



ACCELERATING *to* BREAKTHROUGH

Annual Report 2022



It is all about comfortable and stylish living
- EBAC HOME -

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Seri Chiau Beng Teik, JP

Chairman, Non-Independent Non-Executive Director

Chiau Haw Choon

Non-Independent Executive Director

Stefan Matthieu Lim Shing Yuan

Non-Independent Non-Executive Director

Khor Hun Nee

Independent Non-Executive Director

Nordin Bin Ahmad

Independent Non-Executive Director

Dato' Yong Lei Choo

Independent Non-Executive Director

AUDIT COMMITTEE

Khor Hun Nee

Chairman, Independent Non-Executive Director

Dato' Yong Lei Choo

Member, Independent Non-Executive Director

Nordin Bin Ahmad

Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Yong Lei Choo

Chairman, Independent Non-Executive Director

Khor Hun Nee

Member, Independent Non-Executive Director

Nordin Bin Ahmad

Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

Nordin Bin Ahmad

Chairman, Independent Non-Executive Director

Dato' Yong Lei Choo

Member, Independent Non-Executive Director

Khor Hun Nee

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

STOCK EXCHANGE LISTING

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

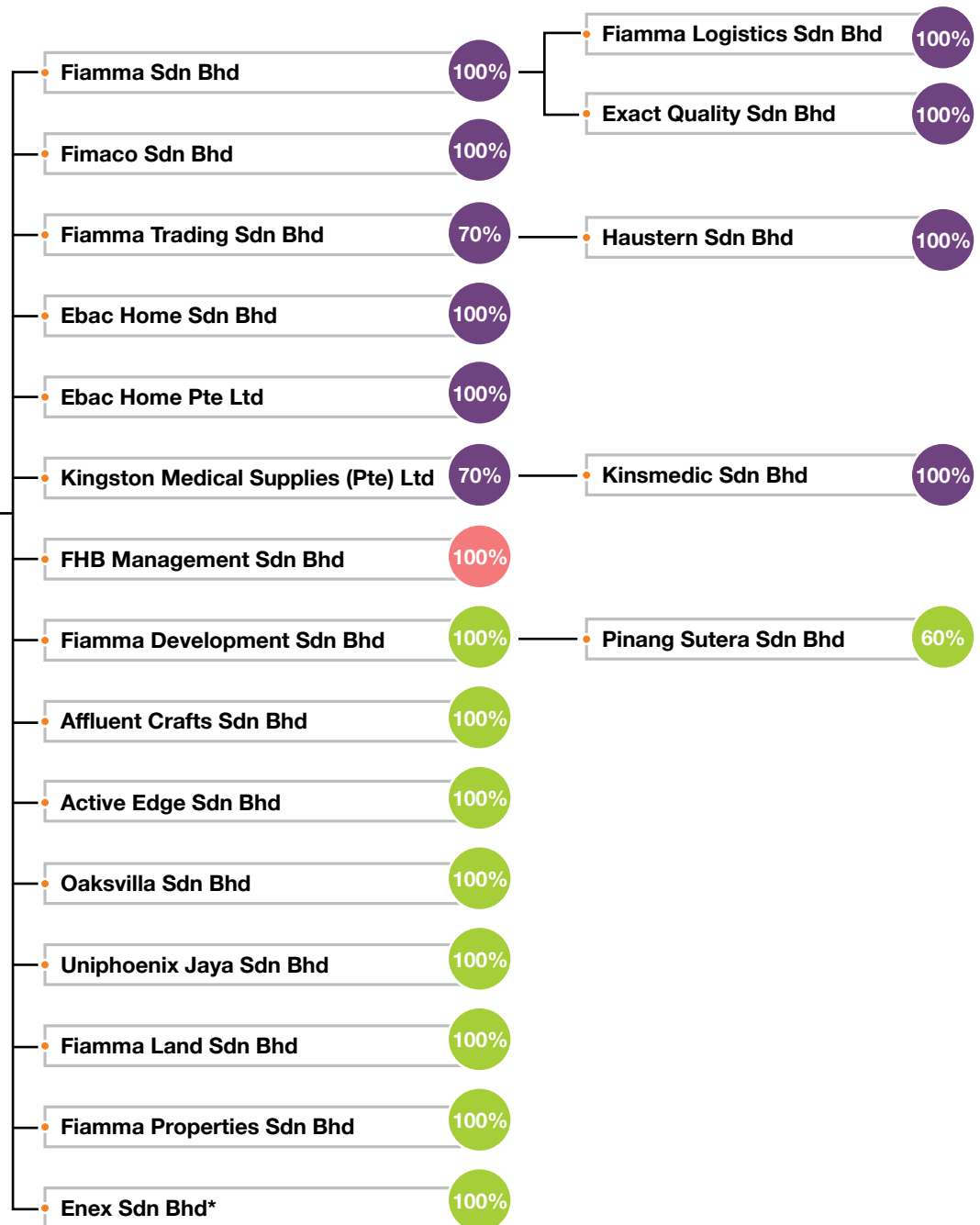


OVERVIEW



CORPORATE STRUCTURE

as at 31 December 2022



* In Member's Voluntary Liquidation

DIRECTORS' PROFILE



Datuk Seri Chiau Beng Teik, JP

Non-Independent Non-Executive Chairman



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DATUK SERI CHIAU BENG TEIK, JP was appointed to the Board of Fiamma Holdings Berhad as a Non-Independent Non-Executive Chairman on 26 September 2022.

He finished his primary education at SJK(C) Pei Min, Padang Setar in Alor Setar, Kedah in December 1974. He has 48 years of working experience, beginning from the family's modest hardware business which he subsequently led and grew to include trading of building materials and cement transportation. Later, he started a cement distribution company and played an instrumental role in the growth of Chin Hin Group Berhad and its subsidiaries, expanding the business from a single office in Alor Setar, Kedah, to a group of companies with an expansive network of branch offices and factories throughout Peninsular Malaysia.

He is currently the Executive Chairman of Chin Hin Group Berhad, Non-Independent Executive Chairman of Ajiya Berhad and Non-Independent Non-Executive Chairman of Chin Hin Group Property Berhad and Signature International Berhad. He also holds directorships in other private limited companies.

He is the father of Chiau Haw Choon, the Non-Independent Executive Director of the Company. He is also a major shareholder of the Company by virtue of his interest in PP Chin Hin Realty Sdn Bhd.

Chiau Haw Choon

Non-Independent Executive Director



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MR. CHIAU HAW CHOON was appointed to the Board of Fiamma Holdings Berhad as a Non-Independent Executive Director on 26 September 2022.

He graduated from Deakin University, Australia with a Bachelor's Degree in Finance and Marketing in April 2009. Upon his graduation, he joined Chin Hin Group Berhad to assist Datuk Seri Chiau Beng Teik, JP in transforming Chin Hin Group Berhad from a family-owned business to a professionally-run corporation. He has more than 14 years of experience in the building materials industry and property development industry.

He is currently the Group Managing Director of Chin Hin Group Berhad, Executive Director of Chin Hin Group Property Berhad and Managing Director of Signature International Berhad and Ajiya Berhad. He also holds directorships in other private limited companies.

He is the son of Datuk Seri Chiau Beng Teik, JP, the Non-Independent Non-Executive Chairman of the Company. He is also a major shareholder of the Company by virtue of his interest in PP Chin Hin Realty Sdn Bhd.



LEADERSHIP



DIRECTORS' PROFILE

Stefan Matthieu Lim Shing Yuan

Non-Independent Non-Executive Director



MR. STEFAN MATTHIEU LIM SHING YUAN was appointed to the Board of Fiamma Holdings Berhad on 8 October 2021 as a Non-Independent Non-Executive Director.

He holds a Master of Business Systems and Bachelor of Commerce (Accounting & Finance) Degrees from Monash University, Australia.

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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 Director of Polybuilding (S) Pte Ltd.

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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.

Dato' Yong Lei Choo

Independent Non-Executive Director



DATO' YONG LEI CHOO was appointed to the Board of Fiamma Holdings Berhad on 26 September 2022 as an Independent Non-Executive Director.

Dato' Yong holds an Honours Degree in Bachelor of Arts (Population Studies) from University of Malaya and a Master Degree in Science (Human Resource Development) from Western Carolina University, North Carolina, USA.

61

She had a distinguished career in the Royal Malaysian Police Force for nearly 36 years before retiring in 27 October 2021 as Deputy Chief Police Officer of Kuala Lumpur. Notable achievements of Dato' Yong in the Police Force include: -

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- First female Head of Special Branch in the Petaling Jaya Police District in 1998;
- First Malaysian Chinese woman with the rank of Senior Assistant Commissioner in 2009;
- First female Special Branch Chief of Penang Police Contingent in 2015 and in the history of the Malaysia Special Branch;
- First female Assistant Principal Director of the Malaysia Special Branch (Economic Intelligence Division) as well as the first female Deputy Chief Police Officer of Kuala Lumpur.

During her tenure as a professional police officer, she gained immense experience in investigation, prosecution, administration, anti-human trafficking, international security liaison, research and analysis in police precincts of various states such as Perak, Penang and Bukit Aman head precinct in Kuala Lumpur. She was also commissioned as the Chief VIP Security Team involved in the security detail for the Prime Minister's international excursions.

She also sits on the board of LBS Bina Group Berhad, Red Ideas Holdings Berhad, Vestland Berhad and Port Klang Free Zone Sdn Bhd.

Dato' Yong is the Chairman of Nomination Committee and a member of Audit Committee and Remuneration Committee. She does not have any family relationship with any Director and/or major shareholder of Fiamma Holdings Berhad.

DIRECTORS' PROFILE

Khor Hun Nee

Independent Non-Executive Director



45

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MS. KHOR HUN NEE was appointed to the Board of Fiamma Holdings Berhad on 5 October 2022 as an Independent Non-Executive Director.

She is a fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants and the Federation of Investment Managers Malaysia. She is also a Certified Financial Planner with the Financial Planning Association of Malaysia and possesses Capital Market Service Representative License issued by the Securities Commission Malaysia.

Ms. Khor started her career as auditor in Ernst & Young in 2000 for about four years. She later moved on to various senior finance positions in Intel Technology Sdn. Bhd., Computer Systems Adviser and Airbus Helicopters Malaysia Sdn. Bhd. She has more than 17 years of experience in financial management, financial reporting, corporate finance, auditing and taxation. She is currently self-employed as a licensed financial planner.

She also sits on the board of Jaks Resouces Berhad, SnowFit Group Berhad and SWS Capital Berhad.

Ms. Khor is the Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee. She does not have any family relationship with any Director and/or major shareholder of Fiamma Holdings Berhad.

Nordin Bin Ahmad

Independent Non-Executive Director



60

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ENCIK NORDIN BIN AHMAD was appointed to the Board of Fiamma Holdings Berhad on 5 October 2022 as an Independent Non-Executive Director.

He graduated from University Teknologi MARA (UiTM) with a Diploma in Public Administration and holds an Honours Degree in Bachelor of Business Administration from University Kebangsaan Malaysia (UKM).

He started his career in Kolej Poly-Tech MARA (MARA) in December 1987. During his tenure with MARA, Encik Nordin held various positions of increasing responsibilities in the educational institution and rose up through the ranks to the positions of Senior Director, Deputy President and eventually reached a prominent position of CEO of Kolej Poly-Tech MARA from January 2018 until his retirement in May 2022.

Other than Fiamma Holdings Berhad, he does not hold any other directorship in public companies and listed issuers in Malaysia.

Encik Nordin is the Chairman of Remuneration Committee and a member of Audit Committee and Nomination Committee. 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 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.



LEADERSHIP



KEY SENIOR MANAGEMENT PROFILE



TAN CHEE WEE



55

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Mr. Tan Chee Wee, 55, is the Group Chief Executive Officer of Fiamma Holdings Berhad Group (“Fiamma”). He joined Fiamma on 1 December 2022 and is responsible for the strategic growth of Fiamma. He graduated from Universiti Kebangsaan Malaysia with a Bachelor Degree in Development Science (Hons) and majored in Economics and Management.

Mr. Tan has vast experience in consumer electronics industry with more than 30 years in Sales and Marketing, of which 17 years is at senior management level. Mr. Tan has worked in Samsung Malaysia Electronics (SME) Sdn Bhd for more than 16 years prior to joining Fiamma, where he was responsible for business growth, brand building, expansion of market share and transformation of distribution channel. His deep consumer and business insight combined with his experience in various capacities and knowledge in consumer product industry have made him a versatile leader.

He does not have any interest in the securities of the Company or its subsidiaries. He does not have any family relationship with any Director and/or major shareholder of Fiamma Holdings Berhad.

CHIN MEE FOON



68

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Ms. Chin Mee Foon, 68, is the Chief Finance Officer and the Company Secretary of Fiamma Holdings Berhad Group (“Fiamma”). 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 joined Fiamma as an Accountant in July 1989 and was promoted to Finance and Administration Manager 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 Fiamma. 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 sat on the Board of Fiamma Holdings Berhad as a Non-Independent Executive Director from 2 April 2018 until her resignation on 5 October 2022. She sits on the board of several subsidiary companies of Fiamma. She also previously sat on the board of Engtex Group Berhad as an Independent Non-Executive Director from June 2002 until June 2020. She does not have any family relationship with any Director and/or major shareholder of Fiamma Holdings Berhad.

CHING WOUI KONG



63

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Mr. Ching Woui Kong, 63, 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, 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.

KEY SENIOR MANAGEMENT PROFILE

CHEW LENG HUAT

60

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Mr. Chew Leng Huat, 60 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, product development and all aspects of strategic planning for Faber 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

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Mr. Ling Kean Hong, 55, 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, 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.

CHONG SZE CHUN

55

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Ms. Chong Sze Chun, 55, 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.



LEADERSHIP



KEY SENIOR MANAGEMENT PROFILE

LIM CHOON WENG



51

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Mr. Lim Choon Weng, 51, 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 industry. 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 Marketing (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.

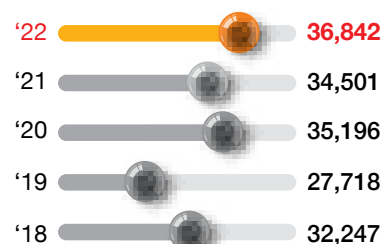
C. Directorships

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

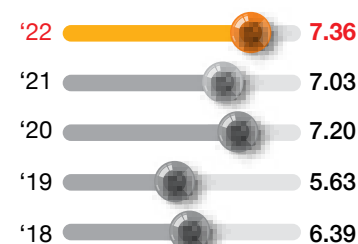
FINANCIAL HIGHLIGHTS

Profit for the financial year attributable to owners of the Company

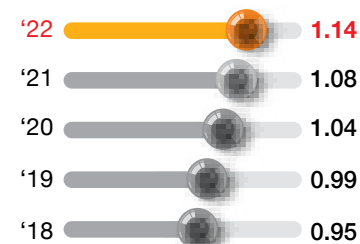
(RM'000)



Basic earnings per share (sen)



Net assets per share (RM)



	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
RESULTS					
Revenue	338,626	337,412	378,591	338,022	369,980
Operating profit before depreciation, finance cost, foreign exchange gain/losses and tax	58,476	54,194	68,149	62,625	64,425
Profit before taxation	46,235	41,830	55,368	53,613	56,604
Profit for the financial year attributable to owners of the Company	32,247	27,718	35,196	34,501	36,842
EQUITY AND ASSETS					
Share capital	265,028	265,030	265,030	268,408	277,744
Total equity attributable to owners of the Company	478,565	489,501	508,438	532,384	578,568
Total assets	797,327	808,072	836,899	774,079	808,631
Cash and bank balances and deposits with financial institutions	102,645	83,325	114,027	104,450	102,339
FINANCIAL STATISTICS					
Basic earnings per share (sen)	6.39	5.63	7.20	7.03	7.36
Gross dividend per share (sen)	2.25	2.00	2.75	3.20	-
Dividend pay-out	11,326	9,853	13,498	15,847	-
Net assets per share (RM)	0.95	0.99	1.04	1.08	1.14

Note

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



PERFORMANCE

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 2022

A lot had happened in two years. On March 11, 2020, the World Health Organization declared coronavirus ("Covid-19") a global pandemic. During these two years, the world jumped on social distancing, face masks, lockdowns and vaccination.

Two years after the pandemic swept through the world, the Malaysian government finally declared that the country had entered into endemic phase of Covid-19 effective 1 April 2022. This was after the majority of the country's population had been fully vaccinated and the new Covid-19 variant becomes less deadly though easily transmissible. With the gradual lifting of movement restrictions, Malaysians returned to near-normal life after nearly two years of battling the pandemic and are no longer confined to their homes with workers back in offices, students back in classrooms, stores and restaurants open for business and re-opening of Malaysia's national borders. This has allowed most economic activities to resume and revert to its almost pre-pandemic level.

While the global economy was still dealing with the fragile economic recovery from the pandemic, Russia-Ukraine war that started in the first quarter of Year 2022 came as a new challenge that created disastrous impacts triggering increase in food and commodity prices, thus leading to global inflationary pressures.

The high inflation has triggered Bank Negara Malaysia to raise interest rates to help cool down the market as well as to curb depreciation of Ringgit Malaysia, thus leading to higher home financing cost. Consumer sentiment has also been affected by the inflationary pressures, which has dampened consumer spending on discretionary goods.

MANAGEMENT DISCUSSION AND ANALYSIS

FY2022 FINANCIAL PERFORMANCE

	FY2022 RM'000	FY2021 RM'000	Changes RM'000	%
REVENUE				
Trading and Services	339,759	311,474	28,285	9.1
Property Development	26,292	22,072	4,220	19.1
Investment Holding and Property Investment	3,929	4,476	(547)	-12.2
	369,980	338,022	31,958	9.5
PROFIT BEFORE TAXATION				
Trading and Services	53,313	55,591	(2,278)	-4.1
Property Development	996	(4,606)	5,602	121.6
Investment Holding and Property Investment	2,295	2,628	(333)	-12.7
	56,604	53,613	2,991	5.6

The Group recorded a higher revenue of RM369.98 million in FY2022, an increase of RM31.96 million or 9.5% against the revenue of RM338.02 million in the previous financial year (FY2021). Hence, the Group recorded a higher profit before taxation ("PBT") of RM56.60 million in FY2022 compared with RM53.61 million in FY2021, an increase of 5.6% or RM2.99 million.

Trading and Services Segment

Trading & Service Segment recorded higher sales of RM339.76 million in FY2022 compared with RM311.47 million in FY2021 mainly due to the lifting of pandemic-related restrictions and re-opening of economy. Policy support, including the implementation of minimum wage hike, 1 Bantuan Keluarga Malaysia and an Employees Provident Fund (EPF)-related measure also provided additional lift to consumer spending.

Despite higher revenue, PBT of the segment decreased from RM55.59 million in FY2021 to RM53.31 million in FY2022, mainly contributed by the following factors: -

- Higher product costs due to spillover effect of the pandemic;
- Stiff competition;
- Slowdown in economy as a result of inflation, which translated to decline of purchasing power over time, thus affecting consumers sentiment; and
- Depreciation of Ringgit Malaysia.

Property Development Segment

Property Development Segment recorded higher revenue of RM26.29 million in FY2022 compared with RM22.07 million in FY2021, mainly due to Home Ownership Campaign (HOC) that ended on 31 December 2021 as well as recognition of additional percentage of work progress for various ongoing developments in Kota Tinggi and Batu Pahat, Johor. Accordingly, the segment recorded PBT of RM1.0 million in FY2022 compared to loss before tax of RM4.61 million in FY2021.



PERFORMANCE

MANAGEMENT DISCUSSION AND ANALYSIS

FY2022 FINANCIAL PERFORMANCE (cont'd)

Investment Holding and Property Investment Segment

The remaining of the Group's revenue and bottom line were contributed by 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.

This segment recorded lower revenue of RM3.93 million in FY2022 compared with RM4.48 million in FY2021. Consequently, this segment recorded lower PBT of RM2.30 million in FY2022 compared with RM2.63 million in FY2021.

PROSPECTS, STRATEGIES & RISK MANAGEMENT

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). Apart from the sizeable base effects from negative growth in the third quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), rose to 4.5% during the quarter (2Q 2022: 2.8%). The inflationary pressures reflected the confluence of stronger demand conditions and elevated cost pressures, particularly for food-related items.

Amid persistent strengthening in the US dollar, the ringgit depreciated by 4.9% (2Q 2022: -4.6%), in line with movements of regional currencies during the quarter (3Q 2022 regional average: -5.5%). Furthermore, the weakening of the yuan also weighed on the ringgit, given the close trade linkages between Malaysia and China.

Global growth is expected to slow going into 2023. The rebound from the reopening of the economies will wane, and growth would likely be weighed down by tighter global financial conditions and high inflation. Central banks, especially in advanced economies, have quickened the pace of monetary policy adjustments to contain inflation. This has led to significant spillovers to emerging market economies, through weaker currencies, tighter financial conditions and slower exports. While inflation is expected to ease in 2023, it would likely remain above average amid elevated commodity prices and tight labour markets.

The balance of risks to global growth remains tilted to the downside. Risks stem from further escalations of geopolitical tensions or more aggressive monetary tightening to manage persistent inflation.

Going forward, Malaysia's economic growth will be supported by continued expansion in domestic demand. The economy would benefit from the improvement in labour market conditions, realisation of multi-year projects and higher inbound tourism activity. While external demand is expected to moderate, this will be partly cushioned by Malaysia's diversified export base.

The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2022, Bank Negara Malaysia)

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS, STRATEGIES & RISK MANAGEMENT (cont'd)

Trading and Services Segment

While societies and economies globally are still recovering from the protracted impact of the Covid-19 pandemic, new uncertainties have arisen, stemming from extensive supply chain disruptions from the Russia-Ukraine conflict. The Russia-Ukraine conflict has sent economic shockwaves across the globe and Malaysia's economy is not spared. Not only Malaysia is now dealing with the spillover effects of the pandemic, it is also experiencing the impacts of the prolonged and ongoing Russia-Ukraine tension, particularly the increase in food and energy prices. The increase in raw material prices, freight charges, labour costs, food items, fuel and transportation and depreciation of Ringgit Malaysia had added to the pressure on the cost of doing business, resulting in erosion of profit margin.

The greater-than-expected persistence of inflationary pressures have forced the central bank to tighten monetary policy by raising the Overnight Policy Rate (OPR) at a quickened pace of 100 basis points to 2.75% since May 2022. Inflation is hitting living standards and reducing consumer spending and businesses are becoming less optimistic about future prospects.

In an inflationary environment that affects the consumer sentiment and their purchasing power, coupled with the stiff competition, future trading conditions may continue to be challenging. Electrical home appliance spending is expected to be limited to replacement and / or repair rather than upgrade purchases as most continue to struggle with the rise in living expenses.

In considering the sustainability of the Group's operations, it is therefore vital for the Group to continue to work with its business partners to ensure product innovation and differentiation that may offer avenues for market growth, as well as 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, as well as to source for new products and business opportunities that are in synergy with the Group's products and activities.

Property Development Segment

The property sector is likely to face hard times due to expected increase in interest rates. The rising inflationary pressure has also negatively impact buyers' purchasing power. The property overhang situation further aggravates the situation with suppressed property prices and profit margin.

The Group's current inventory of the completed projects in Klang Valley and Kota Tinggi, Batu Pahat and Johor Bahru in Johor, together with the ongoing landed residential development in Kota Tinggi, Johor, will contribute to the revenue and earnings for the financial year 2023 and the coming financial years.

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 and to clear its current inventory of unsold properties and ongoing developments.

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



PERFORMANCE

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS, STRATEGIES & RISK MANAGEMENT (cont'd)

Investment Holding and Property Investment Segment

Both the investment properties of the Group are situated in strategic locations with good connectivity. During FY2022, the average occupancy rates for Wisma Fiamma and Menara Centara were 75%. This segment will continue to contribute to the Group's annual revenue and profit base with recurring income stream.

Nevertheless, 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 Group maintains a long-term and good relationship with its tenants. This, combined with the strategic location of the office buildings, 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.

STATEMENTS OF FINANCIAL POSITION

The Group's total assets increased by RM34.55 million from RM774.08 million in FY2021 to RM808.63 million in FY2022, mainly due to surplus of approximately RM13.69 million arising from the revaluation of the Group's land and buildings as well as increase in amount due from trade receivables of RM21.87 million. Lower trade receivables in FY2021 was due to loss of sales during the "total lockdown" period whereby only essential services and e-commerce were allowed to operate.

The Group's total liabilities decreased by RM5.04 million from RM214.62 million in FY2021 to RM209.58 million, mainly due to settlement of trade payables and reversal and settlement of project costs totalling RM5.37 million upon finalisation of developed projects.

The decrease in liabilities was, however, offset by the increase in deferred tax liabilities of RM2.58 million on the revaluation surplus of land and buildings and increase in accrual for campaigns (contract liabilities) of RM2.05 million due to improvement in trading sales.

The Group's net gearing ratio as at 30 September 2022 remained unchanged at 0.05 times (FY2021: 0.05 times).

During FY2022, a total of 14,632,000 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.

STATEMENTS OF CASH FLOW

Operating Activities

Net cash from operating activities was RM16.19 million in FY2022 against RM64.96 million in FY2021, a decrease of RM48.77 million. This was mainly due to higher sales recorded in the last financial quarter (Q4) of FY2022 which were not due for collection compared with lower sales in Q4 FY2021 as a result of the total lockdown, settlement of trade payables, reversal and settlement of project costs upon the issuance of final account of the developed projects.

Investing Activities

Net cash from investing activities was RM0.50 million in FY2022 against net cash used of RM1.06 million in FY2021, mainly due to the lesser amount incurred on the acquisition of property, plant and equipment and lower interest received in FY2022.

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENTS OF CASH FLOW (cont'd)

Financing Activities

Net cash used in financing activities was RM19.12 million in FY2022 against RM73.56 million in FY2021, a drop of RM54.44 million. Lower cash used in FY2022 was mainly attributable to net repayment of borrowings of RM0.20 million in FY2022 against RM55.53 million in FY2021, lower dividend payout, lower interest paid and higher proceeds received from the issuance of ordinary shares pursuant to the exercise of share options. This was, however, offset by higher dividend paid to non-controlling interest.

DIVIDENDS

The Board of Directors highly values the unwavering support the Group has received from its loyal shareholders over the years. While the Board recognises the importance of rewarding the shareholders for their support, the decision to declare dividend is subject to several factors, including market forces, earnings, capital commitment, prospects and future projects of the Group.

In view of ongoing market challenges and the need for the Group to conserve cash for future projects and growth, so that it will give shareholders capital gains, the Board has not recommended dividend payment for FY2022.

LOOKING AHEAD

Looking forward, with no end in sight yet for the ongoing conflict in the geopolitical tensions and its widespread impact, market may brace for more volatility over the next year in the face of rising interest rates, rising inflation, depreciation of Ringgit Malaysia, rising cost pressures and the risk of economic contraction loom.

The Group will continue to monitor the development of the geopolitics and the country's economic activities 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, to remain cost vigilant to improve profitability and to exercise caution in the conduct of its business activities in order to stand resilient against the upcoming risks and challenges.

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 FY2023, 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.



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Professional Range Cooker



French Door Refrigerator



Combi Smart Oven

Source Euromonitor International Limited; Consumer Appliances 2023ed. Retail Volume Sales, 2020-2022 data

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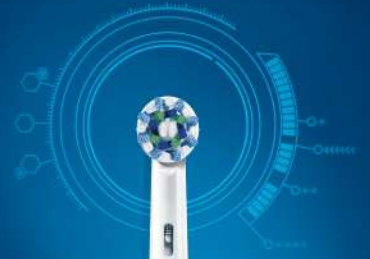
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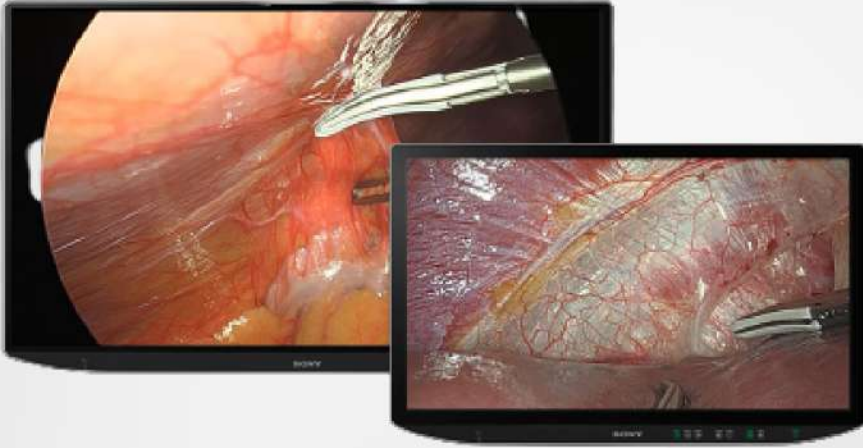
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KT8



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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.

During the financial year under review, Risk Management Committee (“RMC”) was 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 99% of the Group’s revenue for the past 3 financial years.



GOVERNANCE









SUSTAINABILITY STATEMENT

REPORTING SCOPE AND MATERIALITY PROCESS (cont'd)

During the financial year ended 30 September 2022, 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.

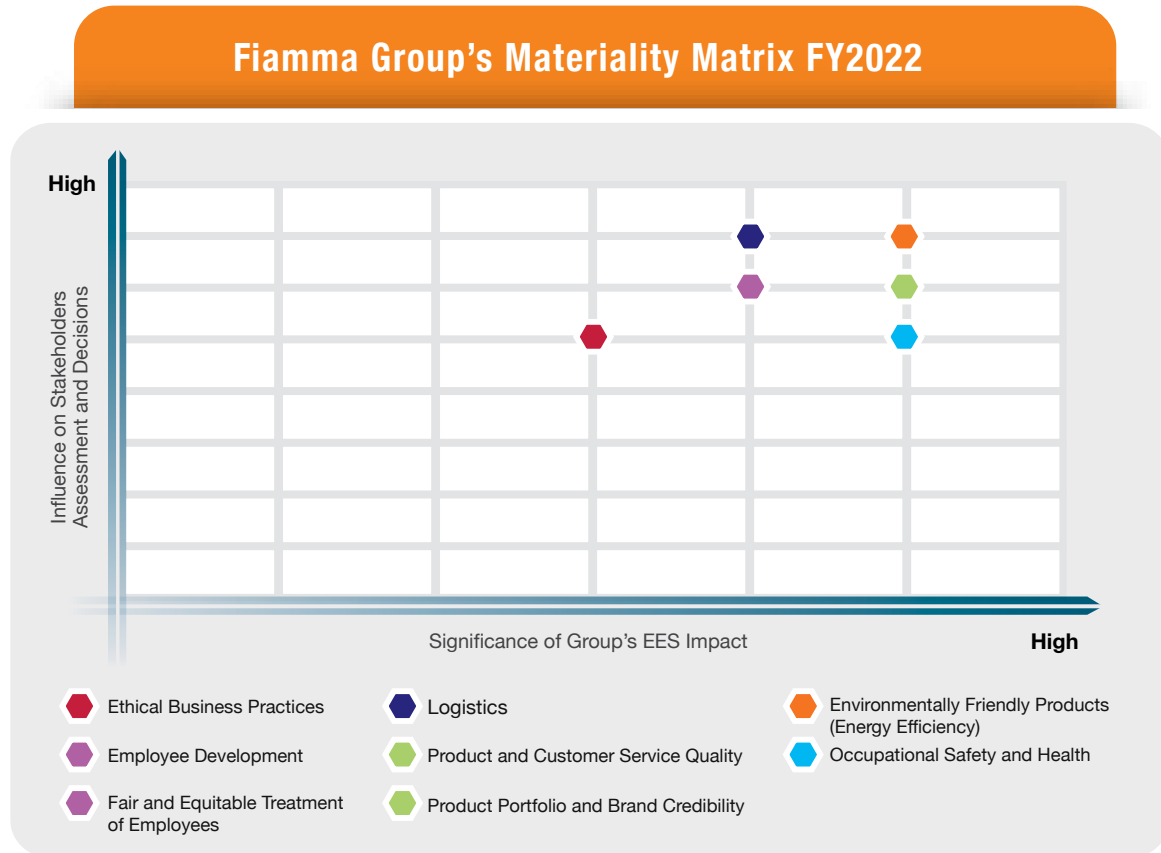
A summary of the Group's stakeholder groups, including the Group's engagement with them and the focus areas commonly discussed, is presented in the following table:

Stakeholder Groups	Engagement Methods	Focus Areas
 Customers (Dealers, Consumers, Homebuyers and Tenants)	<ul style="list-style-type: none"> • Customer surveys • Appreciation events • Sales, marketing and promotional events • Collaboration activities • Social media • Customer visits/site visits 	<ul style="list-style-type: none"> • Product safety and quality • Design and features • Timely delivery • Facilities management • Customer service and experience • Energy efficiency
 Employees	<ul style="list-style-type: none"> • Employee survey • Code of Ethics • Whistleblowing policy and mechanism • Career development programmes • Training programmes • Day-to-day operations 	<ul style="list-style-type: none"> • Occupational safety and health • Employee appreciation, welfare and benefits • Employee development • Fair and equitable treatment
 Shareholders / Investors	<ul style="list-style-type: none"> • Annual general meetings • Quarterly announcement of financial results • Press conference • Analyst briefing • Website updates 	<ul style="list-style-type: none"> • Sustainable financial returns
 Government, Government Agencies, Authorities and Regulators	<ul style="list-style-type: none"> • Regulatory disclosures/reporting • Meetings 	<ul style="list-style-type: none"> • Compliance • Approvals and permits
 Financial Institutions / Lenders	<ul style="list-style-type: none"> • Annual and periodic reviews • Meetings 	<ul style="list-style-type: none"> • Financial soundness
 Vendors / Suppliers / Transporters / Contractors / Agents	<ul style="list-style-type: none"> • Business meetings • Responsible sourcing • Strategic partnership / alliance • Day-to-day operations 	<ul style="list-style-type: none"> • Ethical business practices • Occupational safety and health • Product quality and safety • Timely delivery • Supply chain efficiency

SUSTAINABILITY STATEMENT

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:



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.



GOVERNANCE



SUSTAINABILITY STATEMENT

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. Approximately 90% of Fiamma's trading products are imported from China. With China's border restriction and lockdown to contain the spread of Covid-19, the regulatory bodies continue to conduct the remote factory audits in FY2022 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 China's border lockdown, 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.

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.

SUSTAINABILITY STATEMENT

PRODUCT QUALITY AND SAFETY (cont'd)

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: egservice@fiamma.com.my

The service centre and its authorised service contractors provide walk-in and on-site service support to customers nationwide. Since Malaysia has transitioned to endemic phase of Covid-19 on 1 April 2022, after-sales service has returned to normal operation. The service centre complies with the government Covid-19 rules and safety guidelines as announced from time to time.

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.

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 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.



GOVERNANCE



SUSTAINABILITY STATEMENT

LOGISTICS

The Group has set targets for delivery time to ensure Fiamma's products reach its dealers and customers on time. In addition, Fiamma's 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, hospitality 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.

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.

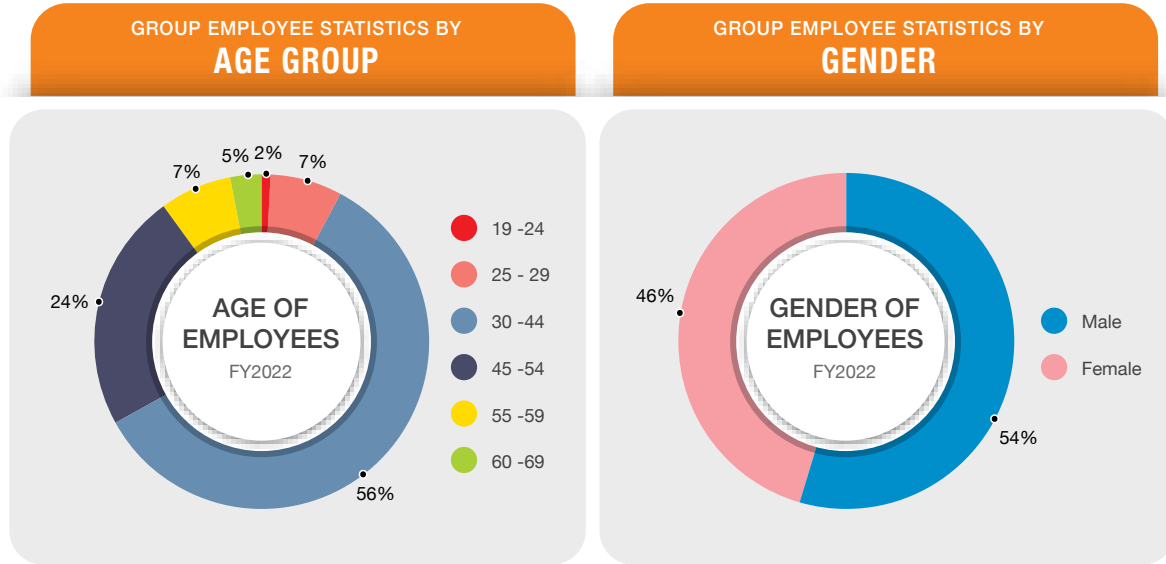
The Group is committed to providing a work environment that is free from all forms of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability, or sexual preference. It values the wide-ranging perspectives inherent in a diverse workforce and encourages the values of candour, 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.

SUSTAINABILITY STATEMENT

EQUITABLE TREATMENT AND NON-DISCRIMINATION (cont'd)

The Group's diverse employment statistics as at 30 September 2022, 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:



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.



GOVERNANCE



SUSTAINABILITY STATEMENT

OCCUPATIONAL SAFETY AND HEALTH (cont'd)

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

Malaysia has transitioned to the endemic phase of the Covid-19 on 1 April 2022. Nevertheless, with the new waves of highly transmissible Covid-19 variant, the Group continues to stay vigilant, including provision of face masks and antigen test kits to its employees.

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:

- Negotiation Strategies for Success;
- Leadership for Manager;
- Reviewing your HR policies and procedures; and
- Microsoft Excel Intermediate - Advanced.

MOVING FORWARD

Against an already turbulent backdrop of global inflationary pressures amid rising food and energy prices and disrupted supply chains following the Covid-19 pandemic, the war between Russia and Ukraine has exacerbated supply and demand tensions, impacting consumer sentiments and is threatening global economic growth.

The greater-than-expected persistence of inflationary pressures are hitting the living standards and reducing consumer spending and are causes for concern to the Group. As at the date of this report, there are uncertainties as to how long the geopolitical conflict would last and how deep the shockwaves would be. The Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the Covid-19 endemic and the strong inflation to ensure that the Group will be able to sustain its operational and financial performance for the coming financial years.

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 2021 (“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 (4th 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.

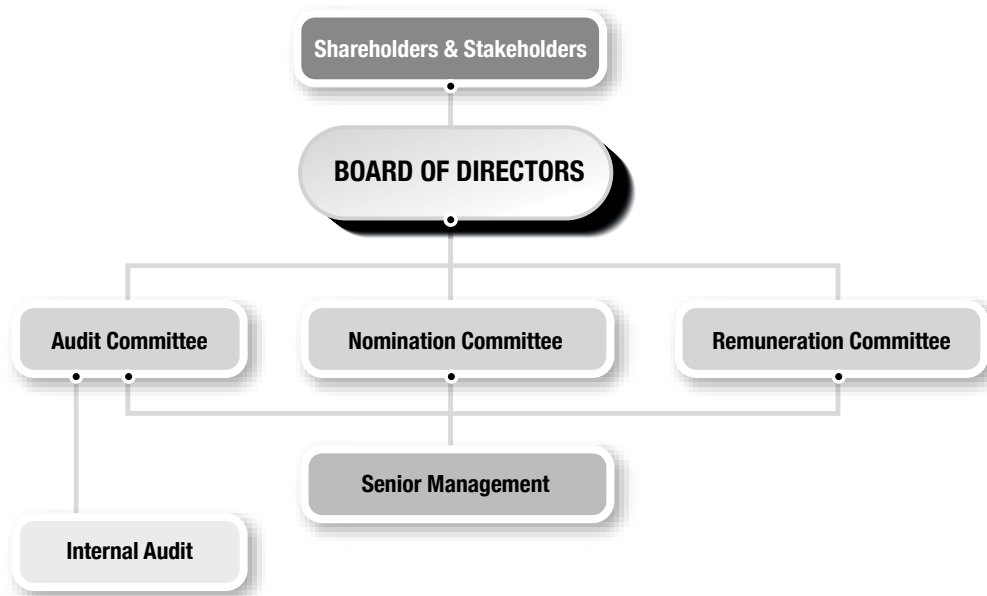


GOVERNANCE



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, MCGG, the amendments to MMLR, the Corporate Governance Guide (4th 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. During the financial year under review, there was 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 was responsible for providing leadership to the Board, orderly conduct including ensuring that the Board fulfils its fiduciary obligations, leading the Board in the oversight of Senior Management whilst the GMD/CEO played 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

During the financial year under review, the Board comprised seven (7) members: -

- Three (3) Independent Non-Executive Directors;
- Two (2) Non-Independent Non-Executive Directors; and
- Two (2) Non-Independent Executive Directors.

The composition of the Board complies with Paragraph 15.02 of the MMLR which requires at least two (2) directors or one third ($\frac{1}{3}$) of the Board, whichever is higher, to be Independent Directors.

On 8 October 2021, Margaret Chak Lee Hung resigned as Non-Independent Non-Executive Director of the Company and Stefan Matthieu Lim Shing Yuan was appointed as Non-Independent Non-Executive Director on the same date.

Dato' Bahar Bin Ahmad, Lim Choo Hong and Kok Sau Chun had on 26 September 2022 resigned as Directors of the Company. On the same date, Datuk Seri Chiau Beng Teik, JP, Chiau Haw Choon and Dato' Yong Lei Choo were appointed Non-Independent Non-Executive Chairman, Non-Independent Executive Director and Independent Non-Executive Director respectively. Lim Choo Hong remains as CEO/Advisor of the Company.

Subsequent to the financial year end, on 5 October 2022, Chua Choo Eng, Chin Mee Foon and Eugene Lee Cheng Hoe resigned from the Board. Nordin Bin Ahmad and Khor Hun Nee were appointed on the same date. Chin Mee Foon remains as the Chief Finance Officer of the Company.

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.



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CORPORATE GOVERNANCE OVERVIEW STATEMENT

GENDER DIVERSITY

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board believes that a truly diverse and inclusive Board will leverage on different thought, perspective, cultural and geographical background, age, ethnicity and gender which will ensure that the Group has a competitive advantage. The Board has adopted a Diversity Policy and target in place. As at the date of this Statement, the Board has two (2) female Directors, which constitutes 33.3% of the Board composition. With the composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively.

During the financial year under review, the Board has adopted the Directors' Fit and Proper Policy, which serves as a guide to the NC and Board in conducting the assessment on potential candidates to be appointed as Directors / existing Directors seeking for re-election and to ensure that all Directors possess the right blend of qualifications, expertise, track record, character and integrity, and time commitment to effectively discharge their roles and responsibilities as Directors of the Group.

In recommending the appointment of potential Directors, the NC assessed 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.

The record of attendance for the Directors who held office during the financial year was as follows: -

Directors	No. of Meetings Attended
Dato' Bahar Bin Ahmad Independent Non-Executive Director <i>(Resigned on 26 September 2022)</i>	4/4
Lim Choo Hong Non-Independent Executive Director <i>(Resigned on 26 September 2022)</i>	4/4
Kok Sau Chun Non-Independent Non-Executive Director <i>(Resigned on 26 September 2022)</i>	4/4
Chin Mee Foon Non-Independent Executive Director <i>(Resigned on 5 October 2022)</i>	4/4
Chua Choo Eng Independent Non-Executive Director <i>(Resigned on 5 October 2022)</i>	4/4
Eugene Lee Cheng Hoe Independent Non-Executive Director <i>(Resigned on 5 October 2022)</i>	4/4
Stefan Matthieu Lim Shing Yuan Non-Independent Non-Executive Director	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	No. of Meetings
Datuk Seri Chiau Beng Teik, JP Non-Independent Non-Executive Director (Appointed on 26 September 2022)	Not Applicable
Chiau Haw Choon Non-Independent Executive Director (Appointed on 26 September 2022)	Not Applicable
Dato' Yong Lei Choo Independent Non-Executive Director (Appointed on 26 September 2022)	Not Applicable
Khor Hun Nee Independent Non-Executive Director (Appointed on 5 October 2022)	Not Applicable
Nordin bin Ahmad Independent Non-Executive Director (Appointed on 5 October 2022)	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.

As at 30 September 2022, the NC comprises three (3) members, all of whom are Non-Executive Directors. The NC met once during FY2022. Their attendance at the NC meetings held during the tenure of office of the members was as follows: -

Directors	No. of Meetings
Dato' Bahar Bin Ahmad Chairman, Independent Non-Executive Director (Ceased on 26 September 2022)	1/1
Chua Choo Eng Member, Independent Non-Executive Director (Ceased on 5 October 2022)	1/1
Eugene Lee Cheng Hoe Member, Independent Non-Executive Director (Ceased on 5 October 2022)	1/1
Dato' Yong Lei Choo Chairman, Independent Non-Executive Director (Appointed on 26 September 2022)	Not Applicable
Khor Hun Nee Member, Independent Non-Executive Director (Appointed on 5 October 2022)	Not Applicable
Nordin bin Ahmad Member, Independent Non-Executive Director (Appointed on 5 October 2022)	Not Applicable



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CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

During FY2022, the activities carried out by the NC were as follows: -

- Reviewed and recommended to the Board for adoption by the Group, the Directors' Fit and Proper Policy, which sets out the approach, guidelines and procedures for the appointment, re-appointment and / or re-election of the Directors of the Group.
- Reviewed and recommended to the Board the re-election of Directors pursuant to the Companies Act 2016 and the Company's Constitution.
- Reviewed and recommended to the Board the revisions in Terms of Reference of the NC in alignment with the MCCG and MMLR.
- 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.
- Undertook an annual review of the performance of each Director through self-assessment exercise and upon completion of the review and assessment, the NC submits its comments and recommendations to the Board for consideration.

In accordance with the Company's Constitution, an election of Directors shall take place each year at an 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.

The following Directors are subject to retirement pursuant to the Company's Constitution at the forthcoming AGM: -

- (1) Datuk Seri Chiau Beng Teik, JP (Clause 102)
- (2) Chiau Haw Choon (Clause 102)
- (3) Dato' Yong Lei Choo (Clause 102)
- (4) Khor Hun Nee (Clause 102)
- (5) Nordin bin Ahmad (Clause 102)
- (6) Stefan Matthieu Lim Shing Yuan (Clause 95)

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

The NC had also taken into the consideration the outcome of the Directors' self-assessment before making recommendations to the Board for Directors who would be seeking for re-election at the Annual General Meeting ("AGM"), and whether the Directors are 'fit and proper' under the Fit and Proper Policy after receiving submissions from the aforesaid retiring Directors.

The NC took reasonable steps to conduct checks using external information as part of the assessment process on whether the directors have the (i) Character and Integrity; (ii) Experience and Competence; and (iii) Time Commitment to do the job in accordance with the Fit & Proper Policy. The fit and proper assessments are supported by relevant independent sources in relation to the persons being assessed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The appointment of Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon were in accordance with the conditions of the Share Sale Agreements whilst the appointment of Dato' Yong Lei Choo, Khor Hun Nee and Nordin bin Ahmad were via the nomination of the major shareholders. Dato' Yong Lei Choo, Khor Hun Nee and Nordin bin Ahmad confirmed their independence in accordance with the MMLR.

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

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 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"). During FY2022, an in-house training programme on Corporate Governance Revisited: Ethics & Law Sets You F.R.E.E was held on 26 May 2022 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.



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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The training programmes attended by the Directors during the financial year ended 30 September 2022 included the following: -

Directors	Training Programmes
Lim Choo Hong	<ul style="list-style-type: none"> • Corporate Governance Revisited: Ethics & Law Sets You F.R.E.E
Dato' Bahar Bin Ahmad	<ul style="list-style-type: none"> • Corporate Governance Revisited: Ethics & Law Sets You F.R.E.E
Kok Sau Chun	<ul style="list-style-type: none"> • Corporate Governance Revisited: Ethics & Law Sets You F.R.E.E
Chin Mee Foon	<ul style="list-style-type: none"> • Corporate Governance Revisited: Ethics & Law Sets You F.R.E.E • Corporate Governance & Remuneration Practices for the ESG World
Stefan Matthieu Lim Shing Yuan	<ul style="list-style-type: none"> • BizSafe Level 1 Workshop for CEO/Top management • BizSafe Level 2 Develop A Risk Management Implementation Plan • Corporate Governance Revisited: Ethics & Law Sets You F.R.E.E • Kick-start your ESG Journey
Chua Choo Eng	<ul style="list-style-type: none"> • Corporate Governance Revisited: Ethics & Law Sets You F.R.E.E • Climate Disclosure Training Programme
Eugene Lee Cheng Hoe	<ul style="list-style-type: none"> • Investment & Cryptocurrency • Interplay of Ethics & Sustainability for Greater Growth • 2022 Budget Seminar • The Virtual MFPC Professional & Ethics Forum 2021 • Corporate Governance Revisited: Ethics & Law Sets You F.R.E.E

(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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(III) Remuneration (cont'd)

As at 30 September 2022, the RC comprises three (3) members and all of whom 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: -

Directors	No. of Meetings
Chua Choo Eng Chairman, Independent Non-Executive Director (Ceased on 5 October 2022)	1/1
Lim Choo Hong Member, GMD/CEO, Non-Independent Executive Director (Ceased on 26 September 2022)	1/1
Eugene Lee Cheng Hoe Member, Independent Non-Executive Director (Ceased on 5 October 2022)	1/1
Nordin bin Ahmad Chairman, Independent Non-Executive Director (Appointed on 5 October 2022)	Not Applicable
Dato' Yong Lei Choo Member, Independent Non-Executive Director (Appointed on 26 September 2022)	Not Applicable
Khor Hun Nee Member, Independent Non-Executive Director (Appointed on 5 October 2022)	Not Applicable

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.



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CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Terms of Reference of AC 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 the 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. During FY2022, the Board, with the assistance of the AC and Risk Management Committee which comprise the GMD/CEO and Senior Management, carried 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

The Company has put in place a Code of Conduct on confidentiality to ensure that the confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that the information which is expected to be material must be announced immediately.

(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 39th AGM to answer questions raised by the shareholders. During FY2022, the GMD/CEO and/or authorised Senior Management met 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 39th 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 were unable to attend were allowed to appoint proxies to attend and vote on their behalf.

As part of the safety measures arising from the Covid-19 pandemic, the 39th AGM was conducted virtually through live streaming via Remote Participation and Voting Facilities (RPV) with the Chairman and all the Board members present at the broadcast venue either physically or remotely.

All the resolutions set out in the Notice of the 39th AGM were put to vote by electronic poll. 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 39th AGM were duly passed and the outcome of the 39th AGM was announced to Bursa Securities on the same meeting day. The minutes of the 39th AGM, Minority Shareholders Watch Group (MSWG) Questions & Answers and a summary of the key matters discussed at the 39th AGM were published on the Company's website no later than 30 business days after the convening of 39th AGM, 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 the volatile market conditions. 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 24 November 2022.



GOVERNANCE



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 2022 (“FY2022”).

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 FY2022. Their attendances at the AC meetings held during the tenure of office of the members are as follows: -

Directors	No. of Meetings Attended
Eugene Lee Cheng Hoe Chairman, Independent Non-Executive Director <i>(Ceased on 5 October 2022)</i>	4/4
Dato’ Bahar Bin Ahmad Member, Independent Non-Executive Director <i>(Ceased on 26 September 2022)</i>	4/4
Chua Choo Eng Member, Independent Non-Executive Director <i>(Ceased on 5 October 2022)</i>	4/4
Khor Hun Nee Chairman, Independent Non-Executive Director <i>(Appointed on 5 October 2022)</i>	Not Applicable
Dato’ Yong Lei Choo Member, Independent Non-Executive Director <i>(Appointed on 26 September 2022)</i>	Not Applicable
Nordin bin Ahmad Member, Independent Non-Executive Director <i>(Appointed on 5 October 2022)</i>	Not Applicable

Mr Eugene Lee Cheng Hoe, who was the Chairman of the AC during FY 2022, is a Chartered Accountant of the Malaysian Institute of Accountants and also a member of the Certified Practising Accountant (CPA), Australia. The AC, therefore, met the requirements of Paragraph 15.09(1)(c)(i) of the MMLR.

The AC possesses a wide range of necessary skills to discharge its duties and all members of the AC are financially literate and able to understand matters under the purview of the AC including the financial reporting process.

AUDIT COMMITTEE REPORT

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 had carried out the following activities during FY2022 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.

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 25 November 2021 and 24 August 2022 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.



AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (cont'd)

Other Matters

12. Reviewed the Group's financial budget for FY2022 tabled by the management and the actual performance against the budget on a quarterly basis.
13. Reviewed and recommended to the Board the following reports/statements for approval and inclusion in the Company's 2021 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.
14. Reviewed and recommended to the Board the revised Terms of Reference of the AC.

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 FY2022, the major activities carried out by the Internal Auditors are summarised as follows: -

- (i) Presented the Group Risk Profiles for FY2022 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, administration, shipping, information technology 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 2023 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 FY2022 was RM258,000.

This AC Report was approved by the Board on 24 November 2022.

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 the respective parties for the Group's risk management are defined in the Risk Management Framework as follows:

Functions	Roles and Responsibilities
The Board	<ul style="list-style-type: none"> Establishing a framework to manage risk and provide the risk oversight function.
Audit Committee ("AC")	<ul style="list-style-type: none"> Assisting the Board in establishing a framework to manage risk. 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.



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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 business 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.
- 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.

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):

- 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.

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 2022 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 24 November 2022.



GOVERNANCE



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 2022 are as follows: -

	Company RM'000	Group RM'000
Audit fees	68	421
Non-audit fees	10	17
Total	78	438

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 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 2021	16,085,000	3,600,000
Granted	-	-
Exercised	(14,632,000)	(3,000,000)
Forfeited	(760,000)	(600,000)
Outstanding as at 30 September 2022	693,000	-

- (ii) Percentage of options applicable to Directors and Senior Management based on the outstanding ESOS as at 30 September 2022 was as follows:

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

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.

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 2022 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.



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DIRECTORS' REPORT

for the financial year ended 30 September 2022

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 2022.

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	36,842	39,243
Non-controlling interests	4,266	-
	41,108	39,243

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 a final single tier dividend of 2.20 sen per ordinary share totalling approximately RM10,914,000 in respect of the financial year ended 30 September 2021 on 8 April 2022.

The Directors do not recommend any final dividend to be paid for the financial year ended 30 September 2022.



DIRECTORS' REPORT for the financial year ended 30 September 2022

DIRECTORS OF THE COMPANY

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

Stefan Matthieu Lim Shing Yuan (appointed on 8 October 2021)
Datuk Seri Chiau Beng Teik, JP (appointed on 26 September 2022)
Chiau Haw Choon (appointed on 26 September 2022)
Dato' Yong Lei Choo (appointed on 26 September 2022)
Khor Hun Nee (appointed on 5 October 2022)
Nordin bin Ahmad (appointed on 5 October 2022)
Margaret Chak Lee Hung (resigned on 8 October 2021)
Dato' Bahar bin Ahmad (resigned on 26 September 2022)
Lim Choo Hong (resigned on 26 September 2022)
Kok Sau Chun (resigned on 26 September 2022)
Chin Mee Foon (resigned on 5 October 2022)
Eugene Lee Cheng Hoe (resigned on 5 October 2022)
Chua Choo Eng (resigned on 5 October 2022)

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)
Ching Wooi Kong
Chin Mee Foon
Chong Sze Chun
Liang Jit Sin
Quek Guek Peng
Chong Yuen Bing
Yeo Hsin Yin
Kho Soo San
Chow Chiew Chin
Nordin bin Mohd Kanchil
Low Eng Bee
Dr Lim Kee Ley
Ho Hong Seng
Shelly Chiau Yee Wern (appointed on 15 November 2022)
Lim Mee Ding (appointed on 15 November 2022)
Lim Choo Hong (resigned on 16 November 2022)
Kok Sau Chun (resigned on 16 November 2022)
Lim Chin Chia (resigned on 16 November 2022)
Ngo Wee Bin (resigned on 16 November 2022)

DIRECTORS' REPORT

for the financial year ended 30 September 2022

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			
	At 1.10.2021	Bought	Sold	At 30.9.2022
<i>Interests in the Company</i>				
<i>Fiamma Holdings Berhad</i>				
Direct interest				
- Chin Mee Foon	300,000	300,000	-	600,000
- Eugene Lee Cheng Hoe	9,000	-	-	9,000
Deemed interest				
- Datuk Seri Chiau Beng Teik, JP [^]	-	150,000,000	-	150,000,000
- Chiau Haw Choon [^]	-	150,000,000	-	150,000,000

[^] Deemed interested through Divine Inventions Sdn Bhd, Chin Hin Group Berhad and Signature International Berhad by virtue of their direct and indirect interest in PP Chin Hin Realty Sdn. Bhd., in accordance with Section 8 of the Companies Act 2016.

The other Directors holding office at 30 September 2022 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 those shown below) 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.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 30 September 2022 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	507	240
Remuneration	34	1,936
Defined contribution plan	-	310
Gratuity	150	-
Estimated money value of any other benefits	-	52
	691	2,538



DIRECTORS' REPORT

for the financial year ended 30 September 2022

DIRECTORS' BENEFITS (CONT'D)

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:

	Number of options over ordinary shares			
	At 1.10.2021	Granted	Exercised	At 30.9.2022
Chin Mee Foon	300,000	-	(300,000)	-

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 14,632,000 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

There were no change in the treasury shares of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT

for the financial year ended 30 September 2022

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The salient features of the ESOS scheme 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:

Date of offer	Expiry date	Exercise price RM	Number of options over ordinary shares			
			At 1.10.2021	Exercised	Forfeited	At 30.9.2022
12 May 2016	11 May 2026	0.56	15,085,000	(13,697,000)	(725,000)	663,000
15 May 2017	11 May 2026	0.56	1,000,000	(935,000)	(35,000)	30,000
			16,085,000	(14,632,000)	(760,000)	693,000

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.



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DIRECTORS' REPORT for the financial year ended 30 September 2022

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 2022 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.

SIGNIFICANT EVENT

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

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 33 to the financial statements.

DIRECTORS' REPORT for the financial year ended 30 September 2022

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the financial year are RM366,000 and RM68,000 respectively.

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

.....
Datuk Seri Chiau Beng Teik, JP
Director

.....
Chiau Haw Choon
Director

Kuala Lumpur,

Date: 6 January 2023



STATEMENTS OF FINANCIAL POSITION

as at 30 September 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	3	114,928	102,167	3	4
Right-of-use assets	4	48	72	-	-
Investment properties	5	76,906	76,906	9,000	8,400
Inventories	6	130,661	129,474	-	-
Investments in subsidiaries	7	-	-	218,053	218,053
Amount due from subsidiaries	8	-	-	135,775	104,075
Deferred tax assets	9	5,284	5,343	-	-
Total non-current assets		327,827	313,962	362,831	330,532
Inventories	6	275,403	277,854	-	-
Contract assets	10	7,760	3,418	-	-
Contract costs	10	822	1,230	-	-
Trade and other receivables	11	92,145	70,962	12	12
Prepayments		954	847	18	20
Amount due from a subsidiary	8	-	-	-	3,000
Current tax assets		1,367	1,343	-	-
Derivative financial assets	12	14	13	-	-
Cash and cash equivalents	13	102,339	104,450	21,573	2,008
Total current assets		480,804	460,117	21,603	5,040
Total assets		808,631	774,079	384,434	335,572
Equity					
Share capital	14.1	277,744	268,408	277,744	268,408
Treasury shares	14.2	(11,023)	(11,023)	(11,023)	(11,023)
Reserves		13,922	3,061	55	1,256
Retained earnings		297,925	271,938	77,026	48,638
Equity attributable to owners of the Company		578,568	532,384	343,802	307,279
Non-controlling interests		20,486	27,075	-	-
Total equity		599,054	559,459	343,802	307,279

STATEMENTS OF FINANCIAL POSITION

as at 30 September 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Liabilities					
Loans and borrowings	15	31,169	42,788	17,507	22,337
Lease liabilities		22	48	-	-
Trade and other payables	16	5,613	5,613	-	-
Deferred tax liabilities	9	5,456	2,879	1,735	1,591
Total non-current liabilities		42,260	51,328	19,242	23,928
Loans and borrowings	15	99,172	87,751	18,904	3,663
Lease liabilities		28	26	-	-
Trade and other payables	16	46,840	55,454	685	699
Amount due to a subsidiary	17	-	-	1,750	-
Provision for warranties	18	515	485	-	-
Contract liabilities	10	19,541	17,488	-	-
Current tax liabilities		1,221	2,088	51	3
Total current liabilities		167,317	163,292	21,390	4,365
Total liabilities		209,577	214,620	40,632	28,293
Total equity and liabilities		808,631	774,079	384,434	335,572



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 September 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	19	369,980	338,022	37,835	16,121
Cost of sales		(257,390)	(229,738)	(45)	(53)
Gross profit		112,590	108,284	37,790	16,068
Change in fair value of investment properties	5	-	(175)	600	-
Other income		2,016	1,933	-	-
Distribution expenses		(29,223)	(29,158)	-	-
Administrative expenses		(24,123)	(22,074)	(777)	(648)
Net gain on impairment of financial instruments	20	316	237	-	-
Other expenses		(1,155)	(1,210)	(210)	(171)
Results from operating activities	20	60,421	57,837	37,403	15,249
Finance income	22	1,661	2,033	4,421	4,853
Finance costs	23	(5,478)	(6,257)	(1,686)	(2,641)
Net finance (costs)/income		(3,817)	(4,224)	2,735	2,212
Profit before tax		56,604	53,613	40,138	17,461
Tax expense	25	(15,496)	(16,067)	(895)	(604)
Profit for the financial year		41,108	37,546	39,243	16,857
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation difference for foreign operations		729	201	-	-
Item that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		11,538	-	-	-
Total comprehensive income for the financial year		53,375	37,747	39,243	16,857
Profit for the financial year attributable to:					
Owners of the Company		36,842	34,501	39,243	16,857
Non-controlling interests		4,266	3,045	-	-
Profit for the financial year		41,108	37,546	39,243	16,857

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the financial year ended 30 September 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Total comprehensive income for the financial year attributable to:					
Owners of the Company		48,904	34,645	39,243	16,857
Non-controlling interests		4,471	3,102	-	-
Total comprehensive income for the financial year		53,375	37,747	39,243	16,857
Basic earnings per ordinary share (sen)	26	7.36	7.03		
Diluted earnings per ordinary share (sen)	26	7.35	7.00		



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 September 2022

Group	Note	Attributable to owners of the Company		Non-distributable		Share		Retained earnings		Non-controlling interests		Total equity	
		Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Share option reserve RM'000	Share option reserve RM'000	Share option reserve RM'000	Share option reserve RM'000	Share option reserve RM'000	Share option reserve RM'000	Share option reserve RM'000	Share option reserve RM'000	Share option reserve 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				
<i>Contributions by and (distributions to) owners of the Company:</i>													
- Dividends to owners of the Company	27	-	-	-	-	(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)	(1,326)	(10,699)				
Dividends to non-controlling interests		-	-	-	-	-	-	-	-				
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 14.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 September 2022

Group	Attributable to owners of the Company		Share		Share		Share		Share		Share		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000	Distributable	Total equity RM'000		
At 1 October 2021	268,408	(11,023)	1,805	-	1,256	271,938	532,384	27,075	559,459		559,459		
Foreign currency translation differences for foreign operations	-	-	524	-	-	-	524	205	729		729		
Revaluation of property, plant and equipment	-	-	-	11,538	-	-	11,538	-	11,538		11,538		
Total other comprehensive income for the financial year	-	-	524	11,538	-	-	12,062	205	12,267		12,267		
Profit for the financial year	-	-	-	-	-	36,842	36,842	4,266	41,108		41,108		
Total comprehensive income for the financial year	-	-	524	11,538	-	36,842	48,904	4,471	53,375		53,375		
Contributions by and (distributions to) owners of the Company:													
- Dividends to owners of the Company	-	-	-	-	-	(10,914)	(10,914)	-	(10,914)		(10,914)		
- Issuance of ordinary shares pursuant to ESOS	8,194	-	-	-	-	-	8,194	-	8,194		8,194		
- Transfer from share option reserve	1,142	-	-	-	(1,201)	59	-	-	-		-		
Total transactions with owners of the Company	9,336	-	-	-	(1,201)	(10,855)	(2,720)	-	(2,720)		(2,720)		
Dividends to non-controlling interests	-	-	-	-	-	-	-	(11,060)	(11,060)		(11,060)		
At 30 September 2022	277,744	(11,023)	2,329	11,538	55	297,925	578,568	20,486	599,054		599,054		

Note 14.1 Note 14.2 Note 14.3 Note 14.4 Note 14.5

STATEMENT OF
CHANGES IN EQUITY

for the financial year ended 30 September 2022

Company	Note	Attributable to owners of the Company		Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000			
At 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	27	-	-	-	(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 / 1 October 2021		268,408	(11,023)	1,256	48,638	307,279
Profit and total comprehensive income for the financial year		-	-	-	39,243	39,243
Contributions by and (distributions to) owners of the Company:						
- Dividends to owners of the Company	27	-	-	-	(10,914)	(10,914)
- Issuance of ordinary shares pursuant to ESOS	14.1	8,194	-	-	-	8,194
- Transfer from share option reserve	14.1	1,142	-	(1,201)	59	-
Total transactions with owners of the Company		9,336	-	(1,201)	(10,855)	(2,720)
At 30 September 2022		277,744	(11,023)	55	77,026	343,802

Note 14.1

Note 14.2

Note 14.5

The notes on pages 70 to 146 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Profit before tax		56,604	53,613	40,138	17,461
<i>Adjustments for:</i>					
Depreciation of:					
- property, plant and equipment	3	2,552	2,703	1	1
- right-of-use assets	4	27	148	-	-
Dividend income	19	-	-	(37,307)	(15,593)
Change in fair value of investment properties	5	-	175	(600)	-
Gain on disposal of property, plant and equipment	20	(51)	(65)	-	-
Net gain on impairment of financial instruments	20	(316)	(237)	-	-
Interest expense	23	5,113	5,860	1,685	2,639
Interest income	22	(1,661)	(2,033)	(4,421)	(4,853)
Inventories written (back)/down	6	(290)	3,095	-	-
Inventories written off	6	318	234	-	-
Property, plant and equipment written off	20	1	1	-	-
Provision for warranties	18	302	363	-	-
Unrealised foreign exchange loss (net)		15	-	-	-
Unrealised gain on derivative financial assets/liabilities (net)		(14)	(13)	-	-
Operating profit/(loss) before changes in working capital		62,600	63,844	(504)	(345)
Changes in working capital:					
Contract assets		(4,342)	(2,145)	-	-
Contract liabilities		2,053	(2,135)	-	-
Contract costs		408	(353)	-	-
Inventories		1,236	5,173	-	-
Prepayments		(107)	306	2	9
Trade and other payables		(8,615)	(25,604)	(14)	(26)
Trade and other receivables		(20,868)	48,248	-	-
Cash generated from/(used in) operations		32,365	87,334	(516)	(362)
Provision for warranties utilised	18	(272)	(313)	-	-
Net tax paid		(15,903)	(22,066)	(703)	(606)
Net cash from/(used in) operating activities		16,190	64,955	(1,219)	(968)



STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from investing activities					
Acquisition of:					
- investment property	5	-	(90)	-	-
- property, plant and equipment	3	(1,210)	(3,070)	-	(5)
Dividends received		-	-	37,307	15,593
Net advances to subsidiaries		-	-	(26,950)	(4,980)
Interest received		1,661	2,033	4,421	4,853
Proceeds from disposal of property, plant and equipment		51	65	-	-
Net cash from/(used in) investing activities		502	(1,062)	14,778	15,461
Cash flows from financing activities					
Dividends paid to:					
- non-controlling interests		(11,060)	(1,326)	-	-
- owners of the Company	27	(10,914)	(13,545)	(10,914)	(13,545)
(Repayment)/Drawdown of borrowings (net)	(ii)	(198)	(55,530)	10,411	(16,000)
Interest paid		(5,111)	(5,854)	(1,685)	(2,639)
Interest paid in relation to lease liabilities	(i)	(2)	(6)	-	-
Payment of lease liabilities	(ii)	(24)	(149)	-	-
Purchase of treasury shares	14.2	-	(119)	-	(119)
Proceeds from issuance of ordinary shares pursuant to ESOS	14.1	8,194	2,965	8,194	2,965
Net cash (used in)/from financing activities		(19,115)	(73,564)	6,006	(29,338)
Net (decrease)/increase in cash and cash equivalents					
		(2,423)	(9,671)	19,565	(14,845)
Effect of exchange rate fluctuation on cash held		312	94	-	-
Cash and cash equivalents at beginning of year		104,450	114,027	2,008	16,853
Cash and cash equivalents at end of year	13	102,339	104,450	21,573	2,008

STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2022

(i) Cash outflows for leases as a lessee

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	20	859	29	-	-
Payment relating to leases of low-value assets	20	12	12	-	-
		871	41	-	-
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities		2	6	-	-
Payment of lease liabilities		24	149	-	-
Total cash outflows for leases		897	196	-	-



STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2022

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

	At 1.10.2020 RM'000	Net changes from financing cash flows RM'000	At 30.9.2021/ 1.10.2021 RM'000	Net changes from financing cash flows RM'000	At 30.9.2022 RM'000
Group					
Term loans	73,233	(15,074)	58,159	(15,238)	42,921
Revolving credit	56,000	(9,000)	47,000	4,000	51,000
Bankers' acceptance	56,836	(31,456)	25,380	11,040	36,420
Lease liabilities	223	(149)	74	(24)	50
Total liabilities from financing activities	186,292	(55,679)	130,613	(222)	130,391
Company					
Term loans	26,000	-	26,000	(3,589)	22,411
Revolving credit	16,000	(16,000)	-	14,000	14,000
Total liabilities from financing activities	42,000	(16,000)	26,000	10,411	36,411

The notes on pages 70 to 146 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 2022 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 2022 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 6 January 2023.

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:



NOTES TO THE FINANCIAL STATEMENTS

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

- 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)*
- 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 – 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 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

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 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022;
- 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; and
- from the annual period beginning on 1 October 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned accounting standards, interpretations and amendments 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.

(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 19 - revenue recognition from contracts with customers



NOTES TO THE FINANCIAL STATEMENTS

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(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)).



NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

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.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (cont'd)

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
• computers, office equipment, furniture and fittings	3 - 5 years
• motor vehicles	4 - 5 years
• moulds	2 years

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.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

(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.

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.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment properties (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(i) Financial assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(ii) Other assets (cont'd)

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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 Chief Executive Officer, 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.

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.



NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land		Freehold land		Buildings		Renovation		Plant and machinery, tools and piping		Computer, office equipment, furniture and fittings		Motor vehicles		Moulds		Asset under construction		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cost/Valuation																			
At 1 October 2020	16,524	36,900	42,674	2,140	16,497	12,697	4,172	114	2,260	133,978									
Additions	-	-	-	26	432	358	254	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)	(126)	-	-	-	(240)									
Effect of movements in exchange rates	-	-	118	-	1	13	-	-	-	-									
At 30 September 2021/																			
1 October 2021	16,524	36,900	49,844	2,166	16,816	12,942	4,190	116	-	139,498									
Additions	-	-	-	142	759	212	93	4	-	1,210									
Disposals	-	-	-	-	-	(4)	(827)	-	-	(831)									
Write off	-	-	-	-	-	(214)	-	-	-	(214)									
Revaluation	-	8,100	-	-	-	-	-	-	-	-									
Effect of movements in exchange rates	-	-	477	-	4	51	-	-	-	532									
At 30 September 2022	16,524	45,000	50,321	2,308	17,579	12,987	3,456	120	-	148,295									

NOTES TO THE FINANCIAL STATEMENTS

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	Computer, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Moulds RM'000	Asset under construction RM'000	Total RM'000
Depreciation										
At 1 October 2020	907	-	3,013	1,854	14,154	11,895	3,142	112	-	35,077
Depreciation for the financial year	207	-	1,127	151	346	401	470	1	-	2,703
Disposals	-	-	-	-	-	-	(236)	-	-	(236)
Write off	-	-	-	-	(115)	(16)	(108)	-	-	(239)
Effect of movements in exchange rates	-	-	13	-	1	12	-	-	-	26
At 30 September 2021/	1,114	-	4,153	2,005	14,386	12,292	3,268	113	-	37,331
Depreciation for the financial year	207	-	1,130	68	481	318	347	1	-	2,552
Disposals	-	-	-	-	-	(4)	(827)	-	-	(831)
Write off	-	-	-	-	-	(213)	-	-	-	(213)
Revaluation	(1,180)	-	(4,410)	-	-	-	-	-	-	(5,590)
Effect of movements in exchange rates	-	-	66	-	4	48	-	-	-	118
At 30 September 2022	141	-	939	2,073	14,871	12,441	2,788	114	-	33,367
Carrying amounts										
At 1 October 2020	15,617	36,900	39,661	286	2,343	802	1,030	2	2,260	98,901
At 30 September 2021/	15,410	36,900	45,691	161	2,430	650	922	3	-	102,167
At 30 September 2022	16,383	45,000	49,382	235	2,708	546	668	6	-	114,928



NOTES TO THE FINANCIAL STATEMENTS

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

Company	Office equipment, furniture and fittings RM'000	Total RM'000
Cost		
At 1 October 2020	-	-
Additions	5	5
At 30 September 2021/1 October 2021/30 September 2022	5	5
Depreciation		
At 1 October 2020	-	-
Depreciation for the financial year	1	1
At 30 September 2021/1 October 2021	1	1
Depreciation for the financial year	1	1
At 30 September 2022	2	2
Carrying amounts		
At 1 October 2020	-	-
At 30 September 2021/1 October 2021	4	4
At 30 September 2022	3	3

3.1 Security

Land and buildings of the Group totalling RM93,414,000 (2021: RM82,329,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.2 Fair value information (cont'd)

Level 3 fair value

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

Group	2022 RM'000	2021 RM'000
Opening balance	98,001	92,178
Transfer from inventories (Note 6)	-	2,794
Transfer from asset under construction	-	4,258
Depreciation	(1,337)	(1,334)
Change in fair value recognised in other comprehensive income	13,690	-
Effect of movements in exchange rates	411	105
Closing balance	110,765	98,001

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: <ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Market rental and outgoing will sustain at current level • Occupancy rate of 66% (2021: 68%) • Market yield of 6.50% (2021: 6.50%) 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> • market rental were higher or lower • outgoing were lower or higher • occupancy rate was higher or lower • market yield was lower or higher



NOTES TO THE FINANCIAL STATEMENTS

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

3.2 Fair value information (cont'd)

Level 3 fair value (cont'd)

Valuation processes applied by the Group for Level 3 fair value

The Group's land and buildings were valued during the year 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 2020		122	97	219
Depreciation	20	(122)	(26)	(148)
Effect of movements in exchange rates		-	1	1
At 30 September 2021/1 October 2021		-	72	72
Depreciation	20	-	(27)	(27)
Effect of movements in exchange rates		-	3	3
At 30 September 2022		-	48	48

The Group leases office equipment that run between 1 to 2 years.

4.1 Restriction imposed by lease

The lease contract for office equipment restricts the Group's ability to sublease the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 October		76,906	73,215	8,400	8,400
Transfer from inventories	6	-	3,776	-	-
Addition		-	90	-	-
Change in fair value recognised in profit or loss	20	-	(175)	600	-
At 30 September		76,906	76,906	9,000	8,400
Included in the above are:					
At fair value					
Leasehold land		-	-	7,650	7,050
Buildings		22,261	22,261	1,350	1,350
Freehold land and building		53,165	53,165	-	-
Leasehold land and building		1,480	1,480	-	-
		76,906	76,906	9,000	8,400

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 (2021: 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Lease income	3,963	4,503	528	528
Direct operating expenses				
- income generating investment properties	(1,465)	(1,318)	(45)	(53)
- non-income generating investment properties	(50)	(5)	-	-



NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONT'D)

5.2 Transactions recognised in profit or loss (cont'd)

The operating leases payments to be received are as follows:

Group	2022	2021
	RM'000	RM'000
Less than one year	3,152	3,180
One to two years	4,567	4,572
Two to three years	1,168	1,168
Total undiscounted lease payments	8,887	8,920

Company	2022	2021
	RM'000	RM'000
Less than one year	528	528
Total undiscounted lease payments	528	528

5.3 Security

Investment properties of the Group totalling RM75,426,000 (2021: RM75,426,000) are charged to banks as security 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Opening balance	76,906	73,215	8,400	8,400
Transfer from inventories (Note 6)	-	3,776	-	-
Addition	-	90	-	-
Change in fair value recognised in profit or loss	-	(175)	600	-
Closing balance	76,906	76,906	9,000	8,400

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONT'D)

5.4 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 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: <ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Market rental and outgoing will sustain at current level • Occupancy rate of 66% (2021: 68%) • Market yield of 6.50% (2021: 6.50%) 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> • 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 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.



NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONT'D)

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

	Note	Group	
		2022 RM'000	2021 RM'000
Non-current			
Land held for future development	6.1, 6.2	130,661	129,474
Current			
Spare parts and consumables		623	656
Finished goods		71,793	61,067
Developed properties	6.1, 6.3	193,392	204,086
Development properties	6.1	9,595	12,045
		275,403	277,854
		406,064	407,328
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 (back)/down to net realisable value	6.4	(290)	3,095
- inventories recognised as cost of sales		242,751	212,393
- inventories written off		318	234

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	2022 RM'000	2021 RM'000
Land held for future development	15,798	15,798
Developed properties	1,272	3,606
Development properties	2,262	2,947
	19,332	22,351

NOTES TO THE FINANCIAL STATEMENTS

6. INVENTORIES (CONT'D)

- 6.2 On 25 June 2021, the Group entered into termination agreements to revoke, rescind and terminate the joint venture agreements (“JVAs”) on two plot 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 (2021: RM58,663,000) are developed properties of which the land titles are pending issuance from the land office.
- 6.4 The determination of inventories written back/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 based on the valuations performed by independent professional valuation firms, using the sales comparison of valuation 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 net of the estimated cost necessary to complete the sale.
- 6.5 The Group leases out its developed properties under operating leases.

The operating leases payments to be received are as follows:

Group	2022 RM'000	2021 RM'000
Less than one year	1,144	536
Between one and two years	410	294
Between two and three years	26	3
Total undiscounted lease payments	1,580	833

Each of the leases contains an initial non-cancellable period ranging 1 to 3 years (2021: 1 to 3 years). Subsequent renewals will be negotiated with the lessees. No contingent rents are charged.

- 6.6 Inventories of the Group totalling RM25,020,000 (2021: RM197,203,000) are charged to banks as security for credit facilities granted to the Company (see Note 15).



NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES

Company	Note	2022 RM'000	2021 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	
			2022 %	2021 %
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

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
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
<i>Subsidiary of Kingston Medical Supplies (Private) Limited</i> Kinsmedic Sdn. Bhd.	Malaysia	Distribution of medical devices and healthcare products	70	70
<i>Subsidiaries of Fiamma Sdn. Bhd.</i> 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
<i>Subsidiary of Fiamma Trading Sdn. Bhd.</i> Haustern Sdn. Bhd.*	Malaysia	Dormant	70	70
<i>Subsidiary of Fiamma Development Sdn. Bhd.</i> Pinang Sutera Sdn. Bhd.*	Malaysia	Property development	60	60

* Not audited by KPMG PLT.

[^] Dormant and opted for audit exemption under the laws of the country of incorporation.

Enex Sdn. Bhd. commenced members' voluntary liquidation pursuant to Companies Act 2016 on 7 October 2020 (see Note 33 (c)).



NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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.
- (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:

2022	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	11,914	7,394	1,178	20,486
Profit allocated to NCI	3,256	625	385	4,266

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

2022	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
Summarised financial information before intra-group elimination				
As at 30 September				
Non-current assets	1,516	8,492	16	
Current assets	53,633	20,620	10,987	
Non-current liabilities	-	(32)	-	
Current liabilities	(15,437)	(4,433)	(8,058)	
Net assets	39,712	24,647	2,945	
Financial year ended 30 September				
Revenue	90,546	17,011	5,421	
Profit for the financial year	10,853	2,084	964	
Total comprehensive income	10,853	2,084	964	
Cash flows from operating activities	13,290	1,246	822	
Cash flows from investing activities	677	151	-	
Cash flows used in financing activities	(30,000)	(6,889)	(562)	
Net (decrease)/increase in cash and cash equivalents	(16,033)	(5,492)	260	
Dividends paid to NCI	(9,000)	(2,060)	-	(11,060)



NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

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)

NOTES TO THE FINANCIAL STATEMENTS

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% - 3.30% (2021: 3.00%) per annum. The amounts are not repayable within a year 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:

Group	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment	68	81	(5,940)	(3,753)	(5,872)	(3,672)
Investment properties	-	-	(833)	(575)	(833)	(575)
Inventories	3,508	3,696	-	-	3,508	3,696
Unutilised tax losses	2,688	2,700	-	-	2,688	2,700
Other items	337	315	-	-	337	315
Tax assets/(liabilities)	6,601	6,792	(6,773)	(4,328)	(172)	2,464
Set off of tax	(1,317)	(1,449)	1,317	1,449	-	-
Net tax assets/(liabilities)	5,284	5,343	(5,456)	(2,879)	(172)	2,464
Company						
Investment properties	-	-	(1,735)	(1,591)	(1,735)	(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.



NOTES TO THE FINANCIAL STATEMENTS

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

Movement in temporary differences during the financial year

Group	At	Recognised	At	Recognised	Recognised	At
	1.10.2020	in profit or	30.9.2021/	directly in	in profit or	30.9.2022
	RM'000	loss	1.10.2021	equity	loss	RM'000
		(Note 25)	RM'000	(Note 25)	(Note 25)	RM'000
		RM'000		RM'000	RM'000	
Property, plant and equipment	(3,761)	89	(3,672)	(2,152)	(48)	(5,872)
Investment properties	(593)	18	(575)	-	(258)	(833)
Inventories	3,954	(258)	3,696	-	(188)	3,508
Unutilised tax losses	2,859	(159)	2,700	-	(12)	2,688
Other items	152	163	315	-	22	337
	2,611	(147)	2,464	(2,152)	(484)	(172)
Company						
Investment properties	(1,591)	-	(1,591)	-	(144)	(1,735)

Deferred tax expense recognised directly in equity related to tax effect of the revaluation surpluses of property, plant and equipment.

Unrecognised deferred tax assets

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

Group	2022	2021
	RM'000	RM'000
Unutilised tax losses	13,555	10,577
Inventories	8,017	6,299
	21,572	16,876

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.

NOTES TO THE FINANCIAL STATEMENTS

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

Unrecognised deferred tax assets (cont'd)

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

Group	2022 RM'000	2021 RM'000
Unutilised tax losses expiring in:		
- YA 2028	5	5
- YA 2030	5,086	5,086
- YA 2031	5,486	5,486
- YA 2032	2,978	-
	13,555	10,577

10. CONTRACT WITH CUSTOMERS

10.1 Contract assets/(liabilities)

Group	2022 RM'000	2021 RM'000
Contract assets	7,760	3,418
Contract liabilities	(19,541)	(17,488)

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.



NOTES TO THE FINANCIAL STATEMENTS

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	2022 RM'000	2021 RM'000
Contract liabilities at the beginning of the year recognised as revenue	16,694	19,022
Contract liabilities at the beginning of the year not recognised as revenue due to change in time frame	794	601

Included in contract liabilities are discounts and rebates payable to customers amounting to RM19,541,000 (2021: RM17,488,000). The discounts and rebates payable are variable considerations relating to revenue recognition, which are deducted against revenue.

10.2 Contract costs

Group	2022 RM'000	2021 RM'000
Cost to obtain a contract	778	108
Cost to fulfil a contract	44	1,122
	822	1,230

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 2022, the amount of amortisation was RM77,000 (2021: RM105,000).

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 2022, the amount of amortisation was RM6,425,000 (2021: RM5,926,000).

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade				
Trade receivables from contracts with customers	89,305	67,440	-	-
Non-trade				
Other receivables	1,700	2,131	-	-
Deposit	1,140	1,391	12	12
	2,840	3,522	12	12
	92,145	70,962	12	12

12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Nominal value RM'000	2022		Nominal value RM'000	2021	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Derivatives at fair value through profit or loss						
- Forward exchange contracts	878	14	-	1,989	13	-

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.



NOTES TO THE FINANCIAL STATEMENTS

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks	21,095	9,661	16,529	-
Cash and bank balances	81,244	94,789	5,044	2,008
Cash and cash equivalents in the statements of financial position/ statements of cash flows	102,339	104,450	21,573	2,008

Included in cash and bank balances of the Group is RM814,000 (2021: RM1,850,000) 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 2022 RM'000	Number of shares 2022 '000	Amount 2021 RM'000	Number of shares 2021 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
Opening balance	268,408	515,321	265,030	510,026
Exercise of ESOS	8,194	14,632	2,965	5,295
Transfer from share option reserve	1,142	-	413	-
Closing balance	277,744	529,953	268,408	515,321

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 14,632,000 (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS

14. CAPITAL AND RESERVES (CONT'D)

14.2 Treasury shares

	Group and Company			
	Amount 2022 RM'000	Number of shares 2022 '000	Amount 2021 RM'000	Number of shares 2021 '000
Ordinary shares				
Opening balance	11,023	21,624	10,904	21,387
Own shares acquired	-	-	119	237
Closing balance	11,023	21,624	11,023	21,624

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 Revaluation reserve

The revaluation reserve relates to revaluation of property, plant and equipment at interval of 5 years. The previous revaluation was carried out in September 2017 and the latest revaluation was done in September 2022.

14.5 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 2020	2,373
Transfer to share capital	(413)
Transfer to retained earnings	(704)
At 30 September 2021/1 October 2021	1,256
Transfer to share capital	(1,142)
Transfer to retained earnings	(59)
At 30 September 2022	55



NOTES TO THE FINANCIAL STATEMENTS

15. LOANS AND BORROWINGS

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Term loans - secured	15.1	31,169	42,788	17,507	22,337
Current					
Bankers' acceptances - unsecured		36,420	25,380	-	-
Revolving credits - secured	15.1	51,000	47,000	14,000	-
Term loans - secured	15.1	11,752	15,371	4,904	3,663
		99,172	87,751	18,904	3,663
		130,341	130,539	36,411	26,000

15.1 Security

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).

16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current Trade					
Trade payables	16.1	5,613	5,613	-	-
Current Trade					
Trade payables	16.1	26,503	37,646	-	-
Non-trade					
Other payables		6,981	6,898	3	4
Deposit received		2,455	1,495	-	-
Accrued expenses		10,901	9,415	682	695
		20,337	17,808	685	699
		46,840	55,454	685	699
		52,453	61,067	685	699

16.1 Included in non-current and current trade payables are the remaining consideration payable for the acquisition of 2 plots of leasehold land amounting to RM5,613,000 (2021: RM5,613,000) and RM5,657,000 (2021: RM5,657,000) respectively, with a discount rate of 4.61% (2021: 3.84%).

NOTES TO THE FINANCIAL STATEMENTS

17. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary is non-trade in nature, unsecured, interest-free and is repayable on demand.

18. PROVISION FOR WARRANTIES

Group	Note	2022 RM'000	2021 RM'000
Opening balance		485	435
Provisions made during the financial year	20	302	363
Provisions used during the financial year		(272)	(313)
Closing balance		515	485

The provision for warranties relates to electrical home appliances sold 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.

19. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers	366,051	333,546	-	-
Other revenue				
- Rental income from investment properties	3,929	4,476	528	528
- Dividend income	-	-	37,307	15,593
Total revenue	369,980	338,022	37,835	16,121

19.1 Disaggregation of revenue from contracts with customers

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Major products and services				
Sales of goods	339,759	311,474	-	-
Sales of development properties	8,499	7,368	-	-
Sales of developed properties	17,793	14,704	-	-
	366,051	333,546	-	-
Timing and recognition				
At a point in time	352,149	325,572	-	-
Over time	13,902	7,974	-	-
	366,051	333,546	-	-



NOTES TO THE FINANCIAL STATEMENTS

19. REVENUE (CONT'D)

19.2 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.

NOTES TO THE FINANCIAL STATEMENTS

19. REVENUE (CONT'D)

19.3 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	2023 RM'000
2022	
Sales of goods (over time)	16,485
Sales of development properties	2,874
	19,359
2021	
Sales of development properties	4,680

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.

19.4 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 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

20. RESULTS FROM OPERATING ACTIVITIES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Results from operating activities are arrived at after charging/(crediting):					
Auditors' remuneration					
Audit fees					
- KPMG PLT		366	333	68	62
- other auditors		55	54	-	-
Non-audit fees					
-KPMG PLT		17	17	10	10
Material expenses/(income)					
Bad debts recovery		-	(51)	-	-
Depreciation of:					
- property, plant and equipment	3	2,552	2,703	1	1
- right-of-use assets	4	27	148	-	-
Change in fair value recognised in profit or loss		-	175	(600)	-
Gain on disposal of property, plant and equipment		(51)	(65)	-	-
Gains on foreign exchange:					
- realised		(252)	(114)	-	-
Government grants - job support scheme		-	(155)	-	-
Losses/(Gains) on derivative financial instruments:					
- realised		13	(9)	-	-
- unrealised		(14)	(13)	-	-
Losses on foreign exchange:					
- realised		2	40	-	-
- unrealised		15	-	-	-
Personnel expenses (including key management personnel):					
- contributions to Employees Provident Fund		4,180	4,142	-	-
- wages, salaries and others		32,301	31,446	-	-
Property, plant and equipment written off		1	1	-	-
Loss in other investments		40	-	-	-
Provision for warranties	18	302	363	-	-
Expenses arising from leases					
Expenses relating to short-term leases	a	859	29	-	-
Expenses relating to leases of low-value assets	a	12	12	-	-
Net gain on impairment of financial instruments					
Financial assets at amortised cost		(316)	(237)	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS

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:

Date of offer	Exercise price RM	Number of options over ordinary shares			
		At 1.10.2021	Exercised	Forfeited	At 30.9.2022
12 May 2016	0.56	15,085,000	(13,697,000)	(725,000)	663,000
15 May 2017	0.56	1,000,000	(935,000)	(35,000)	30,000
		16,085,000	(14,632,000)	(760,000)	693,000



NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS (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:

	2022		2021	
	Exercise price RM	Number of options (‘000)	Exercise price RM	Number of options (‘000)
Outstanding at 1 October	0.56	16,085	0.56	22,245
Forfeited	0.56	(760)	0.56	(865)
Exercised	0.56	(14,632)	0.56	(5,295)
Outstanding at 30 September	0.56	693	0.56	16,085
Exercisable at 30 September	0.56	693	0.56	16,085

The options outstanding at 30 September 2022 have an exercise price of RM0.56 (2021: 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, 14,632,000 (2021: 5,295,000) share options were exercised. The fair values at the date of exercise for the financial year were RM0.595 – RM1.140 (2021: RM0.585 - RM0.730) per ordinary share.

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

22. FINANCE INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Recognised in profit or loss				
Interest income of financial assets calculated using the effective interest method that are at amortised cost	1,661	2,033	4,421	4,853

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 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	-	-	7	198
- Bankers' acceptance	973	1,058	-	-
- Revolving credits	2,218	2,287	743	1,483
- Term loan	1,920	2,509	935	958
	5,111	5,854	1,685	2,639
Interest expense on lease liabilities	2	6	-	-
Total interest expense	5,113	5,860	1,685	2,639
Other finance costs	365	397	1	2
	5,478	6,257	1,686	2,641



NOTES TO THE FINANCIAL STATEMENTS

24. 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 during the financial year was as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company				
Executive:				
- Fees	268	268	148	148
- Remuneration	1,945	1,887	9	9
- Defined contribution plan	310	300	-	-
- Gratuity	50	-	50	-
- Estimated monetary value of benefits- in-kind	52	48	-	-
	2,625	2,503	207	157
Non-Executive:				
- Fees	479	479	359	359
- Remuneration	25	25	25	25
- Gratuity	100	30	100	30
	604	534	484	414
	3,229	3,037	691	571
Other key management personnel				
Remuneration	2,356	2,180	-	-
Other short-term employee benefits (including estimated monetary value of benefits- in-kind)	871	1,017	-	-
	3,227	3,197	-	-
	6,456	6,234	691	571

NOTES TO THE FINANCIAL STATEMENTS

25. TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Tax expense	15,496	16,067	895	604
Major components of income tax expense include:				
Income tax expense				
Malaysian				
- Current year	14,924	14,762	751	604
- (Over)/Under provision in prior year	(82)	1,031	-	-
Overseas				
- Current year	170	192	-	-
- Over provision in prior year	-	(65)	-	-
Total income tax recognised in profit or loss	15,012	15,920	751	604
Deferred tax expense (Note 9)				
Origination and reversal of temporary differences	531	148	144	-
Over provision in prior year	(47)	(1)	-	-
Total deferred tax recognised in profit or loss	484	147	144	-
Total tax expense	15,496	16,067	895	604
Reconciliation of tax expense				
Profit before tax	56,604	53,613	40,138	17,461
Income tax using Malaysian tax rate of 24%	13,585	12,867	9,633	4,191
Effect of tax rates in foreign jurisdiction*	(78)	(96)	-	-
Non-deductible expenses	1,046	712	72	155
Current year losses for which no deferred tax assets was recognised	1,127	1,731	-	-
Tax exempt income	(55)	(130)	(8,954)	(3,742)
Effect of change in fair value of investment properties	-	18	144	-
(Over)/Under provision in prior year	15,625	15,102	895	604
	(129)	965	-	-
	15,496	16,067	895	604
Income tax recognised directly in equity				
Revaluation of property, plant and equipment	2,152	-	-	-

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



NOTES TO THE FINANCIAL STATEMENTS

26. 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	2022	2021
RM'000		
Profit for the financial year attributable to owners of the Company	36,842	34,501
'000		
Weighted average number of ordinary shares at 30 September	500,734	491,107
Sen		
Basic earnings per ordinary share	7.36	7.03

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	2022	2021
'000		
Weighted average number of ordinary shares at 30 September (basic)	500,734	491,107
Effect of share options on issue	270	1,733
Weighted average number of ordinary shares at 30 September (diluted)	501,004	492,840
Sen		
Diluted earnings per ordinary share	7.35	7.00

27. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2022			
Final 2021 ordinary	2.20	10,914	8 April 2022
2021			
Final 2020 ordinary	1.75	8,612	5 April 2021
First interim 2021 ordinary	1.00	4,933	28 September 2021
		13,545	

The Directors do not recommend any final dividend to be paid for the financial year ended 30 September 2022.

NOTES TO THE FINANCIAL STATEMENTS

28. 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 Chief Executive Officer (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 | Long-term investment in quoted and unquoted shares and property investment |

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 Chief Executive Officer. 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 Chief Executive Officer. 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 Chief Executive Officer. Segment total liabilities are used to measure the gearing of each segment



NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (CONT'D)

	Trading and services		Property development		Investment holding and property investment			Total	
	2022	2021	2022	2021	2022	2021	2022	2021	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	52,690	55,023	6,893	1,504	40,568	19,143	100,151	75,670	
Included in the measure of segment profit are:									
Revenue from external customers	339,759	311,474	26,292	22,072	3,929	4,476	369,980	338,022	
Inter-segment revenue	-	9	-	6,622	39,216	17,495	39,216	24,126	
Inventories written down and written off	(28)	(617)	-	(2,712)	-	-	(28)	(3,329)	
Not included in the measure of segment profit but provided to Chief Executive Officer:									
Depreciation									
- property, plant and equipment	(1,796)	(1,852)	(23)	(41)	(54)	(131)	(1,873)	(2,024)	
- right-of-use assets	(27)	(148)	-	-	-	-	(27)	(148)	
Interest expense	(1,499)	(1,698)	(6,269)	(6,365)	(2,975)	(3,852)	(10,743)	(11,915)	
Interest income	3,853	4,219	96	132	3,342	3,740	7,291	8,091	
Segment assets	391,928	377,431	370,422	377,023	455,954	407,367	1,218,304	1,161,821	
Included in the measure of segment assets are:									
Deferred tax assets	330	356	4,954	4,987	-	-	5,284	5,343	
Current tax assets	658	357	656	952	53	34	1,367	1,343	
Segment liabilities	(103,952)	(91,098)	(208,421)	(214,375)	(77,579)	(88,069)	(389,952)	(393,542)	

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (CONT'D)

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

Profit or loss	2022 RM'000	2021 RM'000
Total profit or loss for reportable segments	100,151	75,670
Elimination of inter-segment profits	(37,516)	(15,379)
Depreciation	(2,579)	(2,851)
Interest expense	(5,113)	(5,860)
Interest income	1,661	2,033
Consolidated profit before tax	56,604	53,613

	External revenue RM'000	Depreciation RM'000	Interest expense RM'000	Interest income RM'000	Segment assets RM'000	Segment liabilities RM'000
2022						
Total reportable segments	369,980	(1,900)	(10,743)	7,291	1,218,304	(389,952)
Elimination of inter-segment transactions and balances	-	(679)	5,630	(5,630)	(409,673)	180,375
Consolidated total	369,980	(2,579)	(5,113)	1,661	808,631	(209,577)
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)

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.



NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS

29.1 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")

2002	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group			
Financial assets			
Trade and other receivables	92,145	92,145	-
Cash and cash equivalents	102,339	102,339	-
Derivative financial assets	14	-	14
	194,498	194,484	14
Financial liabilities			
Loans and borrowings	(130,341)	(130,341)	-
Trade and other payables	(52,453)	(52,453)	-
	(182,794)	(182,794)	-
Company			
Financial assets			
Amount due from subsidiaries	135,775	135,775	-
Trade and other receivables	12	12	-
Cash and cash equivalents	21,573	21,573	-
	157,360	157,360	-
Financial liabilities			
Loans and borrowings	(36,411)	(36,411)	-
Trade and other payables	(685)	(685)	-
	(37,096)	(37,096)	-

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Categories of financial instruments (cont'd)

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)	-

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) on:				
Financial assets/(liabilities) at fair value through profit or loss mandatorily required by MFRS 9	1	22	-	-
Financial assets at amortised cost	1,937	2,321	4,421	4,853
Financial liabilities at amortised cost	(4,876)	(5,780)	(1,685)	(2,639)
	(2,938)	(3,437)	2,736	2,214



NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.3 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

29.4 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.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

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.

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 RM51,598,000 (2021: RM41,905,000) 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.



NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

Property development segment (cont'd)

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.

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
2022			
Not past due	74,847	-	74,847
Past due 1 - 60 days	18,341	-	18,341
Past due 61 - 90 days	777	(74)	703
Past due more than 90 days	3,296	(122)	3,174
	97,261	(196)	97,065
Credit impaired			
Individually impaired	1,721	(1,721)	-
	98,982	(1,917)	97,065
Trade receivables	91,222	(1,917)	89,305
Contract assets	7,760	-	7,760
	98,982	(1,917)	97,065



NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

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

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 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 2021/1 October 2021	210	3,175	3,385
Amounts written off	-	(1,203)	(1,203)
Net remeasurement of loss allowance	(14)	(301)	(315)
Effect of movements in exchange rates	-	50	50
Balance at 30 September 2022	196	1,721	1,917

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.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

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.

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
2022			
Low credit risk	1,700	-	1,700
Credit impaired	18	(18)	-
	1,718	(18)	1,700
2021			
Low credit risk	2,131	-	2,131
Credit impaired	137	(137)	-
	2,268	(137)	2,131



NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Other receivables (cont'd)

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 2020	155
Amounts written off	(3)
Net remeasurement of loss allowance	(15)
Balance at 30 September 2021/1 October 2021	137
Amounts written off	(118)
Net remeasurement of loss allowance	(1)
Balance at 30 September 2022	18

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 RM61,929,000 (2021: RM72,539,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Financial guarantees (cont'd)

Recognition and measurement of impairment loss (cont'd)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss (cont'd)

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
2022			
Low credit risk	135,775	-	135,775
2021			
Low credit risk	107,075	-	107,075

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.

29.5 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.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 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
2022					
<i>Non-derivative financial liabilities</i>					
Revolving credit - secured	51,000	3.58 - 4.61	51,000	51,000	-
Bankers' acceptances - unsecured	36,420	2.60 - 3.65	36,420	36,420	-
Term loans - secured	42,921	3.69 - 4.61	46,439	13,347	33,092
Lease liabilities	50	3.00	51	29	22
Trade and other payables					
- land acquisition consideration payable	11,270	4.61	12,750	5,875	6,875
- others	41,183		41,183	41,183	-
	182,844		187,843	147,854	39,989
<i>Derivative financial liabilities</i>					
Forward exchange contracts (gross settled):					
Inflow	(14)	-	(892)	(892)	-
Outflow	-	-	878	878	-
	182,830		187,829	147,840	39,989
2021					
<i>Non-derivative financial liabilities</i>					
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
<i>Derivative financial liabilities</i>					
Forward exchange contracts (gross settled):					
Inflow	(13)	-	(2,002)	(2,002)	-
Outflow	-	-	1,989	1,989	-
	191,667		197,977	145,271	52,706



NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000
2022					
<i>Non-derivative financial liabilities</i>					
Term loans - secured	22,411	3.69 - 4.19	24,547	5,766	18,781
Revolving credit - secured	14,000	3.58 - 4.36	14,000	14,000	-
Financial guarantee	-	-	61,929	61,929	-
Trade and other payables	685	-	685	685	-
	37,096		101,161	82,380	18,781
2021					
<i>Non-derivative financial liabilities</i>					
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

29.6 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.

29.6.1 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").

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.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market risk (cont'd)

29.6.1 Currency risk (cont'd)

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:

Group	2022		2021	
	Denominated in USD RM'000	Denominated in CNY RM'000	Denominated in USD RM'000	Denominated in CNY RM'000
Balances recognised in the statement of financial position				
Trade payables	1,442	3,525	2,624	3,722
Foreign exchange contracts	(2)	(12)	(12)	(1)
Net exposure	1,440	3,513	2,612	3,721

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% (2021: 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.

Group	Profit or loss	
	2022 RM'000	2021 RM'000
USD	109	199
CNY	267	283
	376	482

A 10% (2021: 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.



NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market risk (cont'd)

29.6.2 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate instruments				
Financial assets	21,095	9,661	16,529	-
Financial liabilities	(36,470)	(25,454)	-	-
	(15,375)	(15,793)	16,529	-
Floating rate instruments				
Financial assets	-	-	135,775	107,075
Financial liabilities	(93,921)	(105,159)	(36,411)	(26,000)
	(93,921)	(105,159)	99,364	81,075

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Floating rate instruments				
100 bp increase	(714)	(799)	755	616
100 bp decrease	714	799	(755)	(616)

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 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 instruments				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
2022					
Financial assets					
Financial instruments carried at fair value					
Forward exchange contracts	-	14	-	14	14
Financial liabilities					
Financial instruments not carried at fair value					
Trade payables - non-current	-	-	(5,613)	(5,613)	(5,613)
Term loans	-	-	(42,921)	(42,921)	(42,921)
	-	-	(48,534)	(48,534)	(48,534)
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)



NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 Fair value information (cont'd)

Company	Fair value of financial instruments				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
2022					
Financial assets					
Financial instruments not carried at fair value					
Amount due from subsidiaries	-	-	135,775	135,775	135,775
Financial liabilities					
Financial instruments not carried at fair value					
Term loans	-	-	(22,411)	(22,411)	(22,411)
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)

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.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 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.

30. 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 2021, was to maintain the gearing ratio of below 1. The gearing ratios at 30 September 2022 and 30 September 2021 were as follows:

Group	2022 RM'000	2021 RM'000
Total loans and borrowings (Note 15)	130,341	130,539
Lease liabilities	50	74
Less: Cash and cash equivalents (Note 13)	(102,339)	(104,450)
Net debt	28,052	26,163
Total equity attributable to owners of the Company	578,568	532,384
Gearing ratio (times)	0.05	0.05

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.



NOTES TO THE FINANCIAL STATEMENTS

31. 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 and Note 17.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
A. Associate				
Purchases	(4,552)	(4,961)	-	-
B. Subsidiaries				
Dividend received	-	-	37,307	15,593
Rental received	-	-	528	528
Interest received	-	-	4,279	4,843
Interest paid	-	-	(7)	(198)
Net advances given	-	-	(26,950)	(4,980)

Key management personnel compensation is disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

32. SIGNIFICANT EVENT

During the year, one of the major shareholders has disposed of his shares to Signature International Berhad (“SIB”) (120,000,000 ordinary shares) and Divine Inventions Sdn. Bhd. (30,000,000 ordinary shares) via Share Sale Agreements. The disposals have been completed on 26 September 2022 and SIB became the major shareholder of the Group.

33. SUBSEQUENT EVENTS

(a) Exercise of ESOS

Subsequent to the financial year end, a total of 220,000 new ordinary shares were issued pursuant to the exercise of ESOS at an option price of RM0.56 per ordinary share.

(b) Repurchase of the Company’s shares

Subsequent to the financial year end, the Company repurchased 20,000,000 of its own shares from the open market at an average price of RM0.974 per share including transaction costs. The total consideration paid was approximately RM19,484,000.

(c) Liquidation of its subsidiary, Enex Sdn. Bhd. (“Enex”)

On 6 December 2022, the liquidator of Enex has lodged the Return by Liquidator relating to final meeting pursuant to Section 459(3) of the Companies Act 2016 (“Notice Section 459(3)”) with the Companies Commission of Malaysia (“CCM”) and the Official Receiver. Pursuant to Section 459(5) of the Companies Act 2016, Enex shall be dissolved on the expiration of three months after the lodgement of Notice Section 459(3) with the CCM and the Official Receiver.



FINANCIAL
STATEMENTS



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 59 to 146 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 2022 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:

.....
Datuk Seri Chiau Beng Teik, JP
Director

.....
Chiau Haw Choon
Director

Kuala Lumpur

Date: 6 January 2023

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Chin Mee Foon**, the Officer primarily responsible for the financial management of Fiamma Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 146 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 6 January 2023.

.....
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 2022 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 59 to 146.

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 2022, 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIAMMA HOLDINGS BERHAD

(Registration No. 198201008992 (88716-W))

(Incorporated in Malaysia)

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.

Revenue recognition on sales of goods and developed properties	
Refer to Note 2(o)(i) - Significant accounting policy: Revenue and Note 19 - Revenue	
The key audit matter	How the matter was addressed in our audit
<p>The Group recorded revenue from contracts with customers amounting to RM366.1 million.</p> <p>Revenue recognition from contracts with customers is identified as a key audit matter because significant judgements were applied in revenue recognition, amongst others include:</p> <ul style="list-style-type: none"> • Probability of collection of consideration from customers, especially for sales of developed properties to cash purchasers 	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • 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
<p>Included in inventories of the Group as at 30 September 2022 are unsold completed properties amounting to RM193.4 million.</p> <p>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.</p> <p>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.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • 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)

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.

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.

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 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.
- 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.



ADDITIONAL
INFORMATION

LIST OF PROPERTIES OWNED BY THE GROUP

as at 30 September 2022

Location	Description/ Existing Use	Tenure	Date of Acquisition	Age of Building	Date of Last Revaluation	Approximate Land / Built-up Area	Net Book Value (RM'000)
Fiamma Holdings Berhad							
1. Lot 13, Jalan E1/5 Taman Usaha Ehsan 52100 Kepong Selangor Darul Ehsan	Office cum service centre	Leasehold (99 years, expiring on 09/07/2078)	20/06/1983	38 years	30/09/2022	19,849 sq.ft.	9,000
Affluent Crafts Sdn Bhd							
2. 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
FHB Management Sdn Bhd							
3. No. 20, Jalan 7A/62A Bandar Menjalara 52200 Kuala Lumpur	11 storey office building with 301 car park bays	Leasehold (99 years, expiring on 13/06/2118)	16/03/2015*	17 years 10 months	30/09/2022	155,786 sq.ft.	45,676
4. 360, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur	15 units office suite and 3 retail lots with 383 car park bays	Freehold	26/04/2013 & 14/08/2013	7 years 7 months	30/09/2020	61,891 sq.ft.	53,165
Fiamma Land Sdn Bhd							
5. 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.	54,216
Kingston Medical Supplies (Private) Limited							
6. 35, Tannery Road #11-01/02, Tannery Block Ruby Industrial Complex 347740 Singapore	Office and warehouse	Freehold	21/07/2014	39 years 10 months	30/09/2021	4,886 sq.ft.	8,350

LIST OF PROPERTIES OWNED BY THE GROUP as at 30 September 2022

Location	Description/ Existing Use	Tenure	Date of Acquisition	Age of Building	Date of Last Revaluation	Approximate Land / Built-up Area	Net Book Value (RM'000)
Fiamma Logistics Sdn Bhd							
7. No. 16, Jalan Astana 1/KU2 Bandar Bukit Raja 41050 Klang Selangor Darul Ehsan	Warehouse	Freehold	16/05/2014	7 years	30/09/2022	273,567 sq.ft.	70,000
Fiamma Properties Sdn Bhd							
8. 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.	60,646
Fiamma Trading Sdn Bhd							
9. No. 23, Jalan TTR 6A/1 Taman Tasik Residensi Rawang, 48000 Selangor Darul Ehsan	Landed residential property	Leasehold (99 years, expiring on 11/10/2108)	04/04/2018	6 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 Darul Ehsan	Stratified ground floor shop	Leasehold (99 years, expiring on 3/12/2102)	04/04/2018	12 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

as at 30 December 2022

Issued Share Capital : 530,173,884 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 Share held	% of Issued Capital
Less than 100 shares	150	5.10	3,181	0.00
100 to 1,000 shares	324	11.02	151,088	0.03
1,001 to 10,000 shares	1,512	51.45	7,513,332	1.54
10,001 to 100,000 shares	774	26.34	26,227,920	5.37
100,001 to 24,427,473 shares (*)	173	5.89	205,703,623	42.10
24,427,474 shares and above (**)	6	0.20	248,950,340	50.96
Total	2,939	100.00	488,549,484[#]	100.00

Notes:

* - Less than 5% of issued shares

** - 5% and above of issued shares

- Excluding a total of 41,624,400 shares bought-back by the Company and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS AS AT 30 DECEMBER 2022

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%*	No. of Shares Held	%*
Signature International Berhad	120,000,000	24.56	-	-
Casa Holdings Limited	74,889,900	15.33	-	-
Divine Inventions Sdn. Bhd.	30,000,000	6.14	120,000,000 [@]	24.56
Perdana Padu Sdn. Bhd.	28,615,440	5.86	-	-
Ngo Wee Bin	25,388,000	5.20	-	-
Lim Soo Kong (Lim Soo Chong)	14,793,300	3.03	74,889,900 [#]	15.33
PP Chin Hin Realty Sdn. Bhd.	-	-	150,000,000 [^]	30.70
Datuk Seri Chiau Beng Teik, JP	-	-	150,000,000 [^]	30.70
Datin Seri Wong Mee Leng	-	-	150,000,000 [^]	30.70
Chiau Haw Choon	-	-	150,000,000 [^]	30.70
Chin Hin Group Berhad	-	-	120,000,000 [@]	24.56
Hu Zhong Huai	-	-	74,889,900 [#]	15.33

Notes:

@ Deemed interested by virtue of their interests in Signature International Berhad.

Deemed interested by virtue of their interests in Casa Holdings Limited.

^ Deemed interested by virtue of their interests in Signature International Berhad and Divine Inventions Sdn. Bhd.

* Excluding a total of 41,624,400 shares bought-back by the Company and retained as treasury shares.

DIRECTORS' SHAREHOLDINGS AS AT 30 DECEMBER 2022

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%*	No. of Shares Held	%*
Datuk Seri Chiau Beng Teik, JP	-	-	150,000,000	30.70 [^]
Chiau Haw Choon	-	-	150,000,000	30.70 [^]
Stefan Matthieu Lim Shing Yuan	-	-	-	-
Dato' Yong Lei Choo	-	-	-	-
Khor Hun Nee	-	-	-	-
Nordin Bin Ahmad	-	-	-	-

Notes:

^ Deemed interested by virtue of their interests in Divine Inventions Sdn. Bhd. and Signature International Berhad.

* Excluding a total of 41,624,400 shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS as at 30 December 2022

THIRTY LARGEST SHAREHOLDERS AS AT 30 DECEMBER 2022

No.	Name	Holdings	
		No. of Shares	% *
1	M & A Nominee (Tempatan) Sdn Bhd (Al Rajhi Banking & Investment Corporation (Malaysia) Bhd – Pledged Securities Account for Signature International Berhad)	90,000,000	18.42
2	Casa Holdings Limited	48,489,900	9.92
3	AMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account – AmBank Islamic Berhad for Signature International Berhad)	30,000,000	6.14
4	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Perdana Padu Sdn Bhd)	28,615,440	5.86
5	CGS-CIMB Nominees (Asing) Sdn Bhd (Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd.)	26,457,000	5.42
6	Ngo Wee Bin	25,388,000	5.20
7	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Divine Inventions Sdn. Bhd.)	17,000,000	3.48
8	MayBank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Desiran Realliti Sdn Bhd)	15,710,000	3.22
9	Lim Soo Kong (Lim Soo Chong)	14,793,300	3.03
10	AMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account – AmBank (M) Berhad for Divine Inventions Sdn. Bhd.)	13,000,000	2.66
11	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Corak Kukuh Sdn Bhd)	12,284,560	2.51
12	UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teo Siew Lai)	8,156,700	1.67
13	HSBC Nominees (Asing) Sdn Bhd (Societe Generale Paris)	7,463,900	1.53
14	Teo Kwee Hock	6,406,200	1.31
15	AmanahRaya Trustees Berhad (PMB Shariah Aggressive Fund)	6,300,000	1.29
16	MayBank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Toh Su See)	5,577,200	1.14
17	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Hook)	5,000,000	1.02
18	CIMB Group Nominees (Asing) Sdn. Bhd. (Exempt AN for DBS Bank Ltd)	4,649,600	0.95
19	AMSEC Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad)	4,000,000	0.82
20	HSBC Nominees (Asing) Sdn Bhd (J.P. Morgan Securities PLC)	3,307,500	0.68
21	Apex Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Ong Kah Hoe)	3,000,000	0.61
22	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ong Kah Hoe)	3,000,000	0.61
23	MayBank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Beng Hoo)	2,920,900	0.60
24	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Sor Yee)	2,652,200	0.54
25	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Wai Yee)	2,350,000	0.48
26	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Wai Yee)	2,130,000	0.44
27	Lim Choo Hong	2,096,068	0.43
28	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Gan Sheng Yih)	2,068,200	0.42
29	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Hwa Sing)	2,000,000	0.41
30	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teoh Hai Hin)	2,000,000	0.41
TOTAL		396,816,668	81.22

Note :

* Excluding a total of 41,624,400 shares bought-back by the Company and retained as treasury shares



ADDITIONAL
INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fortieth 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 Thursday, 23 February 2023 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 2022 together with the Reports of the Directors and the Auditors thereon.

(Please refer to Note 12)

2. To approve the payment of Directors' fees to the Directors of the Company and its subsidiaries amounting to RM746,400 only for the financial year ended 30 September 2022.

Ordinary Resolution 1

3. To approve the Directors' fees and benefits payable to Directors of the Company and its subsidiaries up to an aggregate amount of RM850,000 only for the financial year ending 30 September 2023 and up to the date of the next Annual General Meeting ("**AGM**") of the Company, to be paid monthly in arrears.

Ordinary Resolution 2

4. To re-elect Mr Stefan Matthieu Lim Shing Yuan who is retiring pursuant to Clause 95 of the Constitution of the Company and, being eligible, has offered himself for re-election.

Ordinary Resolution 3

5. To re-elect the following Directors who are retiring pursuant to Clause 102 of the Constitution of the Company and, being eligible, have offered themselves for re-election:-

- (i) Datuk Seri Chiau Beng Teik, JP
- (ii) Mr Chiau Haw Choon
- (iii) Dato' Yong Lei Choo
- (iv) Ms Khor Hun Nee
- (v) Encik Nordin Bin Ahmad

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

Ordinary Resolution 8

6. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 9

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

7. **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.

NOTICE OF ANNUAL GENERAL MEETING

THAT in connection with the above, pursuant to Section 85 of the Act and Clause 10 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares pursuant to this mandate by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

Ordinary Resolution 10

8. **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**”) (“**Listing Requirements**”) 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,



NOTICE OF ANNUAL 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
- (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 11

9. To transact any other business for which due notice shall have been given.

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: 20 January 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Fortieth 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 Fortieth AGM for Shareholders on the procedures to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue of the Fortieth AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be present at the main venue of the meeting. No shareholders/proxies/corporate representatives will be allowed to attend the Fortieth AGM at the Broadcast Venue.
3. Members may submit questions to the Board of Directors prior to the Fortieth 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 Tuesday, 21 February 2023 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 Listing Requirements, 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 2023 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 Fortieth 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.



NOTICE OF ANNUAL GENERAL MEETING

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 1 and 2 on Directors' fees and benefits payable to Directors**

Payment of Directors' fees and benefits under Section 230(1) of the Act provides amongst others, that the Directors' fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

Details of the Directors' fees for the financial year ended 30 September 2022 is disclosed in the Corporate Governance Report 2022.

The proposed Directors' fees and benefits payable to the Directors of the Company and its subsidiaries for the financial year ending 30 September 2023 and up to the date of next AGM are as follows:-

	Amount (RM)
Directors' fees	750,000
Benefits payable to the Directors	100,000
	850,000

In determining the estimated Directors' fees and benefits payable to the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board and Board Committees, current Board size and provisional sum as a contingency for future appointment of Directors on the Board.

Payment of Directors' fees will be made by the Company on a monthly basis, whereas the benefits will be paid as and when incurred. The Board is of the view that it is just and equitable for the Directors' fees to be paid on monthly basis when the Directors have discharged their responsibilities and rendered their services to the Company.

(ii) **Ordinary Resolutions 3, 4, 5, 6, 7 and 8 on Re-election of Directors**

The profiles of the Directors who are standing for re-election as per Agenda items 4 and 5 are set out in the Board of Directors' profile of the Annual Report 2022.

The performance, contribution, effectiveness and independence (as the case may be) of the retiring Directors, namely Mr Stefan Matthieu Lim Shing Yuan, Datuk Seri Chiau Beng Teik, JP, Mr Chiau Haw Choon, Dato' Yong Lei Choo, Ms Khor Hun Nee and Encik Nordin Bin Ahmad (collectively "**Retiring Directors**") have been assessed by the Nomination Committee ("**NC**"). In addition, the NC has also conducted an assessment on the fitness and propriety of the Retiring Directors including the review of their fit and proper declarations and results of their background checks in accordance with the Fit & Proper Policy. The Retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election.

NOTICE OF ANNUAL GENERAL MEETING

Based on the recommendation of NC, the Board endorsed the same, having been satisfied with performance as well as fitness and propriety of the Retiring Directors.

(iii) **Ordinary Resolution 10 - Authority pursuant to Section 76 of the Act for the Directors to Allot and Issue Shares**

The Company had, at the Thirty-Ninth AGM held on 23 February 2022, 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 10 proposed under item 7 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 10, 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.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 10 of the Company's Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to the issuance of new shares in the Company under the General Mandate.

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.

(iv) **Ordinary Resolution 11 - Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares**

The explanatory notes on Ordinary Resolution 11 are set out in the Statement to Shareholders dated 20 January 2023.

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 FORTIETH ANNUAL GENERAL MEETING

Date : Thursday, 23 February 2023
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

Although Malaysia is now in endemic phase of Covid-19, the country continues to exercise prudence amid the ongoing risks associated with the transmission of virus. In view thereof, for the health and safety of our shareholders, the Fortieth Annual General Meeting (“40th 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.**

Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to physically attend the 40th AGM at the Broadcast Venue.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection. Hence, you are advised to ensure that the internet connectivity throughout the duration of 40th AGM is maintained.

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 40th 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 40th 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 40th AGM is a virtual AGM, shareholders who are unable to participate in the 40th AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

ADMINISTRATIVE GUIDE FOR THE FORTIETH ANNUAL GENERAL MEETING

PROCEDURES FOR RPV FACILITIES

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate in the 40th AGM remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

Procedure	Action
BEFORE THE 40TH AGM DAY	
(a) Register as user with TIIH Online	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Registration is open from 10.00 a.m., Thursday, 26 January 2023 until the day of 40th AGM on Thursday, 23 February 2023. 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 40th AGM via the RPV facilities. Login with your user ID and password and select the corporate event: “(REGISTRATION) FIAMMA 40TH 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 2023, an email notification will be sent to you after 21 February 2023 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. <i>(Note: Please allow additional time for the approval as new user of TIIH Online and registration for RPV facilities.)</i>
ON THE DAY OF THE 40TH AGM (23 FEBRUARY 2023)	
(c) Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for the remote participation at the 40th AGM from 10.30 a.m. i.e. one (1) hour before the commencement of the 40th AGM on Wednesday, 23 February 2023 at 11.30 a.m.
(d) Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) FIAMMA 40TH AGM” to participate in the proceedings of the 40th 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 40th 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	<ul style="list-style-type: none"> Voting session commences from 11.30 a.m. on Wednesday, 23 February 2023 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) FIAMMA 40TH 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	<ul style="list-style-type: none"> The live streaming will end upon the announcement by the Chairman on the closure of the 40th AGM.



ADMINISTRATIVE GUIDE FOR THE FORTIETH ANNUAL GENERAL MEETING

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 2023 shall be entitled to attend the 40th 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 40th 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 **Tuesday, 21 February 2023 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 **Tuesday, 21 February 2023 at 11.30 a.m.** to participate in the 40th 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 to participate via RPV facilities in the 40th 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.
- (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.

ADMINISTRATIVE GUIDE FOR THE FORTIETH ANNUAL GENERAL MEETING

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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "FIAMMA 40TH 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	<ul style="list-style-type: none"> 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. <p>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.</p>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> Login to TIIH Online website at https://tiih.online. Select the corporate event: "FIAMMA 40TH 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 FORTIETH ANNUAL GENERAL MEETING

POLL VOTING

The voting at the 40th 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 Thursday, 23 February 2023** 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 40th 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 40th 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 **Tuesday, 21 February 2023 at 11.30 a.m.** The Board will endeavour to answer the questions received at the 40th AGM.

DOOR GIFT/FOOD VOUCHER

There will be no door gifts nor food vouchers for attending the 40th AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography of the proceedings of 40th AGM are strictly prohibited.

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

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Proxy Form



FIAMMA HOLDINGS BERHAD

(Registration No.: 198201008992 (88716-W))

(Incorporated in Malaysia)

CDS account no. of authorised nominee

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 Fortieth 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, Wilayah Persekutuan Kuala Lumpur, Malaysia on Thursday, 23 February 2023 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 approve the payment of Directors' fees to the Directors of the Company and its subsidiaries amounting to RM746,400 only for the financial year ended 30 September 2022.	Ordinary Resolution 1		
2.	To approve the Directors' fees and benefits payable to Directors of the Company and its subsidiaries up to an aggregate amount of RM850,000 only for the financial year ending 30 September 2023 and up to the date of the next AGM of the Company, to be paid monthly in arrears.	Ordinary Resolution 2		
3.	Re-election of Mr Stefan Matthieu Lim Shing Yuan as Director	Ordinary Resolution 3		
4.	Re-election of Datuk Seri Chiau Beng Teik, JP as Director	Ordinary Resolution 4		
5.	Re-election of Mr Chiau Haw Choon as Director	Ordinary Resolution 5		
6.	Re-election of Dato' Yong Lei Choo as Director	Ordinary Resolution 6		
7.	Re-election of Ms Khor Hun Nee as Director	Ordinary Resolution 7		
8.	Re-election of Encik Nordin Bin Ahmad as Director	Ordinary Resolution 8		
9.	To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 9		
10.	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares	Ordinary Resolution 10		
11.	Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares	Ordinary Resolution 11		

* 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.)

Signature / Common Seal

Number of shares held: _____

Date: _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	_____ %
Proxy 2	_____ %
Total	_____ 100%

Notes:

1. The Fortieth 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 TIH Online website at <https://tjih.online>. Please refer to the Administrative Guide of Fortieth AGM for Shareholders on the procedures to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue of the Fortieth AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be present at the main venue of the meeting. No shareholders/proxies/corporate representatives will be allowed to attend the Fortieth AGM at the Broadcast Venue.
3. Members may submit questions to the Board of Directors prior to the Fortieth AGM via Tricor’s TIH Online website at <https://tjih.online> by selecting “e-Services” to login and submit questions electronically no later than 11.30 a.m. on Tuesday, 21 February 2023 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 notorially 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 TIH Online at <https://tjih.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 2023 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 Fortieth 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.

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 20 January 2023.

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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

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www.fiamma.com.my

FIAMMA HOLDINGS BERHAD

Registration No.: 198201008992 (88716-W)

Wisma Fiamma, No. 20, Jalan 7A/62A, Bandar Manjalara, 52200 Kuala Lumpur.

Tel : 03 62798888 Fax: 03 62798933