877)	116	(3,761)	89	(3,672)
Investment properties	(1,005)	412	(593)	18	(575)
Inventories	2,849	1,105	3,954	(258)	3,696
Unutilised tax losses	3,032	(173)	2,859	(159)	2,700
Other items	(148)	300	152	163	315
	851	1,760	2,611	(147)	2,464
Company					
Investment properties	(1,591)	-	(1,591)	-	(1,591)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2021 RM'000	2020 RM'000
Group		
Unutilised tax losses	**10,577**	5,091
Inventories	**3,816**	2,091
	14,393	7,182

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets (cont'd)

Deferred tax assets have not been recognised in respect of the tax benefits because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

Under the tax legislation of Malaysia, the unrecognised tax losses (stated at gross) will expire as follows: -

	2021 RM'000	2020 RM'000
Group		
Unutilised tax losses expiring in:		
- YA 2028	**5**	5
- YA 2030	**5,086**	5,086
- YA 2031	**5,486**	-
	10,577	5,091

10. CONTRACT WITH CUSTOMERS

10.1 Contract assets/(liabilities)

Group	2021 RM'000	2020 RM'000
Contract assets	**3,418**	1,273
Contract liabilities	**(17,488)**	(19,623)

The contract assets primarily relate to the Group's rights to consideration for work completed on contracts to purchase properties but not yet billed at the reporting date. The amount will be billed on achievement of billing milestone as per the contract.

The contract liabilities primarily relate to the following:

(a) Consideration received in advance from customers for contracts to purchase properties, which revenue is recognised over time during the development of the properties. The contract liabilities are expected to be recognised as revenue in the next financial year; and

(b) Advance consideration received from customers for future services, which revenue is recognised over time over future service period. The contract liabilities are expected to be recognised as revenue in the next financial year.

10. CONTRACT WITH CUSTOMERS (CONT'D)

10.1 Contract assets/(liabilities) (cont'd)

Significant changes to contract assets and contract liabilities balances during the year are as follows:

Group	2021 RM'000	2020 RM'000
Contract liabilities at the beginning of the year recognised as revenue	**19,022**	15,294
Contract liabilities at the beginning of the year not recognised as revenue due to change in time frame	**601**	1,264

Included in contract liabilities are discounts and rebates payable to customers amounting to RM17,488,000 (2020: RM19,614,000). The discounts and rebates payable are variable considerations relating to revenue recognition, which are deducted against revenue, and are subject to significant judgements and assumptions disclosed in Note 18.4.

10.2 Contract costs

Group	2021 RM'000	2020 RM'000
Cost to obtain a contract	**108**	66
Cost to fulfil a contract	**1,122**	811
	1,230	877

Cost to obtain a contract

Cost to obtain a contract primarily comprises incremental commission fees paid to intermediaries as a result of obtaining contracts and they are recoverable.

Capitalised commission fees are amortised when the related revenues are recognised. In 2021, the amount of amortisation was RM105,000 (2020: RM1,169,000).

Cost to fulfil a contract

Cost to fulfil a contract primarily comprises cost not recognised in profit or loss in respect of development properties related to contracts with customers. In 2021, the amount of amortisation was RM5,926,000 (2020: RM36,104,000).

11. TRADE AND OTHER RECEIVABLES

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Trade				
Trade receivables from contracts with customers	**67,440**	117,236	**-**	-
Non-trade				
Other receivables	**2,131**	382	**-**	-
Deposit	**1,391**	1,367	**12**	12
	3,522	1,749	**12**	12
	70,962	118,985	**12**	12

12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	2021 Nominal value RM'000	2021 Assets RM'000	2021 Liabilities RM'000	2020 Nominal value RM'000	2020 Assets RM'000	2020 Liabilities RM'000
Derivatives at fair value through profit or loss - Forward exchange contracts	**1,989**	**13**	**-**	1,538	1	(10)

Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's payables denominated in currencies other than the functional currency of the Group. Most forward exchange contracts have maturities of less than 1 year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

13. CASH AND CASH EQUIVALENTS

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Deposits placed with licensed banks	**9,661**	32,732	**-**	10,909
Cash and bank balances	**94,789**	81,295	**2,008**	5,944
Cash and cash equivalents in the statements of financial position/ statements of cash flows	**104,450**	114,027	**2,008**	16,853

Included in cash and bank balances of the Group is RM1,850,000 (2020: RM8,163,000) held under Housing Development Account, the utilisation of which is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2015.

14. CAPITAL AND RESERVES

14.1 Share capital

	Group and Company			
	Amount 2021 RM'000	Number of shares 2021 '000	Amount 2020 RM'000	Number of shares 2020 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
Opening balance	**265,030**	**510,026**	265,030	510,026
Exercise of ESOS	**2,965**	**5,295**	-	-
Transfer from share option reserve	**413**	-	-	-
Closing balance	**268,408**	**515,321**	265,030	510,026

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group (see Note 14.2), all rights are suspended until those shares are reissued.

During the financial year, the Company issued 5,295,000 new ordinary shares pursuant to the Company's ESOS at an option price of RM0.56 per ordinary share. These new ordinary shares issued rank pari passu in all respect with the existing ordinary shares of the Company.

14.2 Treasury shares

	Group and Company			
	Amount 2021 RM'000	Number of shares 2021 '000	Amount 2020 RM'000	Number of shares 2020 '000
Ordinary shares				
Opening balance	**10,904**	**21,387**	9,073	17,391
Own shares acquired	**119**	**237**	1,831	3,996
Closing balance	**11,023**	**21,624**	10,904	21,387

14. CAPITAL AND RESERVES (CONT'D)

14.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.4 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share option expires, the amount from the share option reserve is transferred to retained earnings.

Group and Company	**RM'000**
At 1 October 2019	2,090
Share-based payment transactions	283
At 30 September 2020/1 October 2020	2,373
Transfer to share capital	(413)
Transfer to retained earnings	(704)
At 30 September 2021	**1,256**

15. LOANS AND BORROWINGS

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current					
Term loans - secured	15.1	**42,788**	58,111	**22,337**	26,000
Current					
Bankers' acceptances - unsecured		**25,380**	56,836	**-**	-
Revolving credits - secured	15.1	**47,000**	56,000	**-**	16,000
Term loans - secured	15.1	**15,371**	15,122	**3,663**	-
		87,751	127,958	**3,663**	16,000
		130,539	186,069	**26,000**	42,000

15.1 Securities

The loans and borrowings are secured over:

(i) land and buildings in property, plant and equipment (see Note 3.1);
(ii) investment properties (see Note 5.3); and
(iii) inventories (see Note 6.6).

Notes to the Financial Statements

16. TRADE AND OTHER PAYABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Trade					
Trade payables	16.1	**5,613**	6,358	**-**	-
Current					
Trade					
Trade payables	16.1	**37,646**	60,005	**-**	-
Non-trade					
Other payables		**6,898**	8,616	**4**	6
Deposit received		**1,495**	1,538	**-**	-
Accrued expenses		**9,415**	10,157	**695**	719
		17,808	20,311	**699**	725
		55,454	80,316	**699**	725
		61,067	86,674	**699**	725

16.1 Included in non-current and current trade payables of the Group are the remaining consideration payable for the acquisition of 2 plots of leasehold land amounting to RM5,613,000 (2020: RM6,358,000) and RM5,657,000 (2020: RM nil) respectively, with a discount rate of 3.84% (2020: 3.91%).

17. PROVISION FOR WARRANTIES

Group	Note	2021 RM'000	2020 RM'000
Opening balance		**435**	394
Provisions made during the financial year	19	**363**	302
Provisions used during the financial year		**(313)**	(261)
Closing balance		**485**	435

The provision for warranties relates to electrical home appliances sold and furniture and fittings installed by the Group. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur most of the liabilities over the next financial year.

Notes to the Financial Statements

18. REVENUE

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue from contracts with customers	**333,546**	373,232	**-**	-
Other revenue				
- Rental income from investment properties	**4,476**	5,359	**528**	432
- Dividend income	**-**	-	**15,593**	36,045
Total revenue	**338,022**	378,591	**16,121**	36,477

18.1 Disaggregation of revenue from contracts with customers

Major products and services	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Sales of goods	**311,474**	280,384	**-**	-
Sales of development properties	**7,368**	51,675	**-**	-
Sales of developed properties	**14,704**	1,961	**-**	-
Sales of land	**-**	39,212	**-**	-
	333,546	373,232	**-**	-
Timing and recognition				
At a point in time	**325,572**	317,676	**-**	-
Over time	**7,974**	55,556	**-**	-
	333,546	373,232	**-**	-

18. REVENUE (CONT'D)

18.2 Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sales of goods (at a point in time)	Revenue is recognised at point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 60 days from invoice date.	Discounts and rebates are given to customers where the customers meet sales target and pay within 60 days from invoice date.	The Group allows returns for exchange with new goods.	Assurance warranties of 1 to 5 years are given to customers.
Sales of goods (over time)	Revenue is recognised over time using the output method based on progress claim submitted to and approved by the customers when home appliances and furniture and fittings are supplied and installed in properties of the customers.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	The Group is required to fulfil warranty obligation over the defect liability period of 2 years from the date of completion.
Sales of development properties	Revenue is recognised over time using the cost incurred method. Development properties sold to customers typically do not have alternative use and the Group has rights to payment for work performed.	Based on milestone progress billings submitted to customers which are approved by accredited architect, and are subjected to a credit period of 30 days.	Not applicable.	Not applicable.	The Group is required to fulfil warranty obligation over defect liability period of 2 years from the handover of properties to the customers.
Sales of developed properties	Revenue is recognised when right to pledge the developed properties is given to the customer.	Based on progress billings with 10% payable upon signing of contract and remaining 90% payable 3 months from date of contract.	Not applicable.	Not applicable.	The Group is required to fulfil warranty obligation over defect liability period of 2 years from the certificate of completion and compliance date.
Sales of land	Revenue is recognised when vacant possession of the land is handed over to customer.	Based on progress billings with 10% payable upon signing of contract and remaining 90% payable 3 months from date of contract.	Not applicable.	Not applicable.	Not applicable.

18. REVENUE (CONT'D)

18.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

Group	2022 RM'000
2021	
Sales of development properties	**4,680**

	2021 RM'000
2020	
Sales of development properties	4,344

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

18.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For revenue from sales of goods, customers are entitled to discounts and rebates based on achievement of sales targets and pay within 60 days from invoice date. The Group applied significant judgement to determine the probability of sales achievement of the customers and the probability that they will pay within 60 days from invoice date. The Group considered internal information to estimate the probability. In applying judgement, the Group also determined that the recognition of revenue will not result in significant revenue reversal.
- For revenue recognised over time using the cost incurred method, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the work. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed contracts. A change in the estimates will directly affect the revenue to be recognised.
- For revenue recognised in respect of contracts with customers who are not supported by end-financiers from sales of development properties and developed properties, the Group has assessed and determined that collectability of the consideration from these customers is probable. In making this judgement, the Group has considered the trend of collections from these customers and the general background of these customers.

Notes to the Financial Statements

19. RESULTS FROM OPERATING ACTIVITIES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Results from operating activities are arrived at after charging/(crediting):					
Auditors remuneration					
Audit fees					
- KPMG PLT		**333**	323	**62**	60
- other auditors		**54**	56	**-**	-
Non-audit fees					
- KPMG PLT		**17**	17	**10**	10
Material expenses/(income)					
Bad debts recovery		**(51)**	(3)	**-**	-
Depreciation of:					
- property, plant and equipment	3	**2,703**	3,242	**1**	-
- right-of-use assets	4	**148**	118	**-**	-
Change in fair value recognised in profit or loss		**175**	4,124	**-**	-
Gains on derivative financial instruments:					
- realised		**(9)**	(45)	**-**	-
- unrealised		**(13)**	(1)	**-**	-
Gain on disposal of property, plant and equipment		**(65)**	(1)	**-**	-
Gains on foreign exchange:					
- realised		**(114)**	(163)	**-**	-
- unrealised		**-**	(1)	**-**	-
Government grants - job support scheme		**(155)**	(374)	**-**	-
Losses on derivative financial instruments:					
- unrealised		**-**	10	**-**	-
Losses on foreign exchange:					
- realised		**40**	45	**-**	-
- unrealised		**-**	3	**-**	-
Personnel expenses (including key management personnel):					
- contributions to Employees Provident Fund		**4,142**	3,930	**-**	-
- wages, salaries and others		**31,446**	31,938	**-**	-
- share-based payment	b	**-**	283	**-**	283
Property, plant and equipment written off		**1**	6	**-**	-
Provision for warranties	17	**363**	302	**-**	-
Expenses arising from leases					
Expenses relating to short-term leases	a	**29**	138	**-**	-
Expenses relating to leases of low-value assets	a	**12**	12	**-**	-
Net (gain)/loss on impairment of financial instruments					
Financial assets at amortised cost		**(237)**	1,097	**-**	-

19. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

Note a

The Group leases storage space and equipment with contract term of 1 year or less. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Note b

Share-based payments

Share option programme (equity settled)

The Company's ESOS is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 23 February 2016 and became effective from the first grant date, 12 May 2016.

All options are to be settled by physical delivery of shares and the salient features of the ESOS are, *inter alia*, as follows:

i) Employees of the Group who have been confirmed in service and must serve the Group on a continuous full time basis for a period of not less than six (6) months prior to the Date of Offer and is on the payroll of any company within the Group, or be a Director, who has been appointed to the board of directors of any member of the Group;

ii) The maximum number of new shares to be allocated and issued pursuant to the exercise of the options that may be granted under the scheme consist of:

   (a) the options exercised by all grantees;
   (b) the remaining options exercisable by all grantees; and
   (c) the unexpired offers pending acceptance by all eligible employees;

iii) The scheme shall be in force for a period of five (5) years from the first grant date and it can be extended for up to a further five (5) years;

iv) The option price shall not be a discount of more than 10% from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company of RM0.50;

v) An option holder may, in a particular year, exercise up to such maximum number of shares as determined by the ESOS committee; and

vi) The options granted to eligible employees and Directors will lapse when they are no longer in employment with the Group or resign as Directors.

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

	Exercise	Number of options over ordinary shares			
	price	At			At
Date of offer	RM	1.10.2020	Exercised	Forfeited	30.9.2021
12 May 2016	0.56	21,040,000	(5,175,000)	(780,000)	**15,085,000**
15 May 2017	0.56	1,205,000	(120,000)	(85,000)	**1,000,000**
		22,245,000	(5,295,000)	(865,000)	**16,085,000**

19. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

Note b (cont'd)

Share-based payments (cont'd)

Share option programme (equity settled) (cont'd)

The number and exercise prices of share options are as follows:

	2021		2020	
	Exercise price RM	Number of options ('000)	Exercise price RM	Number of options ('000)
Outstanding at 1 October	**0.56**	**22,245**	0.56	22,630
Forfeited	**0.56**	**(865)**	0.56	(385)
Exercised	**0.56**	**(5,295)**	-	-
Outstanding at 30 September	**0.56**	**16,085**	0.56	22,245
Exercisable at 30 September	**0.56**	**16,085**	0.56	22,245

The options outstanding at 30 September 2021 have an exercise price of RM0.56 (2020: RM0.56).

The ESOS which expired on 11 May 2021 had been extended for another five (5) years until 11 May 2026 in accordance with the terms of the ESOS By-Laws.

During the financial year, 5,295,000 share options were exercised. The fair values at the date of exercise for the financial year were RM0.585 - RM0.730 per ordinary share.

Details of ESOS granted to directors are disclosed in the section on Directors' interests in this report.

Value of employee services received for issue of share options

	Group and Company	
	2021 RM'000	2020 RM'000
Share options granted on 12 May 2016	-	260
Share options granted on 15 May 2017	-	23
Total expense recognised as share-based payments	-	283

20. FINANCE INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Recognised in profit or loss				
Interest income of financial assets calculated using the effective interest method that are at amortised cost	**2,033**	2,120	**4,853**	5,177

21. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Recognised in profit or loss				
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Amount due to a subsidiary	**-**	-	**198**	45
- Bankers' acceptance	**1,058**	1,053	**-**	-
- Bank overdraft	**-**	50	**-**	-
- Revolving credits	**2,287**	3,810	**1,483**	2,627
- Term loan	**2,509**	3,529	**958**	970
- Bridging loan	**-**	671	**-**	-
	5,854	9,113	**2,639**	3,642
Interest expense on lease liabilities	**6**	9	**-**	-
Total interest expense	**5,860**	9,122	**2,639**	3,642
Other finance costs	**397**	451	**2**	1
	6,257	9,573	**2,641**	3,643

22. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
Executive:				
- Fees	**268**	267	**148**	148
- Remuneration	**1,887**	1,844	**9**	9
- Defined contribution plan	**300**	294	**-**	-
- Share options granted under ESOS	**-**	20	**-**	20
- Estimated monetary value of benefits-in-kind	**48**	62	**-**	-
	2,503	2,487	**157**	177
Non-Executive:				
- Fees	**479**	480	**359**	359
- Remuneration	**25**	23	**25**	23
- Share options granted under ESOS	**-**	15	**-**	15
- Gratuity	**30**	-	**30**	-
	534	518	**414**	397
	3,037	3,005	**571**	574

23. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The remuneration of key management personnel, except for Directors of the Company, during the financial year was as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Remuneration	**2,180**	2,721	**-**	-
Share options granted under ESOS	**-**	24	**-**	-
Other short-term employee benefits (including estimated monetary value of benefits - in - kind)	**1,017**	765	**-**	-
	3,197	3,510	**-**	-

Notes to the Financial Statements

24. TAX EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Tax expense	**16,067**	17,238	**604**	431

Major components of income tax expense include:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
Malaysian				
- Current year	**14,762**	17,535	**604**	431
- Under provision in prior year	**1,031**	1,282	**-**	-
Overseas				
- Current year	**192**	248	**-**	-
- Over provision in prior year	**(65)**	(67)	**-**	-
Total income tax recognised in profit or loss	**15,920**	18,998	**604**	431
Deferred tax expense (Note 9)				
Origination and reversal of temporary differences	**130**	(2,077)	**-**	-
Over provision in prior year	**(1)**	(95)	**-**	-
Effect of change in fair value of investment properties	**18**	412	**-**	-
Total deferred tax recognised in profit or loss	**147**	(1,760)	**-**	-
Total tax expense	**16,067**	17,238	**604**	431

Reconciliation of tax expense

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax	**53,613**	55,368	**17,461**	36,807
Income tax using Malaysian tax rate of 24%	**12,867**	13,288	**4,191**	8,834
Effect of tax rates in foreign jurisdiction*	**(96)**	(54)	**-**	-
Non-deductible expenses	**712**	869	**155**	248
Current year losses for which no deferred tax assets was recognised	**1,731**	1,826	**-**	-
Tax exempt income	**(130)**	(223)	**(3,742)**	(8,651)
Effect of change in fair value of investment properties	**18**	412	**-**	-
	15,102	16,118	**604**	431
Under provision in prior year	**965**	1,120	**-**	-
	16,067	17,238	**604**	431

* Some subsidiaries operate in a tax jurisdiction with lower tax rate.

25. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 September was based on the profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

Group	2021	2020
RM'000		
Profit for the financial year attributable to owners of the Company	**34,501**	35,196
'000		
Weighted average number of ordinary shares at 30 September net of treasury shares	**491,107**	488,639
Sen		
Basic earnings per ordinary share	**7.03**	7.20

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Group	2021	2020
'000		
Weighted average number of ordinary shares at 30 September (basic)	**491,107**	488,639
Effect of share options on issue	**1,733**	-*
Weighted average number of ordinary shares at 30 September (diluted)	**492,840**	488,639
Sen		
Diluted earnings per ordinary share	**7.00**	7.20

* At 30 September 2020, the effect on the earnings per share in respect of potential ordinary shares from the exercise of share options is anti-dilutive and therefore excluded from the calculation of diluted earnings per ordinary share.

Notes to the Financial Statements

26. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2021			
Final 2020 ordinary	**1.75**	**8,612**	**5 April 2021**
First interim 2021 ordinary	**1.00**	**4,933**	**28 September 2021**
		13,545	
2020			
Final 2019 ordinary	2.00	9,831	3 April 2020
First interim 2020 ordinary	1.00	4,886	28 September 2020
		14,717	

After the end of the reporting period, the following dividends were proposed by the Directors. These dividends will be recognised in the subsequent financial period upon approval by the owners of the Company at the forthcoming Annual General Meeting.

	Sen per share	Total amount RM'000
Final 2021 ordinary	2.20	10,863

27. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed based on the Group's management and internal reporting structure. For each of the strategic business units, the Group Managing Director (the chief operating decision maker) reviews internal management reports on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

- Trading and services — Distribution and servicing of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, other household products, bathroom accessories, medical devices and healthcare products
- Property development — Property development
- Investment holding and property investment — The long term investment in unquoted shares and property investment

27. OPERATING SEGMENTS (CONT'D)

Performance is measured based on segment profit before tax, interest and depreciation ("segment profit") as included in the internal management reports that are reviewed by the Group Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total liabilities are used to measure the gearing of each segment.

27. OPERATING SEGMENTS (CONT'D)

	Trading and services		Property development		Investment holding and property investment		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Segment profit	**55,023**	42,630	**1,504**	29,762	**19,143**	34,763	**75,670**	107,155
Included in the measure of segment profit are:								
Revenue from external customers	**311,475**	280,384	**22,072**	92,848	**4,475**	5,359	**338,022**	378,591
Inter-segment revenue	**9**	2,727	**6,622**	-	**17,495**	37,877	**24,126**	40,604
Inventories written down and written off	**(617)**	(561)	**(2,712)**	(1,935)	**-**	-	**(3,329)**	(2,496)
Not included in the measure of segment profit but provided to Group Managing Director:								
Depreciation								
- property, plant and equipment	**(1,852)**	(2,009)	**(41)**	(53)	**(131)**	(149)	**(2,024)**	(2,211)
- right-of-use assets	**(148)**	(118)	**-**	-	**-**	-	**(148)**	(118)
Interest expense	**(1,698)**	(1,978)	**(6,365)**	(8,222)	**(3,852)**	(5,262)	**(11,915)**	(15,462)
Interest income	**4,219**	4,208	**132**	282	**3,740**	3,971	**8,091**	8,461
Segment assets	**377,431**	403,539	**377,023**	418,607	**407,367**	410,808	**1,161,821**	1,232,954
Included in the measure of segment assets are:								
Deferred tax assets	**356**	495	**4,987**	4,997	**-**	-	**5,343**	5,492
Current tax assets	**357**	221	**952**	75	**34**	60	**1,343**	356
Segment liabilities	**(91,098)**	(141,697)	**(214,375)**	(250,076)	**(88,069)**	(98,764)	**(393,542)**	(490,537)

27. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

Profit or loss	2021 RM'000	2020 RM'000
Total profit or loss for reportable segments	**75,670**	107,155
Elimination of inter-segment profits	**(15,379)**	(41,425)
Depreciation	**(2,851)**	(3,360)
Interest expense	**(5,860)**	(9,122)
Interest income	**2,033**	2,120
Consolidated profit before tax	**53,613**	55,368

	External revenue RM'000	Depreciation RM'000	Interest expense RM'000	Interest income RM'000	Segment assets RM'000	Segment liabilities RM'000
2021						
Total reportable segments	**338,022**	**(2,172)**	**(11,915)**	**8,091**	**1,161,821**	**(393,542)**
Elimination of inter-segment transactions and balances	**-**	**(679)**	**6,055**	**(6,058)**	**(387,742)**	**178,922**
Consolidated total	**338,022**	**(2,851)**	**(5,860)**	**2,033**	**774,079**	**(214,620)**
2020						
Total reportable segments	378,591	(2,329)	(15,462)	8,461	1,232,954	(490,537)
Elimination of inter-segment transactions and balances	-	(1,031)	6,340	(6,341)	(396,055)	187,375
Consolidated total	378,591	(3,360)	(9,122)	2,120	836,899	(303,162)

Geographical segments

The Group operates primarily in Malaysia and as such, no geographical segment disclosures are made.

Major customers

The Group does not have any major customer with revenue equal or more than 10% of the Group's total revenue.

28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

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

(a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC")

2021	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group			
Financial assets			
Trade and other receivables	70,962	70,962	-
Cash and cash equivalents	104,450	104,450	-
Derivative financial assets	13	-	13
	175,425	175,412	13
Financial liabilities			
Loans and borrowings	(130,539)	(130,539)	-
Trade and other payables	(61,067)	(61,067)	-
	(191,606)	(191,606)	-
Company			
Financial assets			
Amount due from subsidiaries	107,075	107,075	-
Trade and other receivables	12	12	-
Cash and cash equivalents	2,008	2,008	-
	109,095	109,095	-
Financial liabilities			
Loans and borrowings	(26,000)	(26,000)	-
Trade and other payables	(699)	(699)	-
	(26,699)	(26,699)	-

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 Categories of financial instruments (cont'd)

2020	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group			
Financial assets			
Trade and other receivables	118,985	118,985	-
Cash and cash equivalents	114,027	114,027	-
Derivative financial assets	1	-	1
	233,013	233,012	1
Financial liabilities			
Loans and borrowings	(186,069)	(186,069)	-
Trade and other payables	(86,674)	(86,674)	-
Derivative financial liabilities	(10)	-	(10)
	(272,753)	(272,743)	(10)
Company			
Financial assets			
Amount due from subsidiaries	102,095	102,095	-
Trade and other receivables	12	12	-
Cash and cash equivalents	16,853	16,853	-
	118,960	118,960	-
Financial liabilities			
Loans and borrowings	(42,000)	(42,000)	-
Trade and other payables	(725)	(725)	-
	(42,725)	(42,725)	-

28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on:				
Financial assets/(liabilities) at fair value through profit or loss mandatorily required by MFRS 9	**22**	36	**-**	-
Financial assets at amortised cost	**2,321**	1,026	**4,853**	5,177
Financial liabilities at amortised cost	**(5,780)**	(8,997)	**(2,639)**	(3,642)
	(3,437)	(7,935)	**2,214**	1,535

28. FINANCIAL INSTRUMENTS (CONT'D)

28.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables from customers. The Company's exposure to credit risk arises principally from amount due from subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to previous year.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

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

For trading and services segment, normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

For property development segment, purchasers are normally supported by the end-financiers which are reputable banks in Malaysia. For self-financed purchasers, the Group extends credit based upon evaluation of the purchasers' financial condition and credit history. Trade receivables are monitored on an ongoing basis by the Group's sales and administrative department.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines 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 and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Exposure to credit risk, credit quality and collateral (cont'd)

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of trade receivables for trading and services segment are regular customers that have been transacting with the Group whilst significant portion of trade receivables for property development segment are purchasers that are backed by financiers. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 90 days or not backed by financier, in the case of trade receivables from property development segment, which are deemed to have higher credit risk, are monitored individually.

For the trading and services segment, the Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks. At the end of the reporting period, trade receivables amounting to RM41,905,000 (2020: RM56,567,000) are supported by financial guarantees given by banks, shareholders or directors of the customers. The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

For property development segment, the trade receivables are not secured by any collateral or supported by any other credit enhancements. However, the Group mitigates its credit risk by maintaining its name as the registered owner of the properties until full settlement of the purchase consideration or upon undertaking of end-financing by the purchasers' end-financier.

Concentration of credit risk

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period arise domestically.

Recognition and measurement of impairment loss

Trading and services segment

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 to 90 days. The Group's debt recovery process is as follows:

a) Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and

b) Above 180 days past due, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables for trading and services segment. Consistent with the debt recovery process, invoices which are past due 180 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 180 days past due.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

Loss rates are based on actual credit loss experience over the past two years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

Property development segment

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 to 90 days. The Group's debt recovery process is as follows:

a) Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales and administrative department; and

b) If the customer did not abide by the agreed debt restructuring arrangement, the Group will issue notice of termination to commence termination of contract and recovery of the properties sold in order to reduce the credit risk exposure.

The Group measures ECL of trade receivables individually. Consistent with the debt recovery process, invoices of which customers have defaulted on debt recovery arrangements are generally considered as credit impaired.

Loss rates are determined for each individual purchasers using past payment trends and other external information relating to the purchasers that are publicly available. In determining the loss rates for each individual purchasers, the Group also considers the value of properties sold that could be recovered upon termination of contract which will reduce credit loss arising from the trade receivables.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Not past due	**55,987**	**-**	**55,987**
Past due 1 - 60 days	**10,412**	**-**	**10,412**
Past due 61 - 90 days	**2,202**	**(95)**	**2,107**
Past due more than 90 days	**2,467**	**(115)**	**2,352**
	71,068	**(210)**	**70,858**
Credit impaired			
Individually impaired	**3,175**	**(3,175)**	**-**
	74,243	**(3,385)**	**70,858**
Trade receivables	**70,825**	**(3,385)**	**67,440**
Contract assets	**3,418**	**-**	**3,418**
	74,243	**(3,385)**	**70,858**
2020			
Not past due	94,025	-	94,025
Past due 1 - 60 days	18,987	-	18,987
Past due 61 - 90 days	593	(88)	505
Past due more than 90 days	5,038	(46)	4,992
	118,643	(134)	118,509
Credit impaired			
Individually impaired	3,697	(3,697)	-
	122,340	(3,831)	118,509
Trade receivables	121,067	(3,831)	117,236
Contract assets	1,273	-	1,273
	122,340	(3,831)	118,509

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The movements in the allowance for impairment of trade receivables during the financial year are shown below:

Group	Trade receivables Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 October 2019	337	2,921	3,258
Amounts written off	-	(369)	(369)
Net remeasurement of loss allowance	(203)	1,145	942
Balance at 30 September 2020/1 October 2020	134	3,697	3,831
Amounts written off	-	(232)	(232)
Net remeasurement of loss allowance	76	(298)	(222)
Effect of movements in exchange rates	-	8	8
Balance at 30 September 2021	**210**	**3,175**	**3,385**

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivables directly.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (cont'd)

Other receivables

Credit risks on other receivables are mainly arising from rental receivables. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group assessed the risk of loss of each rental receivable individually based on their financial information, past trend of payments and external credit ratings, where applicable.

The following table provides information about the exposure to credit risk and ECLs for other receivables.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	**2,131**	**-**	**2,131**
Credit impaired	**137**	**(137)**	**-**
	2,268	**(137)**	**2,131**
2020			
Low credit risk	382	-	382
Credit impaired	155	(155)	-
	537	(155)	382

The movement in the allowance for impairment losses of other receivables during the financial year is shown below:

Group	RM'000
Balance at 1 October 2019	-
Net remeasurement of loss allowance	155
Balance at 30 September 2020/1 October 2020	155
Amounts written off	(3)
Net remeasurement of loss allowance	(15)
Balance at 30 September 2021	**137**

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company also provides financial support to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM72,539,000 (2020: RM131,069,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the probability of default by the subsidiaries is low and no allowance of impairment is recognised.

The financial guarantees of the Company have not been recognised since the fair value on initial recognition was not material.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries of the Company.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

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

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	**107,075**	**-**	**107,075**
2020			
Low credit risk	102,095	-	102,095

As at the end of the reporting period, the probability of default of these loans and advances to subsidiaries are low and no allowance of impairment is recognised. The Company does not specifically monitor the ageing of loan and advances provided to subsidiaries.

28.5 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 their trade and other payables and loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 year RM'000
2021						
Non-derivative financial liabilities						
Revolving credit - secured	47,000	3.79 - 4.57	47,000	47,000	-	-
Bankers' acceptances - unsecured	25,380	2.45 - 2.90	25,380	25,380	-	-
Term loans - secured	58,159	3.50 - 4.18	62,986	17,204	45,782	-
Lease liabilities	74	3.00	77	28	49	-
Trade and other payables						
- land acquisition consideration payable	11,270	3.84	12,750	5,875	6,875	-
- others	49,797	-	49,797	49,797	-	-
	191,680		197,990	145,284	52,706	-
Derivative financial liabilities						
Forward exchange contracts (gross settled):						
Inflow	(13)	-	(2,002)	(2,002)	-	-
Outflow	-	-	1,989	1,989	-	-
	191,667		197,977	145,271	52,706	-

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 year RM'000
2020						
Non-derivative financial liabilities						
Revolving credit - secured	56,000	3.86 - 5.57	56,000	56,000	-	-
Bankers' acceptances - unsecured	56,836	2.62 - 4.35	56,836	56,836	-	-
Term loans - secured	73,233	3.50 - 5.39	80,482	17,589	60,967	1,926
Lease liabilities	223	3.00 - 4.75	229	153	76	-
Trade and other payables						
- land acquisition consideration payable	6,358	3.91	7,536	-	7,536	-
- others	80,316	-	80,316	80,316	-	-
	272,966		281,399	210,894	68,579	1,926
Derivative financial liabilities						
Forward exchange contracts (gross settled):						
Inflow	-	-	(1,529)	(1,529)	-	-
Outflow	9	-	1,538	1,538	-	-
	272,975		281,408	210,903	68,579	1,926

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Group	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 year RM'000
2021						
Non-derivative financial liabilities						
Term loans - secured	**26,000**	**3.69 - 3.75**	**28,714**	**4,578**	**24,136**	**-**
Financial guarantee	**-**	**-**	**72,539**	**72,539**	**-**	**-**
Trade and other payables	**699**	**-**	**699**	**699**	**-**	**-**
	26,699		**101,952**	**77,816**	**24,136**	**-**
2020						
Non-derivative financial liabilities						
Revolving credit - secured	16,000	3.86 - 5.42	16,000	16,000	-	-
Term loans - secured	26,000	3.75 - 4.95	29,600	972	27,757	871
Financial guarantee	-	-	131,069	131,069	-	-
Trade and other payables	725	-	725	725	-	-
	42,725		177,394	148,766	27,757	871

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's and the Company's financial position or cash flows.

28.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Chinese Yuan ("CNY").

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (cont'd)

28.6.1 Currency risk (cont'd)

Risk management objectives, policies and processes for managing the risk

The Group's exposure to foreign currency risk is monitored on an ongoing basis and the Group will use forward exchange contracts to hedge its foreign currency risk when necessary. Forward exchange contracts, if any, would have maturities of less than one year. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

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

	2021 Denominated in		2020 Denominated in	
	USD RM'000	CNY RM'000	USD RM'000	CNY RM'000
Group				
Balances recognised in the statement of financial position				
Trade payables	**2,624**	**3,722**	2,628	5,675
Foreign exchange contracts	**(12)**	**(1)**	10	(1)
Net exposure	**2,612**	**3,721**	2,638	5,674

Currency risk sensitivity analysis

Group entities which have a Ringgit Malaysia ("RM") functional currency are exposed to foreign currency risk in respect of purchases that are denominated in a currency other than RM.

A 10% (2020: 10%) weakening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	Profit or loss	
Group	**2021 RM'000**	**2020 RM'000**
USD	**199**	200
CNY	**283**	431
	482	631

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (cont'd)

28.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis (cont'd)

A 10% (2020: 10%) strengthening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

28.6.2 Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirements.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fixed rate instruments				
Financial assets	**9,661**	32,732	**-**	10,909
Financial liabilities	**(25,454)**	(57,059)	**-**	-
	(15,793)	(24,327)	**-**	10,909
Floating rate instruments				
Financial assets	**-**	-	**107,075**	102,095
Financial liabilities	**(105,159)**	(129,233)	**(26,000)**	(42,000)
	(105,159)	(129,233)	**81,075**	60,095

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (cont'd)

28.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Floating rate instruments				
100 bp increase	**(799)**	(982)	**616**	457
100 bp decrease	**799**	982	**(616)**	(457)

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS (CONT'D)

28.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term loans and borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Group	Fair value of financial instrument Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2021					
Financial assets					
Financial instruments carried at fair value					
Forward exchange contracts	**-**	**13**	**-**	**13**	**13**
Financial liabilities					
Financial instruments not carried at fair value					
Trade payables					
- non-current	**-**	**-**	**(5,613)**	**(5,613)**	**(5,613)**
Term loans	**-**	**-**	**(58,159)**	**(58,159)**	**(58,159)**
	-	**-**	**(63,772)**	**(63,772)**	**(63,772)**
2020					
Financial assets					
Financial instruments carried at fair value					
Forward exchange contracts	-	1	-	1	1
Financial liabilities					
Financial instruments carried at fair value					
Forward exchange contracts	-	(10)	-	(10)	(10)
Financial instruments notcarried at fair value					
Trade payables					
- non-current	-	-	(6,358)	(6,358)	(6,358)
Term loans	-	-	(73,233)	(73,233)	(73,233)
	-	-	(79,591)	(79,591)	(79,591)
	-	(10)	(79,591)	(79,601)	(79,601)

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS (CONT'D)

28.7 Fair value information (cont'd)

Company	Fair value of financial instrument Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2021					
Financial assets					
Financial instruments not carried at fair value					
Amount due from subsidiaries	**-**	**-**	**107,075**	**107,075**	**107,075**
Financial liabilities					
Financial instruments not carried at fair value					
Term loans	**-**	**-**	**(26,000)**	**(26,000)**	**(26,000)**
2020					
Financial assets					
Financial instruments not carried at fair value					
Amount due from subsidiaries	-	-	102,095	102,095	102,095
Financial liabilities					
Financial instruments not carried at fair value					
Term loans	-	-	(26,000)	(26,000)	(26,000)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year and previous year.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.7 Fair value information (cont'd)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair values within Level 3 are determined using the discounted cash flows valuation technique based on the current market rate of borrowings of the respective Group entities at the reporting date. The carrying amount of floating rate term loans approximate fair value as their effective interest rate changes according to movements in the market interest rate.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor the adequacy of capital on an on-going basis and are determined to maintain an optimal gearing ratio that complies with debt covenants and regulatory requirements.

During the financial year, the Group's strategy, which was unchanged from 2020, was to maintain the gearing ratio of below 1. The gearing ratios at 30 September 2021 and 30 September 2020 were as follows:

Group	2021 RM'000	2020 RM'000
Total loans and borrowings (Note 15)	**130,539**	186,069
Lease liabilities	**74**	223
Less: Cash and cash equivalents (Note 13)	**(104,450)**	(114,027)
Net debt	**26,163**	72,265
Total equity attributable to owners of the Company	**532,384**	508,438
Gearing ratio (times)	**0.05**	0.14

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

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

Certain subsidiaries are required to maintain gearing ratios to comply with bank covenants, failing which, the banks may call an event of default. These subsidiaries have complied with these covenants at the end of the reporting period.

30. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, key management personnel and a company in which key management personnel have interest.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 8.

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
A. Company in which key management personnel have interest				
Purchases	**(4,961)**	(2,469)	**-**	-
B. Subsidiaries				
Dividend received	**-**	-	**15,593**	36,045
Rental received	**-**	-	**528**	432
Interest received	**-**	-	**4,843**	5,165
Interest paid	**-**	-	**(198)**	(45)
Redemption of redeemable convertible preference shares	**-**	-	**-**	20,400
Net advances given	**-**	-	**(4,980)**	(67,120)

Directors' remuneration and key management personnel compensation are disclosed in Note 22 and Note 23 respectively.

31. SIGNIFICANT EVENTS

(a) Members' voluntary liquidation of a subsidiary

Enex Sdn. Bhd., a wholly-owned subsidiary of the Company, commenced members' voluntary liquidation pursuant to Companies Act 2016 on 7 October 2020.

(b) Extension of ESOS

On 9 April 2021, the ESOS which expired on 11 May 2021 had been extended for another five (5) years until 11 May 2026 in accordance with the terms of the ESOS By-Laws.

(c) Termination of joint venture agreements

On 28 November 2017 and 8 December 2017, Pinang Sutera Sdn. Bhd. ("PSSB"), a 60%-owned indirect subsidiary of the Company through its wholly-owned subsidiary, Fiamma Development Sdn. Bhd., had entered into two separate Joint Venture Agreements ("JVA") with Puncak Hartamas Sdn. Bhd., 40% shareholder of PSSB, and four (4) individual landowners (together referred to as the "Landowners"), respectively.

On 25 June 2021, the Group had entered into termination agreements to mutually revoke, rescind and terminate the JVAs on two plots of freehold land held for future development, subject to the terms and conditions of the termination agreements and JVAs.

Upon the mutual termination, the land consideration, incidental and related expenses incurred by PSSB will be refunded by the Landowners to PSSB in accordance with the terms and conditions of the Agreement on Termination and JVA.

32. SUBSEQUENT EVENT

Exercise of ESOS

Subsequent to the financial year end, a total of 70,000 new ordinary shares were issued pursuant to the exercise of ESOS at an option price of RM0.56 per ordinary share.

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

In the opinion of the Directors, the financial statements set out on pages 60 to 144 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

……………………………………………………
Lim Choo Hong
Director

……………………………………………………
Chin Mee Foon
Director

Kuala Lumpur,

Date: 7 January 2022

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

I, **Chin Mee Foon**, the Director primarily responsible for the financial management of Fiamma Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 144 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chin Mee Foon, MIA: CA 2191, at Kuala Lumpur in the Federal Territory on 7 January 2022.

……………………………
Chin Mee Foon

Before me:

KAPT. (B) JASNI BIN YUSOFF

Registered No.: W 465
Commissioner for Oaths

Independent Auditors' Report

To The Members of Fiamma Holdings Berhad

(Registration No. 198201008992 (88716-W))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Fiamma Holdings Berhad, which comprise the statements of financial position as at 30 September 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 144.

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 30 September 2021, and of their financial performance and their cash flows for the 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 auditors' 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 Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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 these matters.

Independent Auditors' Report
To The Members of Fiamma Holdings Berhad

(Registration No. 198201008992 (88716-W))
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Revenue recognition on sales of goods and developed properties Refer to Note 2(o)(i) - Significant accounting policy: Revenue and Note 18 - Revenue	
The key audit matter	**How the matter was addressed in our audit**
The Group recorded revenue from contracts with customers amounting to RM333.5 million. Revenue recognition from contracts with customers is identified as a key audit matter because significant judgements were applied in revenue recognition, amongst others include: • Probability of collection of consideration from customers, especially for sales of developed properties to cash purchasers.	We performed the following audit procedures, amongst others: • Reviewed contracts with customers and relevant supporting documents such as sales and purchase agreements, purchase orders and letter of awards and assessed the appropriateness of revenue recognition under MFRS 15; • Reviewed the Group's assessment relating to the probability of collection of consideration from customers, in particular for developed properties to customers who are not supported by end-financiers; • Evaluated the effectiveness of the Group's internal controls over revenue recognition for sales of goods on a sampling basis; • Inspected evidence for delivery of goods and sales invoices in respect of samples selected from sales of goods transacted immediately before and after the end of the reporting period to assess whether the revenue were recorded in the correct financial year; • Inspected samples of credit notes issued by the Group subsequent to year end to ascertain whether they relate to return of goods or sales cancellation in respect of revenue recognised before the year end; and • Obtained written confirmations from customers of the Group on a sampling basis to test that revenue recognised close to the year end in respect of those customers were recorded in the correct financial year.

Independent Auditors' Report
To The Members of Fiamma Holdings Berhad

(Registration No. 198201008992 (88716-W))
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Valuation of developed properties
Refer to Note 2(g) - Significant accounting policy: Inventories and Note 6 - Inventories.

The key audit matter	How the matter was addressed in our audit
Included in inventories of the Group as at 30 September 2021 are unsold completed properties amounting to RM204.1 million. Developed properties are measured at lower of cost and net realisable value. The determination of the estimated net realisable value for these developed properties depends on the Group's expectation of future selling prices. Valuation of developed properties is identified as a key audit matter because these developed properties were available for sales since the launch of the property development projects in previous years and the challenges faced by the Group in selling these developed properties may indicate that the Group's expectation of future selling prices may not be attainable which increases the uncertainty over the valuation of these developed properties.	We performed the following audit procedures, amongst others: • Checked the valuation of developed properties by comparing the carrying amounts of developed properties against the selling prices of similar developed properties sold subsequent to year end or selling prices of similar developed properties sold within the same development project to identify indications whether the net realisable value of developed properties are below their carrying amounts; • Where there are no similar developed properties sold subsequent to year end, the net realisable values of developed properties were compared with the fair values of the developed properties determined based on valuation performed by the external property valuers engaged by the Group; • Evaluated the qualifications and competence of the external valuers; • Evaluated the valuation methodology as stipulated in the valuation report against industry practice and the Malaysian Valuation Standards; • Evaluated the reliability and accuracy of significant source data used in deriving the fair value of the developed properties by inspecting the valuation report and enquiring the external property valuers with regards to the origin of significant source data; and • Enquired the external property valuers to assess the impact to the fair value of developed properties in respect of any limitation or restriction of use as stipulated in the valuation report.

Independent Auditors' Report
To The Members of Fiamma Holdings Berhad
(Registration No. 198201008992 (88716-W))
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Discounts and rebates payable Refer to Note 2(h) - Significant accounting policy: Contract liability, Note 10 - Contract with customers and Note 18 - Revenue	
The key audit matter	**How the matter was addressed in our audit**
Included in contract liabilities of the Group are discounts and rebates payable to customers amounting to RM17.5 million. The discounts and rebates payable are variable considerations relating to revenue recognition. Discounts and rebates payable to customers are identified as a key audit matter because accounting for these discounts and rebates payable are highly judgemental and subject to high degree of estimation uncertainty. The discounts and rebates payable are accounted for based on trade agreements and/or verbal commitments by sales representatives of the Group according to internal sales and marketing plans. The subsequent payments of such accrued expenses are primarily subject to claims submitted by customers, the customers meeting the prerequisite sales target and the Group approving the claims submitted by the customers.	We performed the following audit procedures, amongst others: • Tested the existence of obligation, whether legal or constructive, for the Group to incur the discounts and rebates payable by reviewing agreements with customers. For rebates based on verbal commitments, we have tested the existence of obligation against internal advertising and promotion plans and the historical payment of such verbal rebates; • Assessed the amount of discounts and rebates payable recorded by the Group by inspecting the compilation of sales to the respective customers and comparing the rebate rates used to compute the discounts and rebates payable against the rebate rates stipulated in the trade agreements between the customers and the Group. For rebates based on verbal commitment, we have evaluated the rebate rates used to compute discounts and rebates payable by comparing against the rebate rates based on historical payment trends and the rebate rates as stipulated in internal advertising and promotion plans.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report
To The Members of Fiamma Holdings Berhad

(Registration No. 198201008992 (88716-W))
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 also:

- 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.

- 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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 ability of the Group or of the Company 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 or the Company to cease to continue as a going concern.

Independent Auditors' Report
To The Members of Fiamma Holdings Berhad

(Registration No. 198201008992 (88716-W))
(Incorporated in Malaysia)

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

- 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 of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

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 actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 7 January 2022

Chew Beng Hong
Approval Number: 02920/02/2022 J
Chartered Accountant

List of Properties Owned by the Group
as at 30 September 2021

	Location	Description/ Existing Use	Tenure	Date of Acquisition	Age of Building	Date of Last Revaluation	Approximate Land Area (Built-Up)	Net Book Value (RM'000)
1	**Fiamma Holdings Berhad** Lot 13, Jalan E1/5 Usaha Ehsan Industrial Area 52100 Kepong Selangor Darul Ehsan	Office cum service centre	Leasehold (99 years, expiring on 09/07/2078)	20/06/1983	37 years	30/09/2020	19,849 sq. ft.	7,591
2	**Affluent Crafts Sdn Bhd** HS (D) 490919 PTB 22059 Bandar Johor Bahru Johor	Land held for development**	Leasehold (99 years, expiring on 20/12/2109)	21/09/2012	-	-	198,809 sq. ft.	15,799
3	**FHB Management Sdn Bhd** No. 20, Jalan 7A/62A Bandar Menjalara 52200 Kuala Lumpur	11 storey office building with 301 car park lots	Leasehold (99 years, expiring on 13/06/2118)	16/03/2015*	16 years 10 months	30/09/2020	25,567 sq. ft.	44,493
4	360, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur	15 units office suite and 3 retail lots	Freehold	26/04/2013 & 14/08/2013	6 years 7 months	30/09/2020	61,891 sq. ft.	53,165
5	**Fiamma Land Sdn Bhd** Lot Nos. 54, 74 & 192 Geran Nos. 9348, 27778 & 71341 Seksyen 44 Bandar Kuala Lumpur District of Kuala Lumpur	Land held for development	Freehold	03/04/2007	-	-	61,437 sq. ft.	53,101
6	**Kingston Medical Supplies (Private) Limited** 35, Tannery Road #11-01/02, Tannery Block Ruby Industrial Complex 347740 Singapore	Office and warehouse	Freehold	21/07/2014	38 years 10 months	30/09/2021	4,886 sq. ft.	8,082
7	**Fiamma Logistics Sdn Bhd** No. 16, Jalan Astana 1 Bandar Bukit Raja 41050 Klang Selangor	Warehouse	Freehold	16/05/2014	6 years	30/09/2017	273,567 sq. ft.	60,097

List of Properties Owned by the Group as at 30 September 2021

	Location	Description/ Existing Use	Tenure	Date of Acquisition	Age of Building	Date of Last Revaluation	Approximate Land Area (Built-Up)	Net Book Value (RM'000)
8	**Fiamma Properties Sdn Bhd** Geran 37713, Lot 260, Geran 25272, Lot 3240, Seksyen 92, Town & District of Kuala Lumpur	Land held for development	Freehold	23/12/2014	-	-	113,910 sq. ft.	60,574
9	**Fiamma Trading Sdn Bhd** No. 23, Jalan TTR 6A/1 Taman Tasik Residensi Rawang, 48000 Selangor	Landed residential property	Leasehold (99 years, expiring on 11/10/2108)	04/04/2018	5 years	30/09/2021	1,650 sq. ft.	720
10	No. PS-G-1, Block Pelangi Sentral Pelangi Damansara, Persiaran Surian 47800 Petaling Jaya, Selangor	Stratified Ground Floor Shop	Leasehold (99 years, expiring on 3/12/2102)	04/04/2018	11 years	30/09/2021	1,582 sq. ft.	760

* Previously acquired by Fiamma Holdings Berhad on 26/06/1996
** Title has not been transferred to Affluent Crafts Sdn Bhd

Analysis of Shareholdings

Issued Share Capital : 515,391,884 ordinary shares (including shares held as treasury shares)
Class of Shares : Ordinary Shares
Voting Rights : One vote per share

Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
Less than 100 shares	149	5.89	3,126	0.00
100 to 1,000 shares	274	10.83	112,080	0.02
1,001 to 10,000 shares	1,310	51.80	6,337,023	1.28
10,001 to 100,000 shares	683	27.01	21,723,820	4.40
100,001 to 24,688,373 shares (*)	107	4.23	146,830,027	29.74
24,688,374 shares and above (**)	6	0.24	318,761,408	64.56
Total	**2,529**	**100.00**	**493,767,484#**	**100.00**

Notes:
* - Less than 5% of issued shares
** - 5% and above of issued shares
# - Excluding a total of 21,624,400 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 31 December 2021.

SUBSTANTIAL SHAREHOLDERS AS AT 31 DECEMBER 2021

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	% *	No. of Shares held	%*
Lim Choo Hong	150,396,068	30.46	-	-
Ngo Wee Bin	81,693,000	16.54	-	-
Casa Holdings Limited	74,889,900	15.17	-	-
Perdana Padu Sdn Bhd	28,615,440	5.80	-	-
Lim Soo Kong (Lim Soo Chong)	14,793,300	3.00	74,889,900#	15.17
Kok Sau Chun	-	-	150,396,068^	30.46
Hu Zhong Huai	-	-	74,889,900#	15.17

Notes:
Deemed interested by virtue of their interests in Casa Holdings Limited.
^ Deemed interested through shares held by spouse, Mr. Lim Choo Hong.
* Excluding a total of 21,624,400 shares bought-back by the Company and retained as treasury shares.

DIRECTORS' SHAREHOLDINGS AS AT 31 DECEMBER 2021

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	% *	No. of Shares held	%*
Dato' Bahar Bin Ahmad	50,000	0.01	-	-
Lim Choo Hong	150,396,068	30.46	-	-
Kok Sau Chun	-	-	150,396,068^	30.46
Chin Mee Foon	300,000	0.06	-	-
Chua Choo Eng	-	-	-	-
Eugene Lee Cheng Hoe	9,000	0.00	-	-
Stefan Matthieu Lim Shing Yuan	-	-	-	-

Notes:
^ Deemed interested through shares held by spouse, Mr. Lim Choo Hong.
* Excluding a total of 21,624,400 shares bought-back by the Company and retained as treasury shares.

Analysis of Shareholdings

THIRTY LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2021

		Holdings	
No.	Name	No. of Shares	% *
1	Lim Choo Hong	90,710,168	18.37
2	Ngo Wee Bin	81,693,000	16.54
3	Casa Holdings Limited	48,489,900	9.82
4	AMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account - AmBank (M) Berhad for Lim Choo Hong)	42,785,900	8.67
5	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Perdana Padu Sdn Bhd)	28,615,440	5.80
6	CGS-CIMB Nominees (Asing) Sdn Bhd (Exempt AN for CGS-CIMB Securities (Singapore) Pte Ltd)	26,467,000	5.36
7	Teo Kwee Hock	22,977,400	4.65
8	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB for Lim Choo Hong)	16,900,000	3.42
9	UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teo Siew Lai)	15,939,600	3.23
10	Lim Soo Kong (Lim Soo Chong)	14,793,300	3.00
11	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Hook)	12,400,000	2.51
12	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Corak Kukuh Sdn Bhd)	12,284,560	2.49
13	Ng Peck Kee	6,250,596	1.27
14	CIMB Group Nominees (Asing) Sdn Bhd (Exempt AN for DBS Bank Ltd)	5,465,300	1.11
15	Ng Chuei Yeen	5,154,900	1.04
16	Ng Hook	4,293,178	0.87
17	Ching Wooi Kong	2,460,500	0.50
18	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chua Eng Ho Wa'a @ Chua Eng Wah)	1,537,000	0.31
19	Teh Lee Peng	966,100	0.20
20	Lee Seak Sung @ Lee Seak Song	914,595	0.19
21	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tay Hock Soon)	907,400	0.18
22	Teo Siew Lai	800,000	0.16
23	Cheng Hon Sang	780,000	0.16
24	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Goalkey System Sdn Bhd)	686,000	0.14
25	Chung Shan Kwang	670,000	0.14
26	RHB Nominees (Asing) Sdn Bhd (Pledged Securities Account for Robert Wing-Yee Snashall)	663,900	0.13
27	Teck Trading Company Sendirian Berhad	611,700	0.12
28	Lim York Lai	555,000	0.11
29	Chin Kiam Hsung	510,000	0.10
30	Lim Soon Huat	509,700	0.10
	TOTAL	**447,792,137**	**90.69**

Notes:

* Excluding a total of 21,624,400 shares bought-back by the Company and retained as treasury shares.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Ninth Annual General Meeting of the Company will be conducted on a virtual basis through live streaming from the Broadcast Venue at the Main Board Room, Level 10, Wisma Fiamma, No. 20, Jalan 7A/62A, Bandar Menjalara, 52200 Kuala Lumpur on Wednesday, 23 February 2022 at 11.30 a.m. for the following purposes: -

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 September 2021 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note 12)**

2. To declare a final single tier dividend of 2.20 sen per ordinary share in respect of the financial year ended 30 September 2021. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees to the Directors of the Company and its subsidiaries amounting to RM746,400 for the financial year ended 30 September 2021. **Ordinary Resolution 2**

4. To approve the benefits payable to Directors of the Company and its subsidiaries up to an aggregate amount of RM100,000 from 24 February 2022 until the conclusion of the next Annual General Meeting ("**AGM**") of the Company. **Ordinary Resolution 3**

5. To re-elect the following Directors who are retiring pursuant to Clause 95 of the Constitution of the Company and, being eligible, have offered themselves for re-election: -

   (i) Ms Chin Mee Foon **Ordinary Resolution 4**
   (ii) Mr Eugene Lee Cheng Hoe **Ordinary Resolution 5**
   (iii) Mr Chua Choo Eng **Ordinary Resolution 6**

6. To re-elect Mr Stefan Matthieu Lim Shing Yuan who is retiring pursuant to Clause 102 of the Constitution of the Company and, being eligible, has offered himself for re-election. **Ordinary Resolution 7**

7. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

As Special Business

To consider and, if thought fit, to pass the following resolutions: -

8. **Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares**

   "THAT pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance." **Ordinary Resolution 9**

9. **Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Authority")**

"THAT subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to utilise an amount not exceeding the audited retained profits of the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that: -

(a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company at the time of purchase; and

(c) the authority conferred by this resolution shall continue to be in force until: -

(i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner: -

(a) distribute the shares as share dividends to the shareholders; and/or

(b) resell the shares or any of the shares on Bursa Securities; and/or

(c) transfer the shares or any of the shares for the purposes of or under an employees' shares scheme; and/or

Notice of Annual General Meeting

(d) transfer the shares or any of the shares as purchase consideration; and/or

(e) cancel all the ordinary shares so purchased; and/or

(f) sell, transfer or otherwise use the shares for such other purposes as allowed by the Companies Act 2016.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including executing all such documents as may be required) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the said Directors may deem fit and expedient in the best interests of the Company." **Ordinary Resolution 10**

10. To transact any other business for which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirty-Ninth AGM, a final single tier dividend of 2.20 sen per ordinary share in respect of the financial year ended 30 September 2021 will be paid on 8 April 2022 to Depositors whose name appear in the Record of Depositors on 15 March 2022.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

a) Shares transferred to the Depositor's securities account before 4.30 p.m. on 15 March 2022 in respect of ordinary transfers.

b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

CHIN MEE FOON (MIA 2191)
TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan

Date: 25 January 2022

Notice of Annual General Meeting

Notes:

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 ("**Covid-19**"), the Thirty-Ninth AGM will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities which are available on Tricor's TIIH Online website at https://tiih.online. Please refer to the Administrative Guide of Thirty-Ninth AGM for Shareholders for the Thirty-Ninth AGM on the procedures to register, participate and vote remotely via the RPV facilities.

2. The Broadcast Venue of the Thirty-Ninth AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. No shareholders/proxies/corporate representatives will be allowed to attend the Thirty-Ninth AGM at the Broadcast Venue.

3. Members may submit questions to the Board of Directors prior to the Thirty-Ninth AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login and submit questions electronically no later than 11.30 a.m. on Monday, 21 February 2022 or to use the query box to transmit questions to Board of Directors via RPV facilities during live streaming.

4. A member of the Company is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

5. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

8. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the office of the Company's Share Registrar, 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, Malaysia or alternatively, the Customer Service Centre of Tricor at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Alternatively, the instrument appointing proxy may be electronically submitted to Tricor via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission of Proxy Forms.

9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll.

10. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 16 February 2022 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

Notice of Annual General Meeting

11. The Board wishes to highlight that the Thirty-Ninth AGM may be re-scheduled and/or postponed in view of the current Covid-19 situation and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/ proxies including attendees shall be kept informed of any unexpected changes.

12. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Act. Hence, this Agenda is not put forward for voting by shareholders of the Company.

13. Explanatory Notes: -

(i) **Ordinary Resolutions 4, 5, 6 and 7 on Re-election of Directors**

Pursuant to Malaysian Code on Corporate Governance 2021, the profiles of the Directors who are standing for re-election as per Agenda items 5 and 6 are set out in the Board of Directors' profile of the Annual Report 2021.

Based on the recommendation of Nomination Committee, the Board supports the re-election of Ms Chin Mee Foon ("**Ms Chin**"), Mr Eugene Lee Cheng Hoe ("**Mr Eugene Lee**"), Mr Chua Choo Eng ("**Mr Chua**") and Mr Stefan Matthieu Lim Shing Yuan ("**Mr Stefan Lim**") as Directors of the Company based on the following justifications: -

Ordinary Resolution 4: Re-election of Chin Mee Foon as Non-Independent Executive Director

1. Ms Chin has vast experience in financial and operational matters of the Group. She is primarily responsible for the financial management, secretarial, tax and corporate functions of the Group and familiar with the Group's business operation which allows her to provide valuable input to steer the Group forward.

2. Ms Chin has exercised her due care and carried out her professional duties proficiently during her tenure as Non-Independent Executive Director of the Company.

Ordinary Resolution 5: Re-election of Eugene Lee Cheng Hoe as Independent Non-Executive Director

1. Mr Eugene Lee fulfils the requirements of independence set out in the Main Market Listing Requirements of Bursa Securities. He remains objective and independent in expressing his view and participating in Board deliberations and decision-making.

2. Mr Eugene Lee has vast experience in corporate and financial advisory as well as strategy consulting, which enables him to provide the Board with a diverse set of expertise and perspective.

3. Mr Eugene Lee has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director of the Company.

Ordinary Resolution 6: Re-election of Chua Choo Eng as Independent Non-Executive Director

1. Mr Chua fulfils the requirements of independence set out in the Main Market Listing Requirements of Bursa Securities. He remains objective and independent in expressing his view and participating in Board deliberations and decision-making.

2. Mr Chua has vast experience in business and finance related functions, which enables him to provide the Board with a diverse set of expertise and perspective.

3. Mr Chua has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director of the Company.

Notice of Annual General Meeting

Ordinary Resolution 7: Re-election of Stefan Matthieu Lim Shing Yuan as Non-Independent Non-Executive Director

1. Mr Stefan Lim was nominated by a major shareholder of the Company, Casa Holdings Limited ("**CHL**"), a public listed company in Singapore. He has vast experience in the business management of CHL and this enables him to contribute his expertise and perspective in business management and strategy to the Board of the Company.

2. Mr Stefan Lim has exercised his due care and carried out his professional duties proficiently during his tenure as Non-Independent Non-Executive Director of the Company.

(ii) **Ordinary Resolution 9 - Authority pursuant to Section 76 of the Act for the Directors to Allot and Issue Shares**

The Company had, at the Thirty-Eighth AGM held on 24 February 2021, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this notice, the Company had not issued any new shares pursuant to that mandate obtained.

The Ordinary Resolution 9 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The Ordinary Resolution 9, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for purpose of working capital or provide funding for future investments or undertakings. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

(iii) **Ordinary Resolution 10 - Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares**

The explanatory notes on Ordinary Resolution 10 are set out in the Statement to Shareholders dated 25 January 2022.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Administrative Guide

for the Thirty-Ninth Annual General Meeting ("39th AGM")

Date	:	Wednesday, 23 February 2022
Time	:	11.30 a.m.
Broadcast Venue	:	Main Board Room Level 10, Wisma Fiamma, No. 20, Jalan 7A/62A, Bandar Menjalara 52200 Kuala Lumpur Malaysia
Online Meeting Platform	:	TIIH Online website at https://tiih.online

MODE OF MEETING

In view of the Covid-19 pandemic and as part of the safety measures, the Thirty-Ninth Annual General Meeting ("39th AGM") will be conducted on **a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities from the Broadcast Venue**. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia including any amendment thereto made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the 39th AGM in person at the Broadcast Venue.

Due to the constant evolving Covid-19 pandemic situation in Malaysia, the Company may be required to change the arrangements of the 39th AGM at short notice. Shareholders are advised to check the Company's website or announcements for the latest updates on the status of the 39th AGM. The Company will continue to observe the guidelines and announcements made by the Malaysian Government from time to time and will take all the necessary precautionary measures against Covid-19 pandemic.

REMOTE PARTICIPATION AND VOTING FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 39th AGM using RPV facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at https://tiih.online. Please refer to Procedure for RPV facilities.

Shareholders who have appointed proxy(ies) or attorney(s) or authorised representative(s) to participate in the 39th AGM via RPV facilities shall request the proxy(ies) or attorney or authorised representative to register himself/herself for RPV facilities at TIIH Online website at https://tiih.online. Please refer to Procedure for RPV facilities.

As the 39th AGM is a fully virtual AGM, shareholders who are unable to participate in the 39th AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV FACILITIES

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate in the 39th AGM remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

Administrative Guide
for the Thirty-Ninth Annual General Meeting ("39th AGM")

	Procedure	Action
BEFORE THE 39TH AGM DAY		
(a)	Register as user with TIIH Online	• Visit https://tiih.online to register as a user under the "e-Services". Refer to the tutorial guide on the homepage for assistance. You will be prompted to fill in your details and to upload a copy of your MyKad (front and back) or passport. • This is a ONE-TIME Registration. If you are already a user with TIIH Online, you are not required to register again. • Registration as user will be approved within one working day and an email notification will be sent to you that the remote participation is available for registration at TIIH Online.
(b)	Submit your registration for RPV facilities	• Registration is open from 10.00 a.m., Wednesday, 25 January 2022 until the day of 39th AGM on Wednesday, 23 February 2022. • Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance to ascertain their eligibility to participate in the 39th AGM via the RPV facilities. • Login with your user ID and password and select the corporate event: "**(REGISTRATION) FIAMMA 39TH AGM**" • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • You will receive an email notification that your registration for remote participation has been received and is pending verification. • After the verification of your registration against the General Meeting Record of Depositors ("**ROD**") dated 16 February 2022, an email notification will be sent to you after 21 February 2022 approving your registration for remote participation and the procedures to use the RPV facilities are detailed therein. In the event your registration is not approved, you will also be notified accordingly via email. *(Note: Please allow additional time for the approval as new user of TIIH Online and registration for RPV facilities.)*
ON THE DAY OF THE 39TH AGM (23 FEBRUARY 2022)		
(c)	Login to TIIH Online	• Login with your user ID and password for the remote participation at the 39th AGM from 10.30 a.m. i.e. one (1) hour before the commencement of the 39th AGM on Wednesday, 23 February 2022 at 11.30 a.m.
(d)	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) FIAMMA 39TH AGM**" to participate in the proceedings of the 39th AGM remotely. • Shareholders that wish to pose question(s) to the Board of Directors (the "Board") may use the query box to transmit his/her question(s). The Board will endeavour to respond to the questions submitted during the 39th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible after the meeting.
(e)	Online Remote Voting	• Voting session commences from 11.30 a.m. on Wednesday, 23 February 2022 until a time when the Chairman announces the end of the session. Select the corporate event: "**(REMOTE VOTING) FIAMMA 39TH AGM**" or if you are on the live stream meeting page, you may select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Cast your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• The live streaming will end upon the announcement by the Chairman on the closure of the 39th AGM.

Administrative Guide
for the Thirty-Ninth Annual General Meeting ("39th AGM")

Note to users of the RPV facilities:

1. Should your registration for RPV facilities be approved, the Company will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues related to log-in, connection to the live streamed meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

GENERAL MEETING RECORD OF DEPOSITORS

Only depositor whose name appears on the ROD as at 16 February 2022 shall be entitled to attend the 39th AGM or appoint proxy(ies) to attend and/or vote on his/her behalf.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV facilities at the 39th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor not later than **Monday, 21 February 2022 at 11.30 a.m.**

The appointment of proxy(ies) may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form

The proxy form shall be deposited with the Share Registrar of the Company at 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 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means

The proxy form may be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Procedure for Electronic Submission of Proxy Form as below.

Please complete ALL the fields in the proxy form, sign and date the form.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor's office no later than **Monday, 21 February 2022** at **11.30 a.m.** to participate in the 39th AGM via RPV facilities. A copy of the power of attorney may be accepted provided that it is notarised in compliance with the legal or regulatory provisions of the respective jurisdiction in which it is executed.

For corporate member who has appointed representative, the **ORIGINAL** certificate of appointment shall be deposited with Tricor's office no later than **Monday, 21 February 2022** at **11.30 a.m.** to participate via RPV facilities in the 39th AGM. The certificate of appointment shall be executed in the following manner:

(i) If the corporate member has a common seal, the certificate of appointment shall be executed under seal in accordance with the constitution of the corporate member.

Administrative Guide
for the Thirty-Ninth Annual General Meeting ("39th AGM")

(ii) If the corporate member does not have a common seal, the certificate of appointment shall be affixed with the rubber stamp of the corporate member and executed by:
   (a) at least two (2) authorised officers, of whom at least one must be a director; or
   (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit proxy form electronically via Tricor's TIIH Online website are summarised below:

	Procedure	Action
1.	**Steps for individual shareholders**	
a	Register as User with TIIH Online website	• Visit https://tiih.online to register as user under the "e-Services". Please refer to the tutorial guide on the homepage for assistance. • If you are already a user of TIIH Online, you are not required to register again.
b	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**FIAMMA 39TH AGM - Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairperson as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy holder shall vote at his sole and absolute discretion. • Review and confirm your proxy(ies) appointment. • Print the proxy form for record purpose.
2.	**Steps for corporate or institutional shareholders**	
a	Register as User with TIIH Online website	• Visit https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder to select "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the requisite documents. • You will be notified by email within one (1) to two (2) working days after your registration has been verified. • Proceed to activate your account with the temporary password and re-set your own password. Note: The representative of corporate or institutional shareholder must register as user before he is allowed to submit proxy form by electronic means. Please contact our Share Registrar if you need clarifications on the user registration.
b	Proceed with submission of Proxy Form	• Login to TIIH Online website at https://tiih.online. • Select the corporate event: "**FIAMMA 39TH AGM - Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Download the file "Submission of Proxy Form" by following the steps in the Guidance Note. • Complete ALL the mandatory fields in the proxy appointment file. • Upload and submit the duly completed proxy appointment file. • Print the confirmation report of your submission for record purpose.

Administrative Guide for the Thirty-Ninth Annual General Meeting ("39th AGM")

POLL VOTING

The voting at the 39th AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) may proceed to vote on the resolutions at any time from **11.30 a.m.** on **Wednesday, 23 February 2022** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of Procedures for RPV facilities for guidance on the Online Remote Voting via TIIH Online website at https://tiih.online.

Upon the completion of the voting session of 39th AGM, the Scrutineers will verify the poll results followed by the Chairman's announcement whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions to the Board in advance of the 39th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose and submit questions electronically not later than **Monday, 21 February 2022 at 11.30 a.m.**. The Board will endeavour to answer the questions received at the 39th AGM.

DOOR GIFT/FOOD VOUCHER

There will be no door gifts nor food vouchers for attending the 39th AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the 39th AGM.

ENQUIRY

If you have any enquiries, please contact Tricor during office hours from 9.00 a.m. to 5.30 p.m. Mondays to Fridays (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	: +603-2783 9299
Fax Number	: +603-2783 9222
Email	: is.enquiry@my.tricorglobal.com
Contact persons	: Ms Christine Cheng +603 2783 9265 / Email: Christine.Cheng@my.tricorglobal.com
	: Mr Ang Wai Meng +603 2783 9281 / Email: Wai,Meng.Ang@my.tricorglobal.com

Proxy Form

CDS account no. of authorised nominee

FIAMMA HOLDINGS BERHAD
(Registration No.: 198201008992 (88716-W))
(Incorporated in Malaysia)

I/We*
(name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No.* of

(full address)

being a member(s) of the Company, hereby appoint
(name of proxy as per NRIC, in capital letters)

IC No. of

(full address)

and/or* failing him/her*,
(name of proxy as per NRIC, in capital letters)

IC No. of

(full 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 ("**AGM**") of the Company to be conducted on a virtual basis through live streaming from the Broadcast Venue at the Main Board Room, Level 10, Wisma Fiamma, No. 20, Jalan 7A/62A, Bandar Menjalara, 52200 Kuala Lumpur on Wednesday, 23 February 2022 at 11.30 a.m. and at each and every adjournment thereof.

My/our* proxy is to vote as indicated below.

	RESOLUTION		FOR	AGAINST
1.	To declare a final single tier dividend of 2.20 sen per ordinary share in respect of the financial year ended 30 September 2021.	Ordinary Resolution 1		
2.	To approve the payment of Directors' fees to the Directors of the Company and its subsidiaries amounting to RM746,400 for the financial year ended 30 September 2021.	Ordinary Resolution 2		
3.	To approve the benefits payable to Directors of the Company and its subsidiaries up to an aggregate amount of RM100,000 from 24 February 2022 until the conclusion of the next AGM of the Company.	Ordinary Resolution 3		
4.	Re-election of Ms Chin Mee Foon as Director.	Ordinary Resolution 4		
5.	Re-election of Mr Eugene Lee Cheng Hoe as Director.	Ordinary Resolution 5		
6.	Re-election of Mr Chua Choo Eng as Director.	Ordinary Resolution 6		
7.	Re-election of Mr Stefan Matthieu Lim Shing Ying as Director.	Ordinary Resolution 7		
8.	To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 8		
9.	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 9		
10.	Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 10		

* Strike out whichever is not desired.

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Signature/Common Seal

Number of shares held:

Date:

Notes:
1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 ("Covid-19"), the Thirty-Ninth AGM will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities which are available on Tricor's TIIH Online website at https://tiih.online. Please refer to the Administrative Guide of Thirty-Ninth AGM for Shareholders for the Thirty-Ninth AGM on the procedures to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue of the Thirty-Ninth AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. No shareholders/proxies/corporate representatives will be allowed to attend the Thirty-Ninth AGM at the Broadcast Venue.
3. Members may submit questions to the Board of Directors prior to the Thirty-Ninth AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login and submit questions electronically no later than 11.30 a.m. on Monday, 21 February 2022 or to use the query box to transmit questions to Board of Directors via RPV facilities during live streaming.
4. A member of the Company is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
5. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
8. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the office of the Company's Share Registrar, 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, Malaysia or alternatively, the Customer Service Centre of Tricor at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Alternatively, the instrument appointing proxy may be electronically submitted to Tricor via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission of Proxy Forms.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll.
10. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 16 February 2022 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.
11. The Board wishes to highlight that the Thirty-Ninth AGM may be re-scheduled and/or postponed in view of the current Covid-19 situation and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes.
12. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 January 2022.

Then fold here

AFFIX
STAMP

The Share Registrar
Fiamma Holdings Berhad
Registration No.: 198201008992 (88716-W)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1st fold here

www.fiamma.com.my

FIAMMA HOLDINGS BERHAD
Registration No.: 198201008992 (88716-W)

Wisma Fiamma, No. 20, Jalan 7A/62A, Bandar Menjalara, 52200 Kuala Lumpur.

Tel : 03 62798888 Fax: 03 62798933