

**FIAMMA HOLDINGS BERHAD**

Quarterly Report on consolidated results for the third quarter ended 30 September 2024

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(The figures have not been audited)

|  | NOTE | INDIVIDUAL QUARTER (Q3)                       |   | CUMULATIVE QUARTER (9 MONTHS)                 |  |
|--|------|---|---|---|--|
|  |      | CURRENT YEAR QUARTER<br>30 SEP 2024<br>RM'000 | PRECEDING YEAR CORRESPONDING QUARTER<br>30 SEP 2023<br>RM'000 | CURRENT YEAR TO DATE<br>30 SEP 2024<br>RM'000 | PRECEDING YEAR CORRESPONDING PERIOD<br>30 SEP 2023<br>RM'000 |
| Revenue  |      | 98,589  | -   | 286,363                                       | -  |
| Cost of sales  |      | (69,870)                                      | -   | (205,927)                                     | -  |
| Gross profit   |      | 28,719  | -   | 80,436  | -  |
| Change in fair value of other investments                  |      | (186)   | -   | (9,929)                                       | -  |
| (Loss)/Gain on sales of other investments                  |      | (443)   | -   | 14,353  | -  |
| Operating expenses   |      | (20,367)                                      | -   | (54,838)                                      | -  |
| Finance costs  |      | (1,951)                                       | -   | (5,730)                                       | -  |
| Other operating income                                     |      | 1,252   | -   | 3,159   | -  |
| <b>Profit before tax</b>                                   |      | 7,024   | -   | 27,451  | -  |
| Tax expense  | B5   | (2,726)                                       | -   | (9,423)                                       | -  |
| <b>Profit for the period</b>                               |      | 4,298   | -   | 18,028  | -  |
| <b>Other comprehensive income</b>                          |      |   |   |   |  |
| Foreign exchange translation difference                    |      | (1,105)                                       | -   | (1,164)                                       | -  |
| <b>Total comprehensive income</b>                          |      | 3,193   | -   | 16,864  | -  |
| Profit for the period attributable to:                     |      |   |   |   |  |
| Owners of the Company                                      |      | 4,038   | -   | 16,554  | -  |
| Non-controlling Interest                                   |      | 260   | -   | 1,474   | -  |
| <b>Profit for the period</b>                               |      | 4,298   | -   | 18,028  | -  |
| Total comprehensive income for the period attributable to: |      |   |   |   |  |
| Owners of the Company                                      |      | 3,264   | -   | 15,739  | -  |
| Non-controlling Interest                                   |      | (71)  | -   | 1,125   | -  |
| <b>Total comprehensive income</b>                          |      | 3,193   | -   | 16,864  | -  |
| Basic earnings per share (sen)                             | B11  | 0.76  | -   | 3.12  | -  |
| Diluted earnings per share (sen)                           | B11  | 0.76  | -   | 3.12  | -  |

## Notes:

The financial year end has been changed from 30 September to 31 December. The previous audited financial statements were for the period of fifteen (15) months from 1 October 2022 to 31 December 2023, and thereafter, the financial year end shall be 31 December for each subsequent year. As such, there will be no comparative financial information available for the preceding year corresponding periods.

This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the fifteen-month period ended 31 December 2023.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2024**  
(The figures have not been audited)

|   | NOTE | AS AT<br>30 SEP 2024<br>RM'000 | AS AT<br>31 DEC 2023<br>RM'000 |
|---|------|--------------------------------|--------------------------------|
| <b>ASSETS</b>   |      |                                |                                |
| <b>Non-current assets</b>                                 |      |                                |                                |
| Property, plant and equipment                             |      | 113,183                        | 117,255                        |
| Right-of-use assets                                       |      | 104                            | 140                            |
| Investment properties                                     |      | 79,291                         | 79,291                         |
| Inventories   |      | 156,109                        | 135,072                        |
| Deferred tax assets                                       |      | 4,382                          | 4,703                          |
|   |      | <u>353,069</u>                 | <u>336,461</u>                 |
| <b>Current assets</b>                                     |      |                                |                                |
| Inventories   |      | 247,292                        | 307,451                        |
| Contract assets   |      | 30,703                         | 2,966                          |
| Contract costs  |      | 86,436                         | -                              |
| Trade and other receivables                               |      | 97,371                         | 87,814                         |
| Prepayments   |      | 3,288                          | 655                            |
| Short-term investments - quoted shares                    |      | 72,827                         | 75,587                         |
| Current tax assets  |      | 1,624                          | 1,312                          |
| Cash and cash equivalents                                 |      | 85,477                         | 104,635                        |
|   |      | <u>625,018</u>                 | <u>580,420</u>                 |
| <b>TOTAL ASSETS</b>                                       |      | <b><u>978,087</u></b>          | <b><u>916,881</u></b>          |
| <b>EQUITY</b>   |      |                                |                                |
| Share capital   |      | 286,848                        | 286,848                        |
| Treasury shares   |      | -                              | -                              |
| Reserves and retained earnings                            |      | 401,022                        | 385,283                        |
| <b>Total equity attributable to owners of the Company</b> |      | <u>687,870</u>                 | <u>672,131</u>                 |
| <b>Non-controlling interest</b>                           |      | <u>17,728</u>                  | <u>21,229</u>                  |
| <b>TOTAL EQUITY</b>                                       |      | <b><u>705,598</u></b>          | <b><u>693,360</u></b>          |
| <b>LIABILITIES</b>  |      |                                |                                |
| <b>Non-current liabilities</b>                            |      |                                |                                |
| Loans and borrowings                                      | B7   | 8,175                          | 16,066                         |
| Trade payables  |      | 5,410                          | 5,396                          |
| Lease liabilities   |      | -                              | 120                            |
| Deferred tax liabilities                                  |      | 5,816                          | 5,969                          |
|   |      | <u>19,401</u>                  | <u>27,551</u>                  |
| <b>Current liabilities</b>                                |      |                                |                                |
| Loans and borrowings                                      | B7   | 136,733                        | 109,645                        |
| Trade and other payables                                  |      | 93,029                         | 64,192                         |
| Contract liabilities                                      |      | 20,817                         | 20,275                         |
| Lease liabilities   |      | 121                            | 31                             |
| Provision for warranties                                  |      | 460                            | 425                            |
| Current tax liabilities                                   |      | 1,928                          | 1,402                          |
|   |      | <u>253,088</u>                 | <u>195,970</u>                 |
| <b>TOTAL LIABILITIES</b>                                  |      | <b><u>272,489</u></b>          | <b><u>223,521</u></b>          |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       |      | <b><u>978,087</u></b>          | <b><u>916,881</u></b>          |
| <b>Net assets per share (RM)</b>                          |      | <b><u>1.2973</u></b>           | <b><u>1.2676</u></b>           |

This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the fifteen-month period ended 31 December 2023.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2024**  
(The figures have not been audited)

|  | ----- Non-distributable ----- |                     |                      |                     | Distributable     |                | NON-CONTROLLING INTEREST | TOTAL EQUITY   |
|--|-------------------------------|---------------------|----------------------|---------------------|-------------------|----------------|--------------------------|----------------|
|  | SHARE CAPITAL                 | TRANSLATION RESERVE | SHARE OPTION RESERVE | REVALUATION RESERVE | RETAINED EARNINGS | TOTAL          |                          |                |
|  | RM'000                        | RM'000              | RM'000               | RM'000              | RM'000            | RM'000         | RM'000                   | RM'000         |
| <b>At 1 January 2024</b>                                   | 286,848                       | 3,119               | 34                   | 11,538              | 370,592           | 672,131        | 21,229                   | 693,360        |
| Total comprehensive income for the financial period        |                               |                     |                      |                     |                   |                |                          |                |
| - Foreign exchange translation reserve                     | -                             | (815)               | -                    | -                   | -                 | (815)          | (349)                    | (1,164)        |
| - Profit for the financial period                          | -                             | -                   | -                    | -                   | 16,554            | 16,554         | 1,474                    | 18,028         |
| <b>Total comprehensive income for the financial period</b> | -                             | (815)               | -                    | -                   | 16,554            | 15,739         | 1,125                    | 16,864         |
| Dividends paid by subsidiaries to non-controlling interest | -                             | -                   | -                    | -                   | -                 | -              | (4,626)                  | (4,626)        |
| <b>At 30 September 2024</b>                                | <b>286,848</b>                | <b>2,304</b>        | <b>34</b>            | <b>11,538</b>       | <b>387,146</b>    | <b>687,870</b> | <b>17,728</b>            | <b>705,598</b> |

The financial year end has been changed from 30 September to 31 December. The previous audited financial statements were for the period of fifteen (15) months from 1 October 2022 to 31 December 2023, and thereafter, the financial year end shall be 31 December for each subsequent year. As such, there will be no comparative financial information available for the preceding year corresponding periods.

This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the fifteen-month period ended 31 December 2023.

**FIAMMA HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2024**  
(The figures have not been audited)

|   | <b>9 MONTHS<br/>ENDED<br/>30 SEP 2024<br/>RM'000</b> | <b>9 MONTHS<br/>ENDED<br/>30 SEP 2023<br/>RM'000</b> |
|---|--|--|
| <b>Cash flows from operating activities</b>                       |  |  |
| Profit before tax   | 27,451   | -  |
| Adjustments   | 1,837  | -  |
| Operating profit before changes in working capital                | 29,288   | -  |
| Changes in working capital:                                       |  |  |
| Contract assets   | (27,737)   | -  |
| Contract liabilities  | 542  | -  |
| Contract costs  | (86,436)   | -  |
| Inventories   | 24,532   | -  |
| Prepayments   | (2,633)  | -  |
| Trade and other payables  | 45,524   | -  |
| Trade and other receivables                                       | (9,723)  | -  |
| <b>Cash used in operations</b>                                    | (26,643)   | -  |
| Provision for warranties utilised                                 | (261)  | -  |
| Tax paid net of refund  | (9,040)  | -  |
| <b>Net cash used in operating activities</b>                      | (35,944)   | -  |
| <b>Cash flows from investing activities</b>                       |  |  |
| Acquisition of property, plant and equipment                      | (446)  | -  |
| Investment in quoted shares                                       | (57,794)   | -  |
| Proceeds from sales of quoted shares                              | 64,978   | -  |
| Interest received   | 1,388  | -  |
| Dividend received   | 20   | -  |
| Proceeds from disposal of property, plant and equipment           | 2  | -  |
| <b>Net cash from investing activities</b>                         | 8,148  | -  |
| <b>Cash flows from financing activities</b>                       |  |  |
| Dividends paid to non-controlling interest                        | (4,626)  | -  |
| Drawdown of borrowings - net                                      | 19,197   | -  |
| Interest paid   | (5,465)  | -  |
| Interest paid in relation to lease liabilities                    | (3)  | -  |
| Payment of lease liabilities                                      | (30)   | -  |
| <b>Net cash from financing activities</b>                         | 9,073  | -  |
| <b>Net decrease in cash and cash equivalents</b>                  | (18,723)   | -  |
| <b>Cash and cash equivalents at beginning of financial period</b> | 104,635  | -  |
| <b>Effect of exchange rate fluctuation on cash held</b>           | (435)  | -  |
| <b>Cash and cash equivalents at end of financial period</b>       | 85,477   | -  |

The financial year end has been changed from 30 September to 31 December. The previous audited financial statements were for the period of fifteen (15) months from 1 October 2022 to 31 December 2023, and thereafter, the financial year end shall be 31 December for each subsequent year. As such, there will be no comparative financial information available for the preceding year corresponding periods.

This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes attached to the interim financial statements and the audited financial statements for the fifteen-month period ended 31 December 2023.

## Notes to the Interim Financial Statements

**Fiamma Holdings Berhad ((Registration No: 198201008992 (88716-W)) (“Fiamma” or “the Company”))**

### **Notes to the interim financial statements for the quarter ended 30 September 2024**

#### **A. Compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**

The unaudited interim financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group as at 31 December 2023 and for the financial period from 1 October 2022 to 31 December 2023.

#### ***A1. Accounting Policies***

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of Companies Act 2016 in Malaysia. The following are amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

##### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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

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

The Group plans to apply the abovementioned amendments, where applicable from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

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

#### ***A2. Report of the Auditors to the Members of Fiamma***

The report of the auditors to the members of Fiamma and its subsidiaries on the financial statements for the financial period ended 31 December 2023 were not subject to any qualification and did not include any adverse comments made under Section 266 (3) of the Companies Act 2016.

#### ***A3. Change of financial year end***

As announced on 20 March 2023, the Group changed its financial year end from 30 September to 31 December. Due to the change, the Unaudited Condensed Consolidated Statement of Comprehensive Income, Unaudited Condensed Consolidated Statement of Changes in Equity and Unaudited Condensed Consolidated Statement of Cash Flows for the financial period ended 30 September 2024 are not comparable with the individual and cumulative quarter previously reported.

## Notes to the Interim Financial Statements

### **A4. Seasonality or Cyclicity of Interim Operations**

The business of the Group was not subject to material seasonal or cyclical fluctuations.

### **A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

### **A6. Material Changes in Estimates of Amounts Reported**

There were no material changes in estimates used in reporting the current quarter as compared to the financial statements of the Group for the financial period ended 31 December 2023.

### **A7. Debt and Equity Securities**

There were no issuance, cancellation, resale and repayments of debt and equity securities for the current financial quarter ended 30 September 2024.

### **A8. Dividend Paid**

No dividend was paid during the current quarter.

### **A9. Operating Segment Information**

The reportable segment information for the Group is as follows:

|   | <b>Trading &amp;<br/>Services<br/>RM'000</b> | <b>Property<br/>Development<br/>RM'000</b> | <b>Investment<br/>Holding &amp;<br/>Property<br/>Investment<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--|--|--|-------------------------|
| <b>For the financial period ended 30 September 2024</b> |  |  |  |                         |
| External revenue  | 238,702                                      | 44,159                                     | 3,502  | 286,363                 |
| Inter/Intra segment revenue                             | 18,120                                       | -  | 16,063   | 34,183                  |
| Total reportable revenue                                | <u>256,822</u>                               | <u>44,159</u>                              | <u>19,565</u>  | <u>320,546</u>          |
| Segment profit/(loss)                                   | <u>25,980</u>                                | <u>133</u>                                 | <u>18,020</u>  | <u>44,133</u>           |
| Segment assets  | <u>440,261</u>                               | <u>518,523</u>                             | <u>670,350</u>   | 1,629,134               |
| Elimination of inter-segment transactions or balances   |  |  |  | <u>(651,047)</u>        |
|   |  |  |  | <u>978,087</u>          |
| Segment liabilities                                     | <u>(117,110)</u>                             | <u>(298,272)</u>                           | <u>(189,487)</u>   | (604,869)               |
| Elimination of inter-segment transactions or balances   |  |  |  | <u>332,380</u>          |
|   |  |  |  | <u>(272,489)</u>        |

## Notes to the Interim Financial Statements

### **A9. Operating Segment Information (continued)**

#### *Reconciliation of profit*

|                                       | <b>30 Sep 2024</b><br><b>RM'000</b> |
|---------------------------------------|-------------------------------------|
| Total profit for reportable segments  | 44,133                              |
| Elimination of inter-segment expenses | (10,739)                            |
| Depreciation                          | (1,973)                             |
| Interest expense                      | (5,358)                             |
| Interest income                       | 1,388                               |
|                                       | <hr/>                               |
|                                       | 27,451                              |
|                                       | <hr/>                               |

### **A10. Events Subsequent to the end of the Financial Period**

There were no material events as at 14 November 2024, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial quarter under review.

### **A11. Changes in Composition of the Group**

On 14 October 2024, Kinsmedic Sdn. Bhd. ("Kinsmedic"), a wholly-owned subsidiary of Kingston Medical Supplies Pte. Ltd. ("Kingston"), which is, in turn, 70% owned by the Company, underwent an internal group restructuring. Following the restructuring, the Company acquired a direct 70% shareholding in Kinsmedic from Kingston.

Saved as disclosed above, there were no changes in the composition of the Group for the current quarter, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

## Notes to the Interim Financial Statements

### B. Compliance with Bursa Securities Listing Requirements

#### B1. Review of the Performance of the Group

|                   | 9 months ended        |                       |
|-------------------|-----------------------|-----------------------|
|                   | 30 Sep 2024<br>RM'000 | 30 Sep 2023<br>RM'000 |
| Revenue           | 286,363               | -                     |
| Profit before tax | 27,451                | -                     |

For the nine months ended 30 September 2024, the Group recorded a revenue of RM286.36 million and a Profit before tax (“PBT”) of RM27.45 million.

The Group’s revenue is derived primarily from trading and services segment, which contributed 83.4% of the Group’s revenue. This segment recorded a revenue of RM238.70 million and a PBT of RM26.91 million in the current financial period.

The property development segment contributed 15.4% of the Group’s revenue. For the nine months ended 30 September 2024, this segment recorded a revenue of RM44.16 million and a Loss before tax (“LBT”) of RM6.37 million, mainly due to sales and marketing expenses for newly launched projects, of which only minimal revenue has been recognised for certain project, as they remain in the early stages of development.

The investment holding and property investment segment contributed 1.2% of the Group’s revenue in the current financial period. This segment recorded a revenue of RM3.50 million and a PBT of RM6.91 million in the current financial period. The PBT was mainly attributable to the net gain on the sales of other investments of RM14.35 million, which was partially offset by the fair value loss and reversal of previously recognised fair value gain upon the disposal of other investments, totaling RM9.93 million.

#### B2. Comparison with Preceding Quarter’s Results

|                   | 3 months ended        |                       |
|-------------------|-----------------------|-----------------------|
|                   | 30 Sep 2024<br>RM'000 | 30 Jun 2024<br>RM'000 |
| Revenue           | 98,589                | 92,175                |
| Profit before tax | 7,024                 | 15,654                |

The Group recorded a revenue of RM98.59 million for the current quarter ended 30 September 2024, higher than RM92.18 million reported in the previous quarter ended 30 June 2024. PBT declined to RM7.02 million from RM15.65 million in the prior quarter. The decrease in PBT was primarily due to losses from the property development segment, as several projects were in their initial stages of development, with minimal revenue recognised for certain project in the current quarter. Additionally, a net loss on the sales of other investments, compared to the net gain recorded in the previous quarter, further contributed to the lower PBT in the current quarter.



## Notes to the Interim Financial Statements

### **B3. Prospects**

The electrical home appliance market in Malaysia has been undergoing a series of shifts influenced by global economic and geopolitical factors. Rising ocean freight and raw material costs, compounded by the depreciation of the Ringgit Malaysia against major currencies in the first and second quarter of 2024. These changes are reshaping the industry's supply chain, production costs, and overall market dynamics.

The implementation of a 2% increase in sales and service tax (SST), along its extended scope covering repair and maintenance, warehouse management and logistics services, coupled with the diesel subsidy rationalisation, have led to a rise in business operating costs. This, in turn, elevated the cost of living, potentially diminished the purchasing power of the population.

The recent appreciation of the Ringgit Malaysia has helped provide some relief by easing cost pressures for the Group, particularly concerning imported goods. This positive development, coupled with the Group's focus on strategic initiatives such as product differentiation, innovation, energy-efficient solutions, and leveraging digital technologies, present opportunities for growth and adaptation. The Group remains committed to these areas to navigate the present challenges and position itself for future growth and success.

In light of the current economic outlook and heightened competition, the Directors expect the Group's performance for the remaining financial year 2024 to be challenging. Nevertheless, the Group will continue to focus on its core businesses.

For the trading and services segment, Fiamma will continue to build on its supply chain system and core competencies to maintain market leadership across its products categories. The Group will continue to invest in brand-building efforts and promotional activities to strengthen and expand its distribution network in Malaysia for its various brands of home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products. Fiamma also aims to expand the product range to include the latest trends, lifestyle enhancement, cutting-edge smart connectivity and Internet of Things (IoT) solutions, which could enable the Group to embark on new business ventures synergising with the Group's existing business to capture emerging market opportunities.

For the property development segment, the completed and unsold residential and commercial developments will continue contributing to the Group's revenue in 2024. The proposed residential developments in Jalan Yap Kwan Seng, Kuala Lumpur and Johor Bahru are expected to further augment the Group's income stream upon their launch and sale.

### **B4. Profit Forecast or Profit Guarantee**

Not applicable.

## Notes to the Interim Financial Statements

### **B5. Tax Expense**

Tax expense comprises the following:

|   | <b>9 months<br/>ended<br/>30 Sep 2024<br/>RM'000</b> |
|---|--|
| Current tax expense                           | 8,962  |
| Deferred tax expense                          | 169  |
|   | <hr/>  |
|   | 9,131  |
| Under-provision in prior period               | 292  |
|   | <hr/>  |
|   | 9,423  |
|   | <hr/>  |
| Profit before tax                             | 27,451   |
|   | <hr/>  |
| Tax at Malaysian tax rate of 24%              | 6,588  |
| Non-taxable income                            | (3,445)  |
| Non-deductible expenses and other tax effects | 5,988  |
|   | <hr/>  |
| Tax expense                                   | 9,131  |
| Under-provision in prior period               | 292  |
|   | <hr/>  |
| Tax expense                                   | 9,423  |
|   | <hr/>  |

### **B6. Status of Corporate Proposal**

#### (a) Proposed Joint Ventures with Related Party

On 29 February 2024, the Company and its wholly-owned subsidiaries, Dawn Land Sdn. Bhd. (formerly known as Fiamma Land Sdn. Bhd.) (“DLSB”) and Aricia Sdn. Bhd. (formerly known as Fiamma Properties Sdn. Bhd.) (“ASB”), entered into Shareholders Agreements (“SHA”) with BKG Development Sdn. Bhd. (“BKGD”), a wholly-owned subsidiary of Chin Hin Group Property Berhad (“CHGP”), respectively.

Pursuant to the SHA, BKGD shall subscribe for 1,166,667 new ordinary shares in DLSB and 5,833,334 new ordinary shares in ASB, representing 70% of the enlarged issued ordinary shares of DLSB and ASB, respectively, for subscription considerations of RM1,166,667 and RM5,833,334, respectively, to be satisfied via cash.

Following BKGD’s subscription of shares in DLSB and ASB, the Company’s equity interest in DLSB and ASB will reduce to 30%. As compensations for the dilution of the Company’s equity interests in DLSB and ASB, the Company had on even date entered into Subscription Agreements with BKGD to subscribe for 12,000,000 Redeemable Preference Shares (“RPS”) in BKGD for a nominal subscription price of RM2.00.

BKGD shall redeem the RPS via two tranches as specified below: -

- (i) First tranche: to redeem 50% of the RPS at any time within 60 months from the receipt of subscription consideration of RM2.00 from the Company at a redemption price of RM6.0 million; and
- (ii) Second tranche: to redeem 50% of RPS at any time within 12 months from the date of the first redemption at a redemption price of RM6.0 million.

## Notes to the Interim Financial Statements

### **B6. Status of Corporate Proposal (continued)**

#### **(a) Proposed Joint Ventures with Related Party (continued)**

In addition, BKGD retains the discretion to redeem the RPS earlier than the specified timelines.

The SHA regulates the rights and obligations of the Company (30%) and BKGD (70%) as shareholders of DLSB and ASB in the joint ventures for the development of freehold lands owned by DLSB and ASB (“Proposed Joint Ventures”).

Pursuant to Paragraph 10.08 of the Bursa Malaysia Securities Berhad’s Listing Requirements, the Proposed Joint Ventures are deemed as related party transactions due to the interests of Datuk Seri Chiau Beng Teik, JP, Chiau Haw Choon and Shelly Chiau Yee Wern in Fiamma Group of Companies and CHGP Group of Companies.

Upon completion of the Shares Subscription, BKGD shall hold 70% of the ordinary shares of DLSB and ASB, respectively, while the Company shall hold the remaining 30%. Arising from the above, the Company is effectively diluting 70% of its equity interest in DLSB and ASB, respectively to BKGD. The Shares Subscription of DLSB and ASB is expected to be completed by second half of 2024, respectively.

On 26 July 2024, FHB, BKGD, and DLSB, as well as FHB, BKGD, and ASB, mutually agreed to extend the period for fulfilling certain conditions precedent outlined in the SHA by an additional three months, up to 28 October 2024. Subsequently, on 24 October 2024, the parties agreed to further extend the period by another three months, up to 28 January 2025.

#### **(b) Proposed Private Placement**

On 13 May 2024, the Company proposed to undertake a private placement of up to 10% of its issued ordinary shares (“Fiamma Shares”) (excluding treasury shares), involving issuance of up to a maximum of 53,064,000 new Fiamma Shares (“Placement Shares”).

The issue price shall be at a discount of not more than 10% from the five (5)-day volume weighted average market price of Fiamma Shares immediately preceding the price fixing date(s).

The Placement Shares are expected to raise gross proceeds of approximately RM56.2 million based on the illustrative issue price of RM1.06 per Placement Share, from which RM30.0 million (53.3%) will be earmarked for expansion of trading and services segment and RM15.0 million (26.7%) in the capital expenditure mainly for office renovation to support the digitalisation of the existing workspace. As for the rest of the proceeds, RM9.7 million (17.3%) will be used for general working capital purposes when the need arises and RM1.5 million (2.7%) for expenses related to the Proposed Private Placement.

Bursa Securities has, vide its letter dated 17 July 2024, approved the listing and quotation of up to 53,064,000 new Fiamma Shares to be issued pursuant to the Proposed Private Placement, subject to the fulfilment of the conditions imposed therein.

Saved as disclosed above, the Group has not announced any other corporate proposals, which have not been completed at the date of this announcement.

## Notes to the Interim Financial Statements

### **B7. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 September 2024 are as follows:

|  | <b>Secured<br/>RM'000</b> | <b>Unsecured<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|---------------------------|-----------------------------|-------------------------|
| <b>Non-current</b>                       |                           |                             |                         |
| <b><i>Repayable after 12 months</i></b>  |                           |                             |                         |
| Term loan                                | 8,175                     | -                           | 8,175                   |
| <b>Current</b>                           |                           |                             |                         |
| <b><i>Repayable within 12 months</i></b> |                           |                             |                         |
| Term loan                                | 11,017                    | -                           | 11,017                  |
| Revolving credit                         | 94,000                    | -                           | 94,000                  |
| Bills payable                            | -                         | 31,716                      | 31,716                  |
| Sub-total                                | 105,017                   | 31,716                      | 136,733                 |
| Total                                    | 113,192                   | 31,716                      | 144,908                 |

### **B8. Derivatives**

The details of the Group's foreign currency forward contracts as at 30 September 2024 are as follows:

|   | <b>Notional<br/>amount<br/>RM'000</b> | <b>Fair<br/>value<br/>RM'000</b> | <b>Difference<br/>RM'000</b> |
|---|---------------------------------------|----------------------------------|------------------------------|
| <b>Foreign currency forward contracts</b> |                                       |                                  |                              |
| Chinese Yuan Renminbi                     | 441                                   | 434                              | (7)                          |
|   | 441                                   | 434                              | (7)                          |

The above instruments were executed with established financial institutions in Malaysia. There is no cash requirement for these contracts.

The Group uses appropriate financial instruments, such as foreign currency forward contracts, to hedge against specific exposures including foreign currency risks.

With the adoption of MFRS 139, the difference between the notional value and fair value of the contracts amounting to RM7,000 has been recognised in the financial statements.

### **B9. Changes in Material Litigation**

There was no impending material litigation as at 14 November 2024, being the date not earlier than 7 days from the date of this announcement.

### **B10. Dividend**

No dividend was recommended for the current quarter under review.

## Notes to the Interim Financial Statements

### **B11. Earnings per share**

#### **Basic earnings per share**

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

|   | <b>3 months<br/>ended<br/>30 Sep 2024<br/>RM'000</b> | <b>9 months<br/>ended<br/>30 Sep 2024<br/>RM'000</b> |
|---|--|--|
| Profit for the financial period attributable to owners of the Company     | <u>4,038</u>   | <u>16,554</u>  |
|   | <b>'000</b>  | <b>'000</b>  |
| Weighted average number of ordinary shares at 30 September 2024           | <u>530,227</u>                                       | <u>530,227</u>                                       |
| Basic earnings per share (sen)  | <u>0.76</u>  | <u>3.12</u>  |
| <b>Diluted earnings per share</b>   |  |  |
|   | <b>'000</b>  | <b>'000</b>  |
| Weighted average number of ordinary shares at 30 September 2024 (basic)   | 530,227  | 530,227  |
| Effects of share options  | 213  | 213  |
| Weighted average number of ordinary shares at 30 September 2024 (diluted) | <u>530,440</u>                                       | <u>530,440</u>                                       |
| Diluted earnings per share (sen)  | <u>0.76</u>  | <u>3.12</u>  |

### **B12. Profit before tax**

|   | <b>9 months<br/>ended<br/>30 Sep 2024<br/>RM'000</b> |
|---|--|
| Profit before tax is arrived at after charging:           |  |
| Allowance for impairment loss for trade receivables – net | 166  |
| Change in fair value of other investments                 | 9,929  |
| Depreciation  | 1,973  |
| Interest expense  | 5,358  |
| Loss on derivative financial instrument – unrealised      | 7  |
| Loss on foreign exchange – realised and unrealised        | 229  |
| Written off of property, plant and equipment              | 8  |
|   | <u>          </u>                                    |
| and after crediting:                                      |  |
| Gain on derivative financial instrument – realised        | 9  |
| Gain on foreign exchange – realised and unrealised        | 748  |
| Gain on sales of other investments                        | 14,353   |
| Interest income   | 1,388  |
| Inventories written back and written off, net             | 6  |
|   | <u>          </u>                                    |

## Notes to the Interim Financial Statements

### ***B13. Capital Commitments***

There was no capital commitment as at 30 September 2024.

This announcement is dated 21 November 2024.