



**EMICO HOLDINGS BERHAD**  
Registration No. 199101020015 (230326-D)  
Incorporated in Malaysia

# READY FOR NEW DIRECTION



**ANNUAL  
REPORT 2020**

# OUR MISSION

*Dedicated to Deliver Innovative, High Quality, Competitive and Value Added Products & Services.*

# OUR VALUES

*Our values serve as guidelines for our actions, decisions and behaviours in all our dealings.*

**M**

## **Motivated**

We work together as a high performing team and deliver what we promised.

**U**

## **Understanding**

We listen to our customers to understand and meet their needs.

**R**

## **Responsible & Reliable**

We operate in a safe, environmentally responsible and compliant manner in all our operations. We commit to deliver quality products and services to meet customers' requirements. We take pride in fulfilling our responsibilities and performance.

**F**

## **Flexible & Friendly**

We are dedicated to support each other as a team and will adapt to changing conditions.

**I**

## **Integrity & Innovative**

We treat our colleagues, customers and business partners with the highest degree of fairness and trust. We strive to develop new products & services and continuously improve the way we do business.



## READY FOR NEW DIRECTION

Emico is reinventing itself to build a future-ready organization, preparing itself to sprint towards the new direction and achieving an extraordinary result. The Group will continue to maintain its momentum to progress steadily by enhancing its research and development effort, consolidating its knowledge base and experiences, aims for the finish line and achieving the direction of market leader. The visual of a sprinter is a metaphor that symbolizes Emico's effort in rejuvenating its brand, keeping itself in its tip top shape and gearing up for the next sprint.

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## BOARD OF DIRECTORS

**Lim Teik Hian**  
Executive Chairman

**Lim Teck Chye**  
Managing Director

**Dato' Jimmy Ong Chin Keng**  
Executive Director

**Ng Chee Kong**  
Independent Non-Executive Director

**Wong Sew Yun**  
Independent Non-Executive Director

**Wong Thai Sun**  
Independent Non-Executive Director

**Ng Hong Kiat @ Ng Han Kiat**  
Independent Non-Executive Director

### AUDIT AND RISK MANAGEMENT COMMITTEE

Wong Thai Sun (Chairman)  
Ng Chee Kong  
Wong Sew Yun  
Ng Hong Kiat @ Ng Han Kiat

### ESOS COMMITTEE

Lim Teck Chye  
(Managing Director)  
Dato' Jimmy Ong Chin Keng  
(Executive Director)

Other members of ESOS Committee:  
Tan Teong Yu  
Tan Chee Yik

### NOMINATING COMMITTEE

Ng Chee Kong (Chairman)  
Wong Thai Sun  
Wong Sew Yun  
Ng Hong Kiat @ Ng Han Kiat

### REMUNERATION COMMITTEE

Ng Chee Kong (Chairman)  
Wong Thai Sun  
Ng Hong Kiat @ Ng Han Kiat

### SECRETARIES

Lee Peng Loon (MACS 01258)  
P'ng Chiew Keem (MAICSA 7026443)

### REGISTERED OFFICE

51-21-A Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang  
T: (60) 4 210 8833  
F: (60) 4 210 8831

### SHARE REGISTRAR

Tricor Investor & Issuing House Services  
Sdn Bhd 197101000970 (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8 Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia  
T: (60) 3 2783 9299  
F: (60) 3 2783 9222

### CUSTOMER SERVICE CENTRE

Unit G-3, Ground Floor,  
Vertical Podium Avenue 3,  
Bangsar South

### AUDITORS

BDO PLT (LLP0018825-LCA & AF 0206)  
Chartered Accountants  
51-21-F Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Penang  
T: (60) 4 222 0288  
F: (60) 4 222 0299

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
198401015221 (127776-V)  
CIMB Bank Berhad  
197201001799 (13491-P)

### STOCK EXCHANGE LISTING

Main Market of the  
Bursa Malaysia Securities Berhad  
Stock Name EMICO  
Stock Code 9091  
Sector Consumer Products



## CORPORATE STRUCTURE



### MANUFACTURING

100%

Emico Penang Sdn Bhd  
Emico Marketing Sdn Bhd \*  
Emico Metalizing Sdn Bhd \*  
Emico Co. Ltd  
Emico Creative Design Sdn Bhd \*  
Emico Tools Sdn Bhd \*

53.3%

Standard Trend Apparel  
Industries Sdn Bhd \*

### PROPERTY DEVELOPMENT & INVESTMENT

100%

Emico Development Sdn Bhd  
Emico Capital Sdn Bhd \*

71%

Mercu Tanah Langkawi Sdn Bhd

60%

NEB Pacific Sdn Bhd \*  
Unic Builders Sdn Bhd \*  
NEB Development Berhad

49.7%

Operasi Tembaga Sdn Bhd

39.8%

PKB-Operasi Tembaga Sdn Bhd

### TRADING

100%

Emico Asia Sdn Bhd  
Emico Newk Sdn Bhd \*

51%

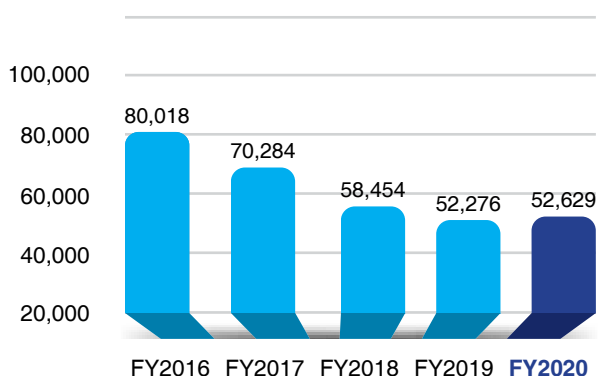
Emico Melaka Sdn Bhd \*

\* Dormant/Inactive

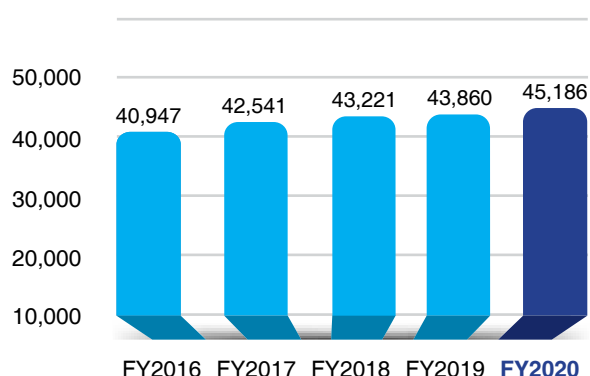
## GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

	FY2016 RM'000	FY2017 RM'000	FY2018 RM'000	FY2019 RM'000	FY2020 RM'000
Revenue	80,018	70,284	58,454	52,276	52,629
Profit Before Tax	5,871	2,730	505	2,172	961
Share Capital	95,927	17,329	17,329	18,144	18,801
Net Assets	40,947	42,541	43,221	43,860	45,186
Net Assets Per Share (SEN)	0.43	0.44	0.45	0.43	0.43
Net Earnings/(Loss) Per Share (SEN)	3.82	1.67	(0.23)	0.56	0.57

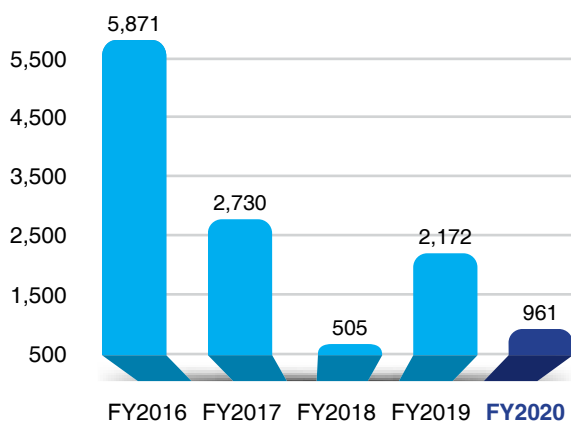
Turnover (RM'000)



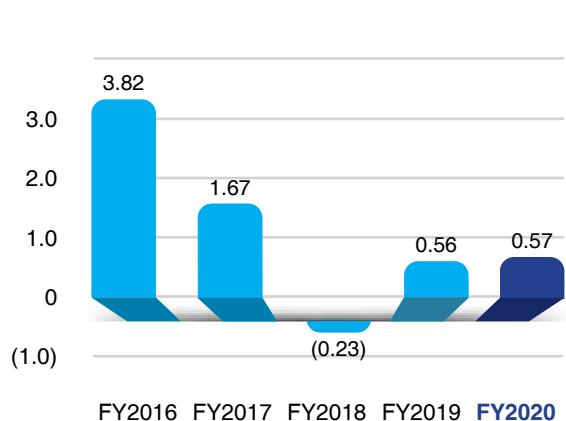
Net Assets (RM'000)



Profit Before Tax (RM'000)



Net Earnings/(Loss) Per Share (Sen)





## BOARD OF DIRECTORS' PROFILE



**LIM  
TEIK  
HIAN**

*Executive Chairman*

**Mr Lim Teik Hian**, a Malaysian male aged 53 was appointed to the Board on 16 February 1996. He has a Diploma in Business Administration from Australia Business College, Melbourne, Australia. Upon graduation, he joined the Company in 1989 as the Marketing Manager and was responsible for the development of domestic market for Emico. At a later stage, he was involved in the general management of the manufacturing operations and instrumental in the commissioning of modern manufacturing facilities for Emico Group. He was designated as Executive Chairman on 24 March 2009.

His younger brother, Mr Lim Teck Chye sits on the Board of the Company as Managing Director. His younger sister, Ms Lim Poh Hoon is a key senior management of the Company. Both of them are major shareholders of the Company.

He is not a director of any other public company. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no conflict of interest with the Company.

Mr Lim has not been convicted of any offence within the past 5 years and had attended all five (5) Board meetings held during the financial year.



**LIM  
TECK  
CHYE**

*Managing Director*

**Lim Teck Chye**, a Malaysian male aged 46, was appointed to the Board of the Company on 11 May 2004. He was designated as Deputy Managing Director on 1 June 2017. Subsequently, he was redesignated as Managing Director on 1 October 2019.

Mr Lim is a professional engineer. He graduated with a Bachelor of Science in Engineering and a Master Degree in Industrial Engineering from University of Toledo, Ohio, USA. Upon graduation in 1997, he joined Northern Elevator Manufacturing Sdn Bhd as a Marketing Manager. In mid-1998, he was seconded abroad to set up an elevator manufacturing plant in Fujian, China and appointed as the Managing Director of Fuji-Sino Elevators (Fujian) Co., Ltd. In 1999, he was appointed to the Board of Northern Elevator Berhad as the Executive Director overseeing the operation of the company in the areas of cost reduction and productivity improvement. He served as the Regional Sourcing Director (South East Asia) and Service Director of KONE Elevator Sdn Bhd from year 2005 to 2011. Mr Lim has an extensive experience and knowledge in the field of manufacturing, strategic sourcing and customer service. He sits on the Board of several private limited companies. He is a member of the ESOS Committee. He is not a director of any other public company.

His brother, Mr Lim Teik Hian sits on the Board of the Company as Executive Chairman. His sister, Ms Lim Poh Hoon is a key senior management of the Company. Both of them are major shareholders of the Company.

Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no conflict of interest with the Company. Mr Lim has not been convicted of any offence within the past 5 years and had attended all five (5) Board meetings held during the financial year.

## BOARD OF DIRECTORS' PROFILE (Cont'd)



**DATO'  
JIMMY  
ONG  
CHIN  
KENG**

*Executive Director*

**Dato' Jimmy Ong Chin Keng**, a Malaysian male aged 57 was appointed to the Board on 16 February 1996. He is a Chartered Accountant and holds a professional qualification from the Malaysian Institute of Certified Public Accountants and is a member of Malaysian Institute of Accountants. He joined Emico Group in February 1993 as the Financial Controller and rose to the rank of Finance Director in 1996 and re-designated as Managing Director on 23 January 2009. Subsequently, he was redesignated as Executive Director on 1 October 2019. Dato' Ong has an extensive experience and knowledge in the field of accounting, finance, corporate finance, manufacturing and property development. Prior to his engagement in Emico, he served in two international accounting firms namely PWC and KPMG for a total of 10 years. He also sits on the Board of several private limited companies. He is not a director of any other public company. He is a member of the ESOS Committee. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, he has no conflict of interest with the Company.

Dato' Ong was elected as President of Lions Club of George Town (2013-2014), served as Region Chairperson, District Treasurer and District Chairperson for Lions Clubs International District 308B2. He was also elected as Vice-Chairman of Federation of Malaysian Manufacturers, Penang Branch since 2012. He was also appointed as a committee member of Division of Industry and Community Network, USM.

Dato' Ong does not have any family relationship with any directors or major shareholders of the Company and has not been convicted of any offence within the past 5 years. He had attended all five (5) Board meetings held during the financial year.



**NG  
CHEE  
KONG**

*Independent and  
Non-Executive  
Director*

**Mr Ng Chee Kong**, a Malaysian male aged 77 is an Independent Non-Executive Director of the Company. He was appointed to the Board on 24 May 1999. He also sits as the Chairman of the Nominating and Remuneration Committees. He received his early education in Penang and joined the banking profession with a major local bank until his retirement 36 years later. During his tenure with the bank, he obtained a Diploma in Marketing & Selling Bank Services conferred by The International Management Centres, Buckingham, England. He is a member of the Audit and Risk Management Committee. He is not a director of any other public company.

Mr Ng does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company.

Mr Ng has not been convicted of any offence within the past 5 years and had attended all five (5) Board meetings held during the financial year.



## BOARD OF DIRECTORS' PROFILE *(Cont'd)*



**WONG  
SEW  
YUN**

*Independent and  
Non-Executive  
Director*

**Mr Wong Sew Yun**, a Malaysian male aged 64 was appointed to the Board on 14 January 1995. He has been involved in various businesses for more than 30 years and sits on the Board of several private limited companies. He is the Managing Director of Ekspres Bahagia Sdn Bhd and Ekspres Bahagia Langkawi Sdn Bhd which is the main player of passenger ferry industry plying between East Malaysia, West Malaysia, Thailand and Indonesia. He is also involved in ceramic wares business and founded Nagako Ceramics Sdn Bhd and Sama Sanitarywares Sdn Bhd. He is not a director of any other public company. He is a member of the Audit and Risk Management and Nominating Committees.

Mr Wong does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company.

Mr Wong has not been convicted of any offence in the past 5 years and had attended all five (5) Board meetings held during the financial year.



**WONG  
THAI  
SUN**

*Independent and  
Non-Executive  
Director*

**Mr Wong Thai Sun**, a Malaysian male aged 65 was appointed to the Board on 26 December 2008. He holds a Bachelor of Economics and Accountancy from Australia National University. He is a member of the Malaysian Institute of Accountants and the Certified Public Accountants, Australia. He has public practice experience in accountancy for over 30 years in Malaysia and overseas. He is currently having his own public practice firm known as Wong Thai Sun & Associates. He is also Chairman and an Independent Non-Executive Director of P.I.E. Industrial Berhad. He sits as a Chairman of the Audit and Risk Management Committee. He is also a member of Nominating and Remuneration Committees.

Mr Wong does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company.

Mr Wong has not been convicted of any offence within the past 5 years and had attended all five (5) Board meetings held during the financial year.

## BOARD OF DIRECTORS' PROFILE (Cont'd)



**NG  
HONG  
KIAT @  
NG  
HAN  
KIAT**

*Independent and  
Non-Executive  
Director*

**Mr Ng Hong Kiat @ Ng Han Kiat**, a Malaysian male aged 69 was appointed to the Board on 5 September 2017. He graduated from Association of Chartered Certified Accountants in London in the year of 1979. He worked as an Audit Manager with a reputable professional firm namely Midley & Co in London between 1977 to 1980. Upon his return, he had a short stint with Ernst & Whinney in Kuala Lumpur and later joined Song Pang Seng Construction Sdn Bhd, a Licenced Class A Contractor as an Accountant. In the year 1982, he left to join Hong Leong Group as an Accountant in various group of companies and was promoted to Manager-Branch Operations. Mr Ng joined Farlim Group in 1987 as Finance & Marketing Manager and was subsequently promoted to Senior Manager in Finance & Marketing, Deputy General Manager and Senior General Manager until his retirement on 30 June 2018. Mr Ng has over 40 years of experience in professional accounting, manufacturing, building construction, trading, property development and property management. Currently, he is a Fellow Member of the Association of Chartered Certified Accountants and member of the Malaysian Institute of Accountants. He sits in the Audit and Risk Management, Nominating and Remuneration Committees. He is not a director of any other public company.

Mr Ng does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company.

Mr Ng has not been convicted of any offence within the past 5 years and had attended all five (5) Board meetings held during the financial year since his appointment.



## PROFILE OF KEY SENIOR MANAGEMENT



*sitting-from left to right : Dato' Jimmy Ong Chin Keng, Lim Teck Chye and Lim Poh Hoon*  
*standing-from left to right : Lim Lay Khim, Tan Teong Yu, Tan Chin Peng, Liew Kong Wang and Julie Ong Lye Im*

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### **LIM TECK CHYE** (Managing Director / Malaysian, aged 46, Male)

His profile is set out in Profile of Directors on Page 5.

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### **DATO' JIMMY ONG CHIN KENG** (Executive Director / Malaysian, aged 57, Male)

His profile is set out in Profile of Directors on Page 6.

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### **LIM POH HOON** (Chief Commercial Officer / Malaysian, aged 51, Female)

Lim Poh Hoon graduated with a Master of Business Administration in International Business from University Toledo, USA in 1992. She joined Emico Group in 1992 as Marketing Officer and promoted to the Head of Business Development in 1995. She was instrumental in bringing the trophy and contract manufacturing business of Emico Group into the global market. To date, Emico is exporting trophy and contract manufacturing products to more than 46 countries worldwide. From 2000 to 2012, she also held the position as Sourcing Manager in J.W. Carpenter Ltd, UK in collaborating with the trading division of the Group to develop a vast network of more than 300 suppliers in 7 Asian countries specialized in supplying furniture and home furnishing products to the European markets. She has subsequently promoted to Chief Commercial Officer on 26 December 2019.

Lim Poh Hoon is a sister of Lim Teik Hian and Lim Teck Chye, the Executive Chairman and Managing Director respectively. All of them are major shareholders of the Company. She is not a director of any public company. Other than as disclosed in the related party transactions in Note 32 of the Financial Statements, she has no conflict of interest with the Company.

Ms Lim has not been convicted of any offence within the past 5 years.



## PROFILE OF KEY SENIOR MANAGEMENT *(Cont'd)*

### **TAN CHIN PENG** *(Director of Sales and Marketing / Malaysian, aged 58, Male)*

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Tan Chin Peng started his career with Emisport Souvenir Sdn Bhd ("ESSB") as Manager in 1989, a company trading in souvenir and trophy. In 1995, Emico Group acquired ESSB and Mr Tan has been responsible for trophy division in the domestic market. His experience and extensive knowledge of domestic market has contributed to the expansion of trophy division both domestically and internationally. Mr Tan subsequently promoted to Director of Sales and Marketing on 26 December 2013.

Mr Tan does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company except for employee benefits as disclosed in the related party transactions in Note 32 of the Financial Statements. He is not a director of any public company.

Mr Tan has not been convicted of any offence within the past 5 years.

### **LIM LAY KHIM** *(Director of Business Development / Malaysian, aged 55, Female)*

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Lim Lay Khim graduated with a Diploma in PSC, Pitman from Stamford College, Penang and attended Purchasing and Supply Management courses at Statagic Business School, Penang. She started her career in Emico Group as an Administrative Assistant in 1997 and rose to the rank of Business Development Manager in 2006. On 26 December 2013, Ms Lim was promoted as Director of Business Development and responsible for developing Emico Group's overseas market for trophy and contract manufacturing division.

Ms Lim does not have any family relationship with any directors or major shareholders of the Company, nor does she have any conflict of interest with the Company except for employee benefits as disclosed in the related party transactions in Note 32 of the Financial Statements. She is not a director of any public company.

Ms Lim has not been convicted of any offence within the past 5 years.

### **JULIE ONG LYE IM** *(Special Assistant to Managing Director / Malaysian, aged 53, Female)*

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Julie Ong Lye Im started her career with Emico Group in 1997 as Business Logistic Manager. She moved on to head the Operation Department as Manager in 2007. Ms Ong was appointed as Director of Operation on 26 December 2013 responsible for developing operational strategies, optimizing productivity and performance of the manufacturing for the Group. On 28 February 2018, she has been redesignated as Special Assistant to Managing Director ("MD") responsible to support the MD for handling special projects and assignments in meeting the strategic goals of the Group.

Ms Ong does not have any family relationship with any directors or major shareholders of the Company, nor does she have any conflict of interest with the Company except for employee benefits as disclosed in the related party transactions in Note 32 of the Financial Statements. She is not a director of any public company.

Ms Ong has not been convicted of any offence within the past 5 years.

### **LIEW KONG WANG** *(Director of Supply Chain / Malaysian, aged 45, Male)*

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Liew Kong Wang graduated with Bachelor's Degree in Finance, Accountancy and Banking from University Sains Malaysia in 1999. Mr Liew joined Emico Group in 2003 as Technical Support Executive in the trading division of household products and promoted to Quality Control and Business Support Manager in 2007. He was subsequently promoted to Director of Supply Chain on 26 December 2014 responsible for overseeing procurement and logistics process of the Group.

Mr Liew does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company except for employee benefits as disclosed in the related party transactions in Note 32 of the Financial Statements. He is not a director of any public company.

Mr Liew has not been convicted of any offence within the past 5 years.

### **TAN TEONG YU** *(Senior Finance Manager / Malaysian, aged 33, Male)*

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Tan Teong Yu graduated with a Bachelor's Degree in Accountancy from University Malaya in 2012 and commenced his first career at BDO Malaysia in 2012 as Audit Associate and rose to the rank of Audit Manager in 2017. In November 2017, he joined Melewar Industrial Group Berhad as Accountant. With the extensive auditing and exposure in various industries, he joined Emico Group as the Senior Finance Manager on 1 August 2019. He is a member of the Malaysian Institute of Accountants and The Malaysian Institute Of Certified Public Accountants.

Mr Tan does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company except for employee benefits as disclosed in the related party transactions in Note 32 of the Financial Statements. He is not a director of any public company.

Mr Tan has not been convicted of any offence within the past 5 years.

## CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Emico Holdings Berhad for the financial year ended 31 March 2020 ("FY2020").

The global economy registered a weaker growth of 2.3% in 2019 as a result of rising trade barriers and geopolitical tensions. Prolonged trade war between China and the US led to increased policy uncertainty and heightened pressure on international trade. This impacted both emerging markets and developing economies. Malaysia's annual gross domestic product ("GDP") growth moderated to 4.3% in 2019 which is the lowest level since the Global Financial Crisis in 2009.

The COVID-19 pandemic has spread across national borders impacting economies around the world. The pandemic is expected to have a prolonged impact on the global economy, particularly on worldwide supply chains. Without a doubt, the pandemic will take its toll on the local economy significantly. However, the Government's implementation of a systematic series of movement control orders ("MCO") have achieved positive results in curbing the spread of the COVID-19 pandemic. As at the date of this announcement, we are witnessing gradual relaxation of the MCO and observing the reopening of schools and commencement of many business activities in Malaysia.

Despite the challenging economic environment, I am pleased to announce that Emico Group has recorded a sales turnover of RM52.63mil and a profit before tax of RM0.96mil for the financial year. While there are challenges foreseen ahead, the Group will continue to look for growth opportunities while managing costs to ensure the sustainability of the business. Building on our strengths, we are optimistic that the Group's long-term prospects remain positive.

On behalf of the board, I wish to thank the management and employees of Emico Group for their commitment, dedication and contribution throughout the year. On a personal note, my appreciation goes to my fellow board members for their guidance, invaluable advice and support.

I would like to convey my gratitude to all of our valued customers for their unwavering support and continued trust in us. I would also like to record my sincere thanks to the dedicated suppliers who continue to support us all these years.

Last but not least, our deepest gratitude to the government agencies and authorities, financial institutions and our valued shareholders for being with us on our journey of growth and value creation. Although the year ahead may hold many unprecedented challenges, we are confident that together we shall create sustainable long-term value for all.

**Lim Teik Hian**  
*Executive Chairman*



# MANAGEMENT DISCUSSION & ANALYSIS

## MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

This Management Discussion and Analysis (“MD&A”) elaborates on the financial and operational performance of Emico Holdings Berhad (“Emico” or “The Group”) for the financial year ended 31 March 2020 (“FY2020”). It also provides guidance on the upcoming activities and Management’s expectations of the Group’s prospects in the current financial year. This MD&A is to be read in conjunction with the audited financial statements of the Group and accompanying notes for FY2020.

## OPERATION AND BUSINESS OVERVIEW

Emico Holdings Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad as an investment holding company. The Group’s subsidiaries are involved in the following four principal business activities, namely:

- Manufacturing and trading of trophy products
- Contract manufacturing of medical consumable products, marine engineering products and lighting components
- Trading of home finishing and household products
- Property development

Today, Emico is one of the biggest plastic trophy manufacturers in the world. We have established a solid distribution and customer base in Malaysia and South East Asia and have been exporting to more than 46 countries worldwide. The Group has a comprehensive design team and experienced merchandisers, coupled with integrated manufacturing facilities to develop and deliver a full range of exciting and unique trophy as well as award products to our customers.

Emico provides a wide range of contract manufacturing services to various industries including Medical Rehabilitation Products, Marine Engineering and Lighting Components. Over the years, Emico has become a reliable and recognized company with experienced and committed team of engineers, designers and product development in delivering world-class quality products.

Emico has over 20 years of expertise in sourcing and trading of furniture and household products. Our experienced team is dedicated to providing complete professional services from product sourcing, order monitoring, quality control, and logistic to delivery assurance. With a strong supplier network and our transparent business approach, Emico has been recognized as a trusted agent for many reputable customers in Europe.

Emico has been involved in Property Development since 1996 and embarked on 2 major projects, namely Taman Batik Township and Bandar Mutiara Township with mixed development in Sungai Petani, Kedah. In addition, Emico has entered into several joint venture agreements with Simfoni Homes Sdn Bhd, Langkawi Cemerlang Resort Sdn Bhd and Andaman Waterfront Sdn Bhd to develop landed properties and service apartment projects in Langkawi, Kedah.

Our Group’s businesses operate in two integrated manufacturing facilities located in Bayan Lepas Industrial Park, Penang. The property development projects are located in Sungai Petani and Langkawi, Kedah.

## HIGHLIGHTS OF GROUP FINANCIAL PERFORMANCE FOR THE PAST 5 YEARS

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	80,018	70,284	58,454	52,276	52,629
Profit Before Interest & Tax	6,383	3,254	999	2,678	1,504
Finance Cost	513	524	494	506	543
Profit Before Tax	5,870	2,730	505	2,172	961
Net Profit/(Loss)	4,046	1,350	(382)	1,472	244

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### REVIEW OF FINANCIAL RESULTS

2019 was a challenging year for the Group whereby various challenges from persisting economic conflicts and geopolitical tensions have affected the overall global business sentiment. Towards the end of the financial year under review, the global economy experienced a sharp slowdown due to the rapid spread of the Coronavirus Disease-19 (COVID-19) which has resulted in the introduction of lockdown and social distancing measures in many major economies including Malaysia. The Group, despite all the macroeconomic challenges faced, was still able to deliver relatively decent financial performance for the financial year ended 31 March 2020.

#### Group Revenue

For the current financial year under review, the Group recorded a revenue of RM52.63mil, a slight increase of RM0.35mil as compared to RM52.28mil in the preceding year ended 31 March 2019 ("FY2019"). The increase in revenue was mainly due to sales of completed units from the property division previously classified under inventory, cushioned by lower revenue from the manufacturing division. The revenue of the manufacturing division was expected to outperform the previous year but was impacted by the sudden announcement of the Movement Control Order ("MCO") in mid-March 2020 by the Government which caused disruption to production operation and shipments.

The Group's sales by segments and markets are summarised as follows:

Segmental Revenue by Division	2016 RM'000	%	2017 RM'000	%	2018 RM'000	%	2019 RM'000	%	2020 RM'000	%
Consumer Products Division										
- Trophy	31,781	40	34,592	49	28,416	49	28,183	54	26,512	50
- Contract Manufacturing	15,283	19	18,844	27	21,072	36	18,557	35	16,262	31
- Trading	14,674	18	4,931	7	2,230	4	2,424	5	3,982	8
Property Division	18,280	23	11,917	17	6,736	11	3,112	6	5,873	11
<b>Total Group Revenue</b>	<b>80,018</b>	<b>100</b>	<b>70,284</b>	<b>100</b>	<b>58,454</b>	<b>100</b>	<b>52,276</b>	<b>100</b>	<b>52,629</b>	<b>100</b>

Revenue Distribution by Key Market	2016 RM'000	%	2017 RM'000	%	2018 RM'000	%	2019 RM'000	%	2020 RM'000	%
Europe	33,963	42	31,483	45	26,280	45	28,831	55	26,603	50
Other countries	9,262	12	9,616	14	9,237	16	10,803	21	10,948	21
<b>Total Exports</b>	<b>43,225</b>	<b>54</b>	<b>41,099</b>	<b>59</b>	<b>35,517</b>	<b>61</b>	<b>39,634</b>	<b>76</b>	<b>37,551</b>	<b>71</b>
Malaysia	36,793	46	29,185	41	22,937	39	12,642	24	15,078	29
<b>Total Group Revenue</b>	<b>80,018</b>	<b>100</b>	<b>70,284</b>	<b>100</b>	<b>58,454</b>	<b>100</b>	<b>52,276</b>	<b>100</b>	<b>52,629</b>	<b>100</b>



### CONSUMABLE PRODUCTS DIVISION

#### i. Trophy



For the financial year ended 31 March 2020, the trophy division posted a sales revenue of RM26.51mil as compared to RM28.18mil in FY2019. The decline in revenue was mainly due to the adverse economic impact caused by the COVID-19 pandemic which led to MCO imposed by the Government since 18 March 2020 as part of the containment measures. The subsequent lockdowns imposed by the respective governments across the world have greatly affected the demand of trophy in both local and export markets.



## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### CONSUMABLE PRODUCTS DIVISION (Cont'd)

#### ii. Contract Manufacturing

For the financial year ended 31 March 2020, the contract manufacturing division posted a sales revenue of RM16.26mil as compared to RM18.56mil in FY2019. The decrease in revenue was due to the disruption of production and shipment caused by the sudden implementation of MCO by the Government from 18 March 2020 to curb the spread of the COVID-19 pandemic.

#### iii. Trading

The trading division posted an increase in revenue from RM2.42mil in FY2019 to RM3.98mil in FY2020. Besides maintaining a steady business in the export of home products as well as gift & premium merchandise to its Swedish customers, the division has formed a strategic partnership in the United Kingdom on home furnishing product development, sourcing, quality control, logistics arrangement and wholesales into furniture retailers market in the United Kingdom.

### PROPERTY DEVELOPMENT

The property division posted a higher revenue of RM5.87mil in FY2020 as compared to RM3.11mil in FY2019. The reduction of the overnight policy rate ("OPR") by Bank Negara Malaysia ("BNM") and the Home Ownership Campaign initiated by the government have stimulated the property market segment and encouraged property ownership. This has brought positive results to our sales of completed units.

#### Group Profit Before Tax

The Group posted a lower profit before tax ("PBT") of RM0.96mil for FY2020 as compared to RM2.17mil in the preceding year ended 31 March 2019. The decrease in PBT by RM1.21mil was mainly due to lower margin from the property division, whereby the division recorded a loss before tax ("LBT") of RM0.01mil in FY2020 as compared to PBT of RM0.70mil in FY2019. The manufacturing of consumable products also posted a lower PBT of RM2.34mil for FY2020 as compared to RM2.97mil in FY2019. However, our trading division posted a lower LBT of RM0.30mil in FY2020 as compared to LBT of RM0.34mil in FY2019.

### FINANCIAL POSITION

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Shareholders' Equity	40,947	42,541	43,221	43,860	45,186
Total Assets	91,566	80,620	83,711	82,847	81,104
Borrowings	11,579	8,868	9,441	9,453	7,894*
Share Capital	95,927	17,329	17,329	18,144	18,801
Net Assets	40,947	42,541	43,221	43,860	45,186
Debts/Equity (%)	28.28	20.85	21.84	21.55	17.47
Net Assets Per Share (Sen)	0.43	0.44	0.45	0.43	0.43
Earnings/(Loss) Per Share (Sen)	3.82	1.67	(0.23)	0.56	0.57

\* Including hire purchase creditors of approximately RM1.36mil which were classified as lease liabilities due to adoption of MFRS 16

### EQUITY AND LIABILITY

#### Capital Structure

With the completion of the final tranche of the private placement on 30 May 2019 of 4,592,600 shares, the share capital of the Company increased to 105,519,121 shares, amounted to RM18,801,176.



## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### EQUITY AND LIABILITY (Cont'd)

#### Borrowings

The borrowings (including hire purchase creditors which were classified as lease liabilities due to adoption of MFRS 16) of the Group for FY2020 were RM7.89mil as compared to RM9.45mil in FY2019. The decrease is due to repayment of loans which were obtained in the previous financial year.

The debt/equity ratio was at 17.47% in FY2020 as compared to 21.55% in FY2019 which indicates an improvement to the financial position with a lower gearing ratio. The Group will continue to be prudent in maintaining a sound financial position that enables the execution of strategic objectives in creating values over the coming years.

### REVIEW OF OPERATING ACTIVITIES

#### Manufacturing of Consumable Products

##### a. Trophy and OEM Products

The market environment is expected to remain challenging for the financial year ending 31 March 2021 due to the uncertainties posed by COVID-19 pandemic and the stringent control measures to curb the spread of the virus. It discourages social activities and sporting events which have affected the demand of trophy products in both domestic and export markets. On the positive note, with the gradual relaxation of the MCO followed by the reopening of schools and recommencement of many business activities in Malaysia, we remain positive on the trophy business that it shall be picking up gradually over time.

In tandem with the emerging digital economy, online presence and digital marketing have become the key success factor of brand positioning. Website searches and E-commerce marketplaces are where people nowadays find information to initiate their buying process. Emico has successfully launched a digital marketing partnership program (e-RTG) with trophies and awards customers cum resellers, through which the resellers have been brought to the forefront of internet space via professionally created e-commerce websites, promoting Emico's products in their names. The response has been overwhelming and the plan will be the stimulus for the Group's revenue growth in the coming financial years.

As for contract manufacturing, Emico is fortunate to obtain early approval from the Ministry of International Trade and Industry ("MITI") on 9 April 2020 to resume operation for our production of Medical Rehabilitation Products. We expect the performance from this segment to achieve better results as compared to the previous financial year.

Nevertheless, putting aside the current pandemic which is beyond the Group's control, the Group has untiringly continued to explore new business opportunities and possibilities, to continually improve the current manufacturing and streamlining processes to improve productivity and efficiency. This includes modernizing and automating our manufacturing facilities towards Industry 4.0.

Besides that, the Group has implemented several cost savings and rationalization measures. This includes temporary freezing staff recruitment whilst still maintaining an effective operational structure. As this is a continually evolving situation, the Group will continue to monitor and implement further appropriate measures if required.

##### b. Trading of Home Furnishing and Household Products

The usual course of business of the division remains to be sourcing and trading of home furnishing products, as well as trophy, gift and premium merchandise. The business growth has been affected by the slowdown of economy and the outbreak of COVID-19 pandemic in the last quarter of the financial year.

##### c. Property Development Division

###### Bandar Mutiara, Sungai Petani

During the year, the Group has managed to sell 17 units of double storey terrace house in Bandar Mutiara Township and 3 units of double storey terrace house in Taman Batik Sungai Petani, Kedah from our unsold completed units. The Home Ownership Campaign and other positive initiatives introduced by the Government have brought positive results to our sales.



## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### ANTICIPATED AND KNOWN RISKS

#### Business Risk

The Group is exposed to external risks such as adverse economic and market conditions and internal risks related to the Group's operations and financial management. It has to be recognized that the Group is limited by the actions that can be taken to manage or mitigate external economic risks. However, the Group has put in place a risk management framework to identify, manage, and mitigate internal operational risks. Procurement and operational procedures are in place and are constantly reviewed to manage operational costs through improved efficiency and innovation. In addition, the capabilities of its human resources are strengthened through continuous training and development.

Financial and cash flow risks are mitigated by maintaining sufficient cash reserves and ensuring the availability of credit facilities from financial institutions.

### FORWARD LOOKING STATEMENT

#### Consumable Products Segment

##### a. Manufacturing of Consumable Products

As the challenges ahead are highly uncertain, the Group will continue to mitigate the economic impact of the COVID-19 pandemic by undertaking the on-going measures such as managing its workforce at an optimal level to meet the operational requirements and practising cost-consciousness exercise within its operations which include improving process efficiencies as well as leveraging on our digital marketing capabilities and accelerating sales via online platforms.

Going forward, the Group will continue to focus on its core business of manufacturing and marketing of trophy and consumable products. The Group will continue to leverage and build on its strong reputation in the market as a consistently reliable partner delivering quality products to its wide range of customers competitively.

##### b. Trading of Home Furnishing and Household Products

The Group will continue to focus on its core competency of sourcing and trading of home furnishing, gift and premium products to its customers. The division will leverage on its large networks of suppliers in the Asian region and its sourcing expertise and embark into e-commerce ventures. The new IS LIVING brand has been established as the channel of selling furniture and home furnishing items for domestic as well as other Asian markets. It will be an important source of revenue for trading division in the near future.

##### c. Property Development Segment

The Group will continue to carry out promotion activities aggressively for the sales of remaining unsold completed units in both Bandar Mutiara in Sungai Petani and Taman Simfoni in Langkawi, Kedah.

At this juncture, all new planned launches will be reviewed diligently according to the current property market sentiments. For the coming development projects, we are in the final planning stage of launching the 80 units of semi-detached house in our Bandar Mutiara Township, Sungai Petani, Kedah. The Group will continue to monitor the market situation and take proactive measures to increase revenue and profitability for the property development division.



# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

Emico Group (“the Group”) acknowledges sustainability as one of the drivers towards the Group’s continuous and long-term business activities. The Group is committed to continuously improve its sustainability related initiatives to provide value to sustainable business, environmental management, and social accountability throughout the Group’s business activities.

This report is prepared in accordance with Bursa Malaysia Securities Berhad’s Sustainability Reporting Guide and Main Market Listing Requirements.

## SCOPE

The scope of this Sustainability Report encompasses the Group’s various activities in Malaysia which include among others the 4 major operations such as manufacturing and trading of trophy products, contract manufacturing of medical consumable products, marine engineering products and lighting accessories, trading of home furnishing and household products and property development which focuses on economic, environmental and social impact that are most material to both our organisation and stakeholders for the financial year ended 31 March 2020.

## SUSTAINABILITY GOVERNANCE - STAKEHOLDER ENGAGEMENT

Continuous and meaningful engagement with the Group’s key stakeholders is integral to build mutual respect and understanding of the ongoing tasks needed to fulfil their expectation and to achieve the Group’s key sustainability goals. The Group engages its stakeholders through multiple channels. The Group’s key stakeholders have been identified through various activities in the industry. They include shareholders, employees, customers, suppliers and government authorities. Outlined below is an overview of the Group’s engagement with these stakeholders that allows the Group to understand and better manage potential issues and risks in the Group’s business.

Stakeholders	Engagement method	Areas of Interest	Outcome
Shareholders	<ul style="list-style-type: none"><li>• AGM</li><li>• Annual reports</li><li>• Quarterly reports</li><li>• Company website</li></ul>	<ul style="list-style-type: none"><li>• Financial returns</li><li>• Future development plans</li></ul>	<ul style="list-style-type: none"><li>• Better Group’s strategy for profit maximization</li></ul>
Employees	<ul style="list-style-type: none"><li>• Meetings</li><li>• Daily muster</li><li>• Notices</li><li>• Annual appraisal</li><li>• Multichannel engagements</li></ul>	<ul style="list-style-type: none"><li>• Job satisfaction</li><li>• Salary &amp; wages</li><li>• Working conditions and trainings</li><li>• Career development</li><li>• Benefits</li></ul>	<ul style="list-style-type: none"><li>• Employee retention</li><li>• Happier &amp; safer working environment of company policies &amp; procedures</li></ul>
Customers	<ul style="list-style-type: none"><li>• Meetings</li><li>• Phone calls</li><li>• Company website</li><li>• Visits</li></ul>	<ul style="list-style-type: none"><li>• Product quality</li><li>• Timely delivery/shipment</li></ul>	<ul style="list-style-type: none"><li>• Positive reputation</li><li>• High customer satisfaction</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Meetings</li><li>• Phone calls</li><li>• Visits</li></ul>	<ul style="list-style-type: none"><li>• Timely payment</li><li>• Long-term relationship</li></ul>	<ul style="list-style-type: none"><li>• Positive reputation</li><li>• Better relationship and communication</li></ul>
Government Authorities	<ul style="list-style-type: none"><li>• Formal &amp; informal meetings</li><li>• On-site inspection</li></ul>	<ul style="list-style-type: none"><li>• Transparency</li><li>• Support for government policies and initiatives in the manufacturing industry</li></ul>	<ul style="list-style-type: none"><li>• Compliance to legal requirements</li><li>• Compliance to the government’s initiative</li><li>• Compliance to various regulations</li></ul>

# SUSTAINABILITY REPORT *(Cont'd)*

## MATERIAL SUSTAINABLE MATTERS

Material sustainability matters are those that have a significant impact on the Group's business activities and all its stakeholders. The materiality assessment is conducted through a guided approach, using Bursa Malaysia's Sustainability Reporting Guide as illustrated below:

### IDENTIFICATION

List of potential sustainability matters were identified based on the Group's activities, products, and services as well as its business strategy and operating environment.

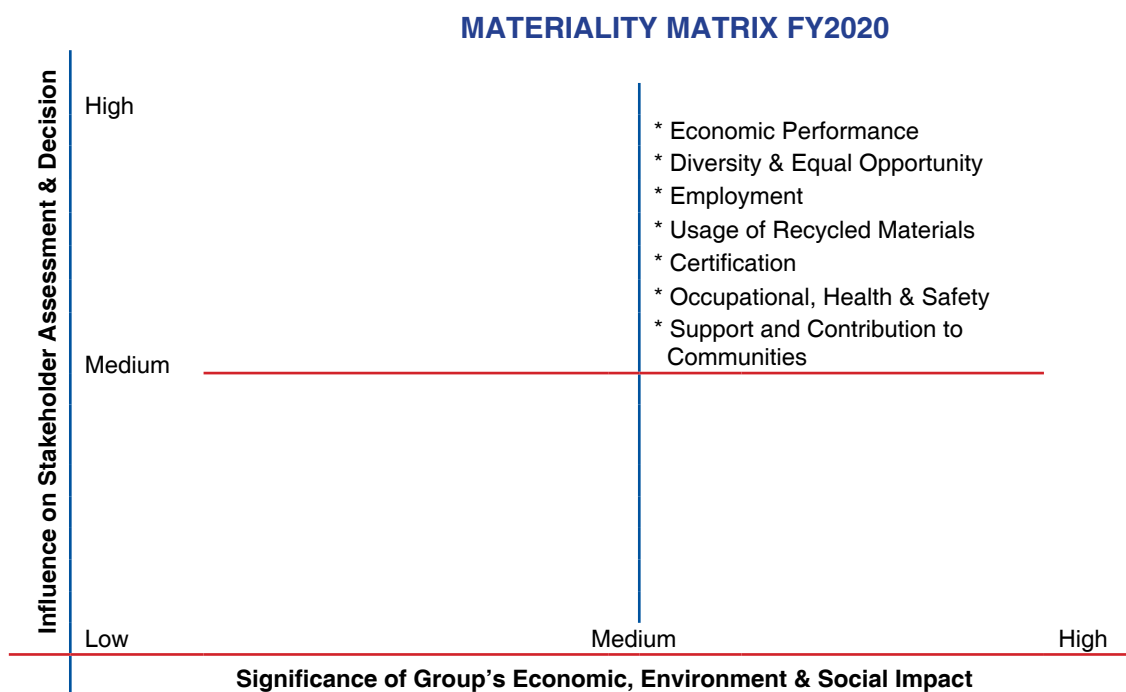
### PRIORITISATION

Material matters were prioritised and mapped in a matrix through an assessment workshop with the Group's middle to senior management from the various business units.

### STAKEHOLDER ENGAGEMENT

Sustainability issues were also identified based on the view of the Group's Internal and External Stakeholders.

The major topics raised were then plotted on a materiality matrix, where issues with the highest significance to both the internal and external stakeholders were selected:



Aspects	Material Matters for FY2020
Economic Sustainability	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Certification</li> </ul>
Environment Sustainability	<ul style="list-style-type: none"> <li>Usage of Recycled Materials</li> </ul>
Social Sustainability	<ul style="list-style-type: none"> <li>Occupational, Health &amp; Safety</li> <li>Diversity &amp; Equal Opportunity</li> <li>Employment</li> <li>Support and Contribution to Communities</li> </ul>

## ECONOMIC SUSTAINABILITY: MANAGING SUSTAINABLE BUSINESS

### Economic Performance

The Group believes sustainable earnings play a big role in enhancing stakeholders' value. Profitability in the Group's business allows the Group to reinvest its earnings into the operating environment including providing job opportunities and improving living standards of our employees and local communities.

The Group created direct economic value of RM52.6mil and distributed a total economic value of RM52.4mil in the areas of operating cost, employees' wages and benefits, interests, and taxes. The following table provides the breakdown of this summary:

	FY2020 RM'000	FY2019 RM'000
<b>Economic value distributed</b>	<b>52,629</b>	52,276
Our Supplier: Operating Costs	<b>40,668</b>	37,952
Our Employees: Wages & Benefits	<b>10,457</b>	11,488
Our Lenders: Payment to Lenders	<b>543</b>	506
The Government: Payment to Government	<b>717</b>	700
<b>Total</b>	<b>52,385</b>	50,646

### Certification

The Group places high importance on product quality to increase customers' satisfaction and contributes to sustainable revenue and profitability. Since FY2018, we have upgraded to ISO 9001:2015 Quality Management System Certification which incorporates risk-based thinking in addition to the process approach that aimed at taking advantage of opportunities and preventing undesirable results.

## ENVIRONMENTAL SUSTAINABILITY: ENVIRONMENTAL STEWARDSHIP

### Usage of Recycled Materials

We recognise our actions have a significant impact on environment. All our plastic trophy components are made from 100% recycled resin since we started. The recycled material called Acrylonitrile Butadiene Styrene (ABS) was used as the main raw material in plastic moulding process to produce all our plastic trophy components.

	FY2020	FY2019
Usage of Recycle ABS (tons per annum)	470	491
<b>Assumed Saving in barrels of petroleum</b>	<b>2,350 barrels</b>	<b>2,455 barrels</b>
<b>Assumed Saving in CO<sub>2</sub></b>	<b>752 tonnes</b>	<b>785.6 tonnes</b>

Over the last 75 years, our societies have produced more than 8 billion tonnes of plastics on a worldwide scale, equivalent to the weight of 822,000 Eiffel Towers. 6.3 billion tonnes of this material has gone to waste, only 9% has been recycled.

Over the last 50 years, the use of plastic has increased twenty-fold, and some consumer products now contain more than 50 different plastic resins.

Producing 1 tonne of recycled plastic saves 5 barrels of petroleum and the equivalent of 1.6 tonnes of CO<sub>2</sub>. During the FY2020, Emico is able to save 2,350 barrels of petroleum and 752 tonnes of CO<sub>2</sub>, with the usage of 470 tonnes of Recycled ABS resin.

## SOCIAL SUSTAINABILITY: SOCIAL ACCOUNTABILITY

### Occupational Health & Safety

The Group is committed to ensure a safe and healthy workplace for all our employees. Since the COVID-19 was declared a pandemic on 11 March 2020 by the World Health Organisation, the Group has started to implement and comply with the Standard Operating Procedures ("SOP") enforced by Ministry of Health and Ministry of International Trade and Industry. The following setup and measures were established in every plant:

- Occupational Safety & Health (OSH) unit to oversee all matters concerning employees' safety and health issues;
- Safe working culture promotions through workplace inspections and safety briefings are conducted for employees;
- Personal protective equipments (PPEs) are provided to workers who are exposed to hazardous and risky environment;
- Hazard Identification Risk Assessment System is in place within related facilities to reduce hazards; and
- Regular safety training programs are conducted to ensure safety among employees and to understand the requirements of the Occupational Safety & Health Administration (OSHA) awareness to boost safety and health in the workplace.

## DIVERSITY & EQUAL OPPORTUNITY

The Group values, respects, and leverages the contributions of people with diverse backgrounds, experiences, and perspectives to provide exceptional services to an equally diverse community.

### Employment Summary

	FY2020	FY2019
Annual Staff Hiring Rate	38.58%	33.80%
Annual Staff Turnover Rate	36.55%	35.56%
No. of staff at beginning of the year	193	198
No. of staff recruited during the year	76	96
No. of staff left during the year	72	101
No. of staff at the end of the year	197	193

### Employee Gender Composition by Level

	FY2020				FY2019			
	Female	Male	Total	% Female	Female	Male	Total	% Female
Managerial	11	14	25	44.00	10	12	22	45.45
Executives	13	12	25	52.00	10	14	24	41.67
Non-executives	35	112	147	23.81	35	112	147	23.81
Total	59	138	197	29.95	55	138	193	28.50

### Employee age Composition

	FY2020		FY2019	
	No. of Staff	%	No. of Staff	%
Under 30	77	39.09	67	34.72
30 to 50	89	45.18	100	51.81
Above 50	31	15.73	26	13.47
Total employees	197	100.00	193	100.00



## DIVERSITY & EQUAL OPPORTUNITY *(Cont'd)*

### Employee Nationality Composition

	FY2020		FY2019	
	No of Staff	%	No of Staff	%
Malaysian	128	64.97	121	62.69
Non- Malaysian	69	35.03	72	37.31
Total	197	100.00	193	100.00

### Employment

The Group believes that dedicated, loyal, and competent workforce is paramount to the sustainability of the Group. With competition for talents growing more intense, the following measures were put in place:

- Offering reasonable remuneration package and staff welfare to the employees to reward their contributions;
- Offering Employees' Share Option Scheme ("ESOS") to retain and reward long serving employee;
- Creating safe and conducive working environment for our employees to cultivate sense of belonging and to minimize the occurrence of accidents and health hazards;
- Providing training and development opportunities to the employees to enhance their knowledge, skills and capabilities, where necessary and appropriate;
- Placement of job advertisement in local newspapers to encourage the local communities to be part of the Group;
- Same career progression opportunity for everyone who is competent and contribute to the success of the Group;
- Ensuring that all relevant labour and employment legislative and regulatory requirements are complied with;
- All staff and workers are provided with medical benefits and insurance coverage; and
- Only foreign workers with valid work permits are hired & provided with good housing and amenities.

All statutory payments and wages are made in a timely manner.

All local and foreign workers are covered under Social Security Organization (SOCSO).



## SUPPORT AND CONTRIBUTION TO COMMUNITIES

### Annual Dinner



### Digital Marketing Foundation Training Course



### Penang Bridge International Marathon 2019



### Visit To Children's Protection Society Penang



### Blood Donation





# SUSTAINABILITY REPORT *(Cont'd)*

## SUPPORT AND CONTRIBUTION TO COMMUNITIES *(Cont'd)*

### Webinar



### Emico Outing Trip



### Penang Chief Minister YAB Chow Kon Yeow's Visit During MCO



### Fire Drill Training



### Compliance To SOP During MCO



# REPORT OF AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has appointed the Audit and Risk Management Committee (“ARMC” or “Committee”) to assist the Board in discharging its duties of maintaining a sound system of internal controls to safeguard shareholders’ investment and the Group’s assets.

## TERMS OF REFERENCE

- **Purpose**  
The primary objective of the ARMC (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.
- **Reporting Responsibilities**  
The ARMC will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.
- **Attendance at Meeting**  
The head of finance, the head of internal audit and a representative of external audit shall normally attend meetings. The Company Secretary shall be the Secretary of the ARMC. Other Board members or employees may be invited to brief the Committee on issues that are incorporated into the agenda.
- **Frequency of Meeting**  
The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and shall record its conclusions whilst discharging its duties and responsibilities. The Audit and Risk Management Committee should meet with the external auditors without executive board members present at least once a year.  
  
The Chairman of the ARMC should engage on a continuous basis with senior management, such as the chairman, managing director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.
- **Quorum**  
The quorum for a meeting shall be three (3) members, the majority of whom shall be Independent Non-Executive Directors.
- **Authority**  
The ARMC is authorised by the Board to investigate any activity within its terms of reference. The Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The internal audit function reports directly to the ARMC. The Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

## MEMBERSHIP AND MEETINGS

The ARMC as appointed by the Board from amongst its members, comprises four (4) members of which all are Independent Non-Executive Directors.

### Membership

- The members of the Committee shall be appointed by the Board.
- The Committee shall consist of not less than three (3) members of which:
  - a) all members of the Committee must be Non-Executive Directors with a majority of them being independent directors;
  - b) at least one (1) member of the Committee:
    - i) must be a member of the Malaysian Institute of Accountants; or
    - ii) if he or she is not a member of the Malaysian Institute of Accountants,
      - 1) he or she must have at least three (3) years’ working experience; and he or she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
      - 2) he or she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
    - iii) he or she fulfils such other requirements as prescribed or approved by Bursa Securities.

# REPORT OF AUDIT AND RISK MANAGEMENT COMMITTEE (Cont'd)

## MEMBERSHIP AND MEETINGS (Cont'd)

### Membership (Cont'd)

- The Committee shall consist of not less than three (3) members of which: (Cont'd)
  - c) all members of the Committee should be financially literate.
    - No alternate director shall be appointed as a member of the Committee.
    - The Chairman of the Committee shall be appointed by the members of the ARMC among their members who is an independent director.
    - The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.
    - The Board shall, within three (3) months of a vacancy occurring in the ARMC which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.
  - d) A former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Committee. However, currently, there is no appointment of former key audit partner as a Committee.

### Meetings

During the financial year ended 31 March 2020, the Committee held meetings on 24 May 2019, 27 June 2019, 16 August 2019, 28 November 2019 and 28 February 2020 respectively, making a total of five (5) meetings.

Name	Designation	Independence Status	Attendance of meetings
Wong Thai Sun	Chairman	Independent Non-Executive Director	5/5
Ng Chee Kong	Member	Independent Non-Executive Director	5/5
Wong Sew Yun	Member	Independent Non-Executive Director	5/5
Ng Hong Kiat @ Ng Han Kiat	Member	Independent Non-Executive Director	5/5

## DUTIES AND RESPONSIBILITIES

The primary goal of the Committee is to review the financial condition of the Group, its internal controls, performance and findings of the internal auditors and to recommend appropriate remedial action. The primary duties and responsibilities of the Committee are as follows:

- to review both the internal and external auditors' scope of audit plan, their evaluation of the system of internal controls and audit reports.
- to review and evaluate the adequacy of the scope, functions, competency and resources of the internal audit functions that it has the necessary authority to carry out its work.
- to consider the appointment and/or reappointment of external and internal auditors, their fees and any question of their resignation or dismissal and to recommend to the Board.
- to nominate, for the approval of the Board of Directors, a person or persons as auditor(s).
- to review the assistance and co-operation given by the Company's officers to the external and internal auditors.
- to review the quarterly and year end financial statements before submission to the Board of Directors, focusing particularly on:
  - a) changes in or implementation of major accounting policy changes;
  - b) significant and unusual events; and
  - c) compliance with accounting standards and other legal requirements.



# **REPORT OF AUDIT AND RISK MANAGEMENT COMMITTEE** (Cont'd)

## **DUTIES AND RESPONSIBILITIES** (Cont'd)

The primary goal of the Committee is to review the financial condition of the Group, its internal controls, performance and findings of the internal auditors and to recommend appropriate remedial action. The primary duties and responsibilities of the Committee are as follows: (Cont'd)

- to review any related party transactions that may arise within the Company or the Group.
- to consider adequacy of Management's actions taken on internal and external audit reports.
- to review the allocation of shares to employees under the Employees' Share Option Scheme.

## **SUMMARY OF WORK DONE OF THE ARMC**

During the financial year ended 31 March 2020, the Committee held meetings on 24 May 2019, 27 June 2019, 16 August 2019, 28 November 2019 and 28 February 2020 respectively, making a total of 5 (five) meetings. The Committee also appraised the adequacy of actions taken by the Management in resolving the reported audit issues and in implementing suggested improvement measures.

During the year, summary of work done undertaken by the Committee included the following:

### **1. Financial reporting**

- Reviewed the quarterly financial results and announcement as well as annual financial statements of the Group prior to recommending the same for approval by the Board;
- In review of the quarterly financial results and annual audited financial statements, the Committee discussed with the Management and the external auditors, amongst others, the accounting policies and standards that were applied and their judgement exercised on the items that may affect the financial results and the financial statements; and
- Confirmed with the Management and the external auditors that the annual financial statements of the Group have been prepared in compliance with applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards. The impact of any changes to accounting policies and adoption of new financial reporting standards and amendments were discussed and reviewed.

### **2. Internal Audit**

- Reviewed and approved the annual audit plan proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance of the overall Internal Audit function; and
- Reviewed the audit reports presented by the internal auditors on their findings and recommendations with respect to the system and control weaknesses. The Committee then considered those recommendations including the Management's responses thereto, before proposing that those control weaknesses be rectified and recommendations for improvements be implemented.

### **3. External Audit**

- Reviewed the external auditors' audit plan, audit strategy and scope of work for the financial year before their commencement of the audit of the financial statements of the Group;
- Reviewed the results of the annual audit, audit report and management letter together with Management's response to their findings including all the key audit matters raised. Major issues that arose during the course of the audit were discussed with Management and resolved, wherever possible, or held for further monitoring and resolution in future; and

# **REPORT OF AUDIT AND RISK MANAGEMENT COMMITTEE** (Cont'd)

## **SUMMARY OF WORK DONE OF THE ARMC** (Cont'd)

### **3. External Audit** (Cont'd)

- Assessed the independence and objectivity of the external auditors and services provided, including non-audit services. The Committee undertook an annual assessment to assess the performance, suitability and independence of external auditors based on amongst others, the quality of service, sufficiency of resources, communication and interaction as well as independence, objectivity and professional skepticism. Assurance was also obtained from the external auditors regarding their independence in accordance with the terms of all professional and regulatory requirements; Following the review of the external auditors' effectiveness and independence, the Committee is satisfied with the performance and the audit independence of the external auditors. Accordingly, it was recommended to the Board on the reappointment of the external auditors as well as the proposed audit fee for approval.

### **4. Risk Management**

- Reviewed and reported to the Board accordingly on the meeting held to review key risks and measures undertaken by the Group.

### **5. Related Party Transactions**

- Reviewed the recurrent related party transactions of a revenue or trading nature which were necessary for the day-to-day operations entered into by the Group to ensure that the transactions were in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public.

### **6. Employees' Share Option Scheme ("ESOS")**

- Reviewed and verified the options allocations pursuant to the ESOS of the Company during the financial year under review. The ARMC was satisfied that the allocation of options was in compliance with the criteria set out in the ESOS By-Laws and by the ESOS Committee.

## **ACTIVITIES OF INTERNAL AUDIT**

The Group outsources its internal audit function. The internal auditors report directly to the ARMC. The cost incurred for the internal audit function for the financial year ended 31 March 2020 was RM23,000.

The role of the internal auditors is to examine, evaluate and ensure compliance with the Group's policies, procedures and system of internal controls so as to provide reasonable assurance that such system continue to operate effectively in the Emico Group of Companies. The internal auditors work focuses on areas of priority as identified in accordance with the annual audit plan approved each year by the Committee. For the financial year ended 31 March 2020, audit visits were conducted in all active subsidiaries of the Group.

The audit activities were as follows:

- ascertaining the extent of compliance with the established policies, procedures and statutory requirements;
- reviewing of new systems and modified systems to ensure that proper controls exist in the systems or where certain necessary controls were absent, to prescribe controls before implementation; and
- identifying opportunities to improve the operations and the processes in the Company and the Group.

The internal auditors report their audit findings to the ARMC and the Management of the respective subsidiaries.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Emico Holdings Berhad is committed to ensuring that the Group is moving towards the highest standards of Corporate Governance in discharging its responsibilities to protect and enhance shareholders value and the Group's financial performance.

The ensuing paragraphs in this Corporate Governance Overview Statement ("CG Overview Statement") describes the extent of how the Group has applied and complied with the three (3) key Principles and 36 Practices of the Malaysian Code on Corporate Governance ("Code" or "MCCG") for the financial year ended 31 March 2020 ("FY2020") and to-date. This CG Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") with guidance drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (3<sup>rd</sup> edition) issued by Bursa Securities.

The CG Overview Statement is complemented with a Corporate Governance Report ("CG Report"), based a prescribed format as outlined under Paragraph 15.25(2) of the MMLR which articulate the application of the Company's corporate governance practices vis-à-vis the Code. The CG Report is available on the company's website at [www.emico.com.my](http://www.emico.com.my) and via an announcement on the website of Bursa Securities.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

The business and affairs of Emico and the Group are managed under the direction and oversight of the Emico Board, which also has the responsibility to periodically review and approve the overall strategies, business, organisation and significant policies of Emico and the Group. The Board also sets the Group's core values, adopts proper standards to ensure that Emico operates with integrity, and complies with the relevant rules and regulations.

The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:

- Reviewing and approving the strategies and business plans for Emico and the Group to ensure that they are aligned with the Group's Vision and Mission;
- Identifying and managing principal risks affecting the Group including establishing and approving the relevant policies;
- Reviewing the adequacy and integrity of the Group's internal control systems;
- Overseeing the conduct and the performance of the Group's businesses;
- Reviewing succession planning and talent management plans for the Group;
- Approving new policies pertaining to boardroom diversity;
- Approving changes to the corporate organisation structure;
- Approving the appointment of Directors and Directors' emoluments and benefits in accordance with relevant statutes;
- Approving policies relating to corporate branding, public relations, investor relations and shareholder communication programmes; and
- Reviewing the Group's strategies on promotion of sustainability focusing on economic, environmental and social (EES) aspects.

Other than as specifically reserved to the Board in the Board's Terms of Reference, the responsibility for managing Emico's business activities are delegated to the Managing Director and Executive Director of Emico, who is accountable to the Board.

Some insight on how the Board had discharged their roles and responsibilities during the year are set out as per below:

- **Succession Planning**  
The Board reviewed its size and composition based on the prevailing laws, rules regulations and the internal policies of the Group on the tenure of directorships, not only to ensure continuity in meeting its long term goals and objectives but also to affirm that the knowledge, experience and skill sets of its members would be well suited to meet the demands of the ever changing landscape of the industry.
- **Group Structure Review**  
The Board reviewed the Group's organisation structure to determine and address the challenges encountered in meeting the structure's stated objective which includes, accelerating and supporting Group performance, raising efficiency, productivity and operational excellence.
- **Review of Social Channel Strategy**  
The Board reviewed the progress of the Group's social channel strategy to assess achievements in the areas of reputational risk and business intelligence, marketing and promotions, customer loyalty and engagement as well as customer service on social channel and social commerce.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### I. Board Responsibilities (Cont'd)

Some insight on how the Board had discharged their roles and responsibilities during the year are set out as per below: (Cont'd)

- **Sustainability Plan**  
The Board reviewed the progress of the Group's corporate sustainability plan to determine the progress, achievements and challenges faced in furthering the Group's sustainability initiatives which is supported by three key pillars, namely Economic Sustainability, Operate in Sustainable Environment and Deliver Social impact.
- **Board Charter**  
In recognition that robust and well thought-out Corporate Governance practices are essential to safeguard the interests of the Group's stakeholders, the Emico Board has established a Board Charter ("Charter") to promote the best corporate governance culture and to assist the Board in carrying out its role, powers, duties and functions. The Board Charter was last reviewed by the Audit & Risk Management Committee and presented to Emico's Board on 26 June 2020 and the details of the Board Charter can be viewed in [www.emico.com.my](http://www.emico.com.my).
- **Company Secretary**  
Company Secretary is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving Emico, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.
- **Whistleblowing Policy**  
Emico Group advocates openness and transparency in its commitment to the highest standard of integrity and accountability. The Integrity Hotline which had been implemented since beginning of this year, provides an avenue for all the employees to report, in good faith, belief, without malicious intent, on any suspected misconduct or actual wrongdoing including but not limited to unethical incidences such as criminal activities or contravention of laws/regulations committed by another employee or any person who has dealings with the Group via the following channels:

Protected Email Address at [integrity@emico.com.my](mailto:integrity@emico.com.my)

The above email will be directly channelled to the Chairman of Audit and Risk Management Committee.

Confidentiality of all matters raised and the identity of the whistleblower, are protected under the Policy. Emico Group has an Anti-Corruption Policy and Procedures, which provides broad principles, strategies, and policies for the Group in relation to fraud in order to promote high standards of integrity. The policy establishes robust and comprehensive programmes and controls for the Group and highlights the roles and responsibilities at every level for preventing and responding to fraud.

- **Code of Ethics and Conduct**  
In addition to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, the Group also has a Code of Ethics and Conduct that sets out sound principles and standards of good practice in the industry, which are observed by the Directors and the employees. Both Directors and employees are required to uphold the highest integrity in discharging their duties and in dealings with stakeholders, customers, fellow employees and regulators. This is in line with the Group's Core Values which emphasise behavioural ethics when dealing with third parties and fellow employees.
- **Anti-Corruption Policy and Procedures**  
Emico Group is committed to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to corruption and are committed to acting professionally, fairly and with integrity in all our relationships and business dealings wherever we operate and implement and enforce effective system to counter corruption. We will uphold all laws relevant to countering corruption especially Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018 which became effective on 1<sup>st</sup> June 2020.

The Policy was approved by the Emico's Board on 26<sup>th</sup> June 2020 and can be viewed at [www.emico.com.my](http://www.emico.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### II. Board Composition

There are currently seven (7) Directors on the Emico Board. Four (4) are Independent Directors and three (3) are Executive Directors (which consist of one (1) Executive Chairman, one (1) Managing Director and one (1) Executive Director). The present composition of the Board complied with the requirement as stipulated in the Listing Requirements as more than half of its members are Independent Directors. The Directors provide a wealth of knowledge, experience and skills in key areas such as accountancy, international business operations and development, finance and risk management. A brief profile of each member of the Board is presented on pages 5 to 8 of this Annual Report.

The Independent Directors provide independent judgement, objectivity and check and balance on the Board. This is to protect the interests of shareholders, employees, various other stakeholders and the communities where the Company operates.

Directorate	Name of Director	No. of Attendance during the year			
		Board	ARMC	NC	RC
Executive Chairman	Lim Teik Hian	5/5	5/5		
Managing Director	Lim Teck Chye	5/5	5/5		
Executive Director	Dato' Jimmy Ong Chin Keng	5/5	5/5		
Independent Non-Executive Director	Wong Thai Sun	5/5	5/5	1/1	1/1
Independent Non-Executive Director	Wong Sew Yun	5/5	5/5	1/1	
Independent Non-Executive Director	Ng Chee Kong	5/5	5/5	1/1	1/1
Independent Non-Executive Director	Ng Hong Kiat @ Ng Han Kiat	5/5	5/5	1/1	1/1

The Executive Chairman is primarily responsible for the orderly conduct and performance of the Board. He also ensures that the Board practises good governance in discharging its duties and responsibilities. The Managing Director with the assistance of Executive Director is responsible for implementation of the objectives, goals and operational matters of the Group. Although the Executive Chairman, Mr Lim Teik Hian is not an independent Director, the Board believes that with four (4) Independent Non-Executive Directors on the Board, there is a balance of power and authority in the Board.

The Board takes cognisance of the recommendation to have gender diversity on the Board and through its Nominating Committee ("NC") is taking steps to ensure that suitable women candidates are sought as part of the recruitment exercise whenever the need arises.

#### Nominating Committee ("NC")

The NC is empowered by the Board to oversee the assessment of the Board as a whole, Board Committees and each individual Director, nominate to the Board the candidature of Directors and Board Committees' members as well as review the Board's succession plans and training programs. The NC comprises of four (4) members, the majority of whom are Independent Non-Executive Directors ("INEDs"). Its Chairman is also an INED. The NC would meet at least once (1) annually with additional meetings convened on as and when needed basis.

During the year under review, key activities undertaken by the NC are summarised as follows:

- Considered and reviewed the Board's present size, structure and composition of the Board as well as the required mix of skills, experience, composition, size and competency required.
- Assessed and recommended to the Board for the continuation of service of the Directors who are eligible to stand for re-election based on the schedule of retirement by rotation.
- Assessed the independence of the INEDs who have served in the said capacity for more than nine (9) and twelve (12) years and recommended to the Board for the continuation of service.
- Reviewed the term of office and performance of the ARMC.
- Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees. The assessment is conducted via the Assessment Sheet for each member of the Board and the Independent Directors of the Company. The assessment of independence serves as a form of attestation by the Independent Directors that they are able to exercise independent judgement, impartiality and objectivity in the best interest of the Company.



# **CORPORATE GOVERNANCE OVERVIEW STATEMENT** *(Cont'd)*

## **PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS** *(Cont'd)*

### **II. Board Composition** *(Cont'd)*

#### **Nominating Committee (“NC”) *(Cont'd)***

During the year under review, key activities undertaken by the NC are summarised as follows: *(Cont'd)*

- (f) Discussed the character, experience, integrity and competence of the Directors, and MD and to ensure they have the time to discharge their respective roles.
- (g) Noted the training attended by Directors for disclosure in the CG Overview Statement for publication in the Annual Report.
- (h) Recommended for Directors to attend training or seminars particularly those in connection with updates to regulations and financial reporting standards.
- (i) Considered appointment of additional INED(s) to meet gender diversity and balance of INEDs on the Board.

**The disclosures in relation to Practice 4.2 of the MCCG are discussed in the Corporate Governance Report.**

### **III. Training**

The Board encourages its Directors to attend relevant training to enhance their skills and knowledge on the relevant new laws and regulations, changing commercial and financial risks to keep abreast with the development in the economy, industry, technology and business environment within which the Group operates.

The Directors are regularly updated by the Company Secretaries on key developments in the Companies Act 2016, MMLR of Bursa Securities and the MCCG.

The Board had, through the NC, undertaken an assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in the better position to assess their areas of concern. Nonetheless, the NC had recommended for training to improve financial literacy and keep with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of Companies Act 2016 and other related laws.

The training attended by Directors for FY2020 encompassed various topics as outlined below:

Lim Teik Hian

- Internal briefing on Corporate Liability Provision (Section 17A) of the MACC (Amendment) Act 2018 – 14th May 2020

Lim Teck Chye

- Internal briefing on Corporate Liability Provision (Section 17A) of the MACC (Amendment) Act 2018 – 14th May 2020

Wong Sew Yun

- Internal briefing on Corporate Liability Provision (Section 17A) of the MACC (Amendment) Act 2018 – 14th May 2020

Ng Chee Kong

- Internal briefing on Corporate Liability Provision (Section 17A) of the MACC (Amendment) Act 2018 – 14th May 2020

Wong Thai Sun

- Public Rulings and Latest Developments – 23 May 2019
- Latest Updates on Practical Tax Issues – 11 June 2019
- Property Development and Construction Contract Activities under FRS 201 (MPERS) & MFRS 15 – 17 & 18 June 2019
- Special Voluntary Disclosure Programme (SVDP) – Applications Implications and Complications – 16 July 2019
- Optimising Tax Benefits for Companies & Related Entities – 19 July 2019
- Latest updates in 2020 on Employers' Tax Statutory Obligations – Including tax implication on employee related expenses – 25 February 2020
- Internal briefing on Corporate Liability Provision (Section 17A) of the MACC (Amendment) Act 2018 – 14th May 2020

Ng Hong Kiat @ Ng Han Kiat

- Internal briefing on Corporate Liability Provision (Section 17A) of the MACC (Amendment) Act 2018 – 14th May 2020

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### III. Training (Cont'd)

Dato' Jimmy Ong Chin Keng

- Internal briefing on Corporate Liability Provision (Section 17A) of the MACC (Amendment) Act 2018 – 14th May 2020
- FMM SME CEO Forum 2019 – 25 June 2019
- National Tax Seminar Budget 2020 – 22 Oct 2019

### IV. Remuneration

The Board believes that one area that the Board needs to focus on in order to remain effective in the discharge of its duties and responsibilities is the setting of a fair and comprehensive remuneration package commensurate with the expertise, skills, responsibilities and the risks of being a director of a listed Issuer. In line with good corporate governance, the Board has set out its intention to periodically review the Independent Directors (IDs) remuneration for Emico and its group of companies at least once every three years. The remuneration of each of the Directors, as distinguished between Executive and Independent Non-Executive Directors, for the financial year ended 31 March 2020 is as follows:

Categories	Fee (RM'000)	Salaries and other emoluments (RM'000)	Total (RM'000)
<b><u>Executive Directors</u></b>			
Mr Lim Teik Hian (Executive Chairman)	24,000	484,264	508,264
Mr Lim Teck Chye (Managing Director)	24,000	495,652	519,652
Dato' Jimmy Ong Chin Keng (Executive Director)	24,000	488,192	512,192
<b><u>Non-Executive Directors</u></b>			
Wong Thai Sun (Independent Non-Executive Director)	24,000	10,500	34,500
Ng Chee Kong (Independent Non-Executive Director)	24,000	10,500	34,500
Wong Sew Yun (Independent Non-Executive Director)	24,000	9,000	33,000
Ng Hong Kiat @ Ng Han Kiat (Independent Non-Executive Director)	24,000	10,500	34,500
<b>Total</b>	<b>168,000</b>	<b>1,508,608</b>	<b>1,676,608</b>

The Remuneration (including salary, bonus, allowances, benefit-in-kind and other emoluments) of top six (6) key Senior Management personnel on named basis during the financial year in bands of RM50,000 are set out below:

Range of Remuneration (RM)	Name of Key Senior Management	Position
RM400,000 to RM450,000	Lim Poh Hoon	Chief Commercial Officer
RM150,000 to RM200,000	Tan Chin Peng	Director of Sales and Marketing
RM100,000 to RM150,000	Lim Lay Khim	Director of Business Development
RM150,000 to RM200,000	Julie Ong Lye Im	Special Assistant to Managing Director
RM100,000 to RM150,000	Liew Kong Wang	Director of Supply Chain
RM50,000 to RM100,000*	Tan Teong Yu	Senior Finance Manager

(\*) Tan Teong Yu started his employment with Emico Group on 1 August 2019.

The disclosures on Practice 6.2 and 7.1 to 7.3 of MCCG are disclosed in the Corporate Governance Report.

# **CORPORATE GOVERNANCE OVERVIEW STATEMENT** (Cont'd)

## **PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **I. Audit and Risk Management Committee (ARMC)**

The Audit Committee was renamed to Audit and Risk Management Committee on 24 May 2019. The Board authorises the ARMC to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Group. The activities carried out by the ARMC, which met 5 times during the year under review, are summarised in the Audit and Risk Management Committee Report and its Terms of Reference as stated on page 25 of this Annual Report. Members of the ARMC are as indicated on page 26 of this Annual Report.

**The disclosures in relation to Practice 8.1 to 8.5 of the MCCG are disclosed in the Corporate Governance Report.**

### **II. Risk Management and Internal Control Framework**

The Board has overall responsibility for establishing and maintaining a sound risk management and internal control system to ensure that shareholders' investments, customers' interests and the Group's assets are safeguarded. The effectiveness of risk management and internal controls is continuously reviewed to ensure that they are working adequately and effectively. The ARMC regularly evaluates the adequacy and effectiveness of the Group's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports prepared by Internal Auditor during its scheduled meetings. The ARMC also reviews Audit's recommendations and management responses to these recommendations to ensure the lapses/deficiencies identified are being dealt with adequately and promptly.

The Statement on Risk Management and Internal Control is furnished on pages 36 to 37 of this Annual Report and this provides an overview of the state of internal controls within the Group.

## **PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **I. Communication with Stakeholders**

Emico's corporate governance framework ensures that shareholders, stakeholders, investors and the domestic and international investment community receive relevant, timely and comprehensive information about the Group in line Bursa Malaysia's Corporate Disclosure Guide that encourages prompt and timely dissemination of information to shareholders and investors, and recommends the adoption of a policy on corporate disclosures.

#### **Quarterly Results**

Emico's quarterly financial results are released immediately after the quarterly Board of Directors' meeting. Financial statements are made public on the corporate website to provide the investment community with a better understanding of Emico's performance.

#### **Group Corporate Website**

Emico's Group Corporate Website ([www.emico.com.my](http://www.emico.com.my)) provides comprehensive and easy access to the latest information about the Group. Information available on the corporate website includes Emico's corporate profile, individual profiles of directors, financial results, annual reports, corporate news and Emico's global operations and subsidiaries. Additionally, information on the Group Governance Structure and framework is also published in the Group Corporate Website. In addition, stakeholders can obtain regulatory announcements made by Emico to Bursa Malaysia on the latter's website ([www.bursamalaysia.com](http://www.bursamalaysia.com)).

#### **Annual Report**

Emico's Annual Report provides a comprehensive report on the Group's operations and financial performance for the year under review. It provides full disclosure and is in compliance with the relevant regulations to ensure greater transparency. An online version of the Annual Report is also available on Emico's corporate website.

### **II. Conduct of General Meetings**

The Annual General Meeting is used as a principal forum for dialogue with all shareholders. Extraordinary Meetings are held as and when required. Before commencement of any general meetings, the Chairman of the meeting will inform shareholders of their rights to demand a poll vote. At the general meetings, the Board provides opportunities for shareholders to raise questions on the business activities of the Group, agenda of the meetings and its proposed resolutions. The Chairman then facilitates the discussions with shareholders and provides further information in response to shareholders' queries. The Board encourages all shareholders to attend the forthcoming Company's Annual General Meeting and to participate in the proceedings.

This statement is made in accordance with a resolution of the Board dated 6 August 2020.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the profit or loss of the Group and of the Company for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 31 March 2020 set out on pages 51 to 110, the Group has used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“Board”) of Emico Holdings Berhad is pleased to provide the following Statement on Risk Management and Internal Control (“Statement”) of Emico Holdings Berhad and its subsidiaries (“the Group”).

The Statement also takes into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Internal Control Guidance”), a publication issued by Bursa Securities on the issuance of a statement about the state of risk management and internal control and the Malaysian Code on Corporate Governance.

## BOARD RESPONSIBILITY

The Board recognises that proper risk management and internal control are important aspects of a company's governance, management and operations. The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. This system is designed to ensure the Group's key areas of risks are managed within an acceptable level in order to increase the likelihood that the Group's policies and business objectives will be achieved. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

There is regular review of this process by the Board to ensure the effectiveness, adequacy and integrity of risk management and internal control system to safeguard the Group's assets as guided by the Internal Control Guidance.

## RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

The Risk Management Committee (“RMC”) has been established to review the adequacy and effectiveness of risk management of the Group. Its main role is to review, on behalf of the Board, the system of risk management necessary to manage the significant risks faced by the Group and to present its findings to the Board. The RMC consists of three (3) Independent Directors and is chaired by an Independent Director. The Managing Director and the Executive Director are invited to provide input and identify risks within the Group.

The Audit & Risk Management Committee (“ARMC”) is responsible to review the adequacy and effectiveness of the internal control systems of the Group. Its main role in risk management is to review, on behalf of the Board, the system of internal control necessary to manage the significant risks faced by the Group and to present its findings to the Board.

The ARMC is assisted by the internal auditors, whose role is to review the internal control systems.

Senior Management and heads of departments are delegated with the responsibility to manage identified risks within defined parameters. Meetings are held at least once quarterly to discuss key operational issues, business performance matters including risks and related mitigating responses, when necessary. The risks discussed involved operational risks, financial risks and human resource risks. Any significant risks will be communicated to the RMC members and escalated to the Board for their attention.

The Group has taken initiatives to progressively implement the Anti-Corruption Policy and Procedures with the objective of compliance with the subsection (4) of Section 17A under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 effective 1<sup>st</sup> June 2020 onwards. The Group has conducted a gap assessment on the existing state of the anti-corruption management system of the Group. Further, the Board Committee and all senior management has attended the training on the Section 17A under the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Group will continue to implement the Guidelines on Adequate Procedures (GAP) and comply with the listing requirements in relation to Anti-Corruption measures.

## INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional consulting firm as internal auditor to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's system of internal control.

The internal audit function provides assurance on the effectiveness of the risk management and internal control system through regular monitoring and reviewing of the internal control processes across the Group.

The annual internal audit plan is reviewed and approved by the ARMC. The scope of the audit plan encompasses frequency and extent on the review of operational procedures of the Business units throughout the Group.

Internal audit visits are undertaken to evaluate the adequacy and effectiveness of the risk management and internal control system, make recommendations for improvements to the system of internal control and ensure that the said recommendations are implemented expeditiously. Significant audit findings are tabled at the ARMC meeting for deliberation. The Management is responsible for ensuring that appropriate actions were implemented accordingly.



# **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL** (Cont'd)

## **KEY ELEMENTS ON INTERNAL CONTROL SYSTEM**

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- Organisation structure with defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- Documented internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement;
- Comprehensive business planning and budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary;
- Regular Board and ARMC meetings; and
- Visit to operating units by members of the Board and Senior Management.

## **DISASTER RECOVERY PLAN**

The Group will constantly review its disaster recovery plan to ensure critical data, application and complete system are protected across its business segment in the event of a MIS failure.

## **REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS**

The external auditors had reviewed this Statement in accordance to Paragraph 15.23 of the MMLR of Bursa Securities. The review of this Statement by external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants ("MIA"). Based on their review, the external auditors had reported to the Board that nothing had come to their attention that caused them to believe that this Statement on Risk Management and Internal Control is not, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

## **CONCLUSION**

The Board is of the view that the risk management and internal control systems are in place and satisfactory for the financial year under review and up to the date of this Statement for inclusion in the Annual Report. It has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. The Board has received assurance from the Managing Director and the Executive Director that to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, throughout the financial year under review and up to the date of this Statement.

The Board recognises that the development of risk management and internal control system is an ongoing process. Therefore, the Board will continue to improve and enhance the systems of internal control and risk management.

This Statement is made in accordance with the resolution of the Board dated 6<sup>th</sup> August 2020.

## ADDITIONAL COMPLIANCE INFORMATION

This information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 March 2020.

### 2. AUDIT AND NON-AUDIT FEES

The fee paid/payable to external auditors for services rendered to the Company and/or its subsidiaries (the "Group") for the financial year ended 31 March 2020 are as follows:

- (a) Audit fees incurred on group basis is RM121,800.
- (b) Amount of non-audit fees incurred on a group basis is RM2,500.

### 3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

Other than those related party transactions disclosed in Note 32 to the financial statements, there are no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interest, either subsisting at the end of the financial year or entered into since the previous financial year end.

### 4. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The shareholders of the Company had via its Extraordinary General Meeting held on 28 November 2019 approved up to 15% of the total issued and paid-up share capital of the Company at any point of time during the duration of the ESOS. The ESOS is for duration of five years commencing from the date of implementation on 10 January 2020, unless extended further.

The total number of options granted to the eligible Directors and employees of the Group and the outstanding options as at 31 March 2020 was set out in the table below:

Description	Number of options
Granted during the financial year	7,738,000
Exercised during the financial year	-
Forfeited during the financial year	-
Outstanding options as at 31 March 2020	7,738,000

## ADDITIONAL COMPLIANCE INFORMATION *(Cont'd)*

The total number of options granted to the Directors, Senior Management and other eligible employees, and outstanding options as at 31 March 2020 was set out in the table below:

For the financial year ended 31 March 2020	Directors	Senior Management	Other eligible employees	Total
Number of options granted	1,500,000	1,313,000	4,925,000	7,738,000
Number of options exercised	-	-	-	-
Number of options forfeited	-	-	-	-
Number of options outstanding	1,500,000	1,313,000	4,925,000	7,738,000

The number of options granted to Independent Non-Executive Directors in respect of financial year ended 31 March 2020 was as follows:

Directors	Number of options granted
Ng Chee Kong	-
Wong Sew Yun	-
Wong Thai Sun	-
Ng Hong Kiat @ Ng Han Kiat	-

# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

## PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities and details of the subsidiaries are disclosed in Note 9 to the financial statements.

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

## RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	<u>244,326</u>	<u>(11,871,920)</u>
Profit/(Loss) attributable to:		
Owners of the parent	605,294	(11,871,920)
Non-controlling interests	<u>(360,968)</u>	<u>0</u>
	<u>244,326</u>	<u>(11,871,920)</u>

## DIVIDEND

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

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 100,926,521 to 105,519,121 by way of private placement of 4,592,600 new ordinary shares at RM0.143 per share for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures during the financial year.

## DIRECTORS' REPORT (Cont'd)

### EMPLOYEES' SHARE OPTION SCHEME ('ESOS')

The ESOS of the Company came into effect on 10 January 2020. The ESOS shall be in force for a period of five (5) years until 9 January 2025 ('the option period'). The salient features and other terms of the ESOS are disclosed in Note 27 to the financial statements.

The movements of options offered to take up unissued ordinary shares during the financial year are as follows:

	Option price	Number of options over ordinary shares				
		Outstanding as at 1-4-2019	Granted	Exercised	Outstanding as at 31-3-2020	Exercisable as at 31-3-2020
<b>Grant date</b>						
25 March 2020	0.0765	0	7,738,000	0	7,738,000	<b>773,800</b>

### DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

#### Emico Holdings Berhad

Lim Teik Hian \*  
Dato' Jimmy Ong Chin Keng \*  
Lim Teck Chye \*  
Wong Sew Yun  
Ng Chee Kong  
Wong Thai Sun  
Ng Hong Kiat @ Ng Han Kiat

\* These Directors of the Company are also Directors of subsidiaries of the Company.

#### Subsidiaries of Emico Holdings Berhad (Excluding those who are listed above)

Tan Chin Peng  
Lim Poh Hoon  
Abdul Rahman Bin Haji Din

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1-4-2019	Bought	Sold	Balance as at 31-3-2020
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Lim Teik Hian	52,000	0	0	<b>52,000</b>
Wong Sew Yun	895,859	0	0	<b>895,859</b>
Lim Teck Chye	19,392,847	4,066,800	0	<b>23,459,647</b>



## DIRECTORS' REPORT (Cont'd)

### DIRECTORS' INTERESTS (Cont'd)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows (Cont'd):

	----- Number of ordinary shares -----			
	Balance as at 1-4-2019	Bought	Sold	Balance as at 31-3-2020

#### Shares in the Company

##### Indirect interests:

Lim Teik Hian	26,930,959	4,066,800	(4,138,800)	<b>26,858,959</b>
Lim Teck Chye	7,590,112	0	(4,138,800)	<b>3,451,312</b>

	----- Number of options over ordinary shares -----			
	Balance as at 1-4-2019	Granted	Exercised	Balance as at 31-3-2020

#### Share options in the Company

Lim Teik Hian	0	500,000	0	<b>500,000</b>
Dato' Jimmy Ong Chin Keng	0	500,000	0	<b>500,000</b>
Lim Teck Chye	0	500,000	0	<b>500,000</b>

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Lim Teik Hian and Lim Teck Chye are deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

The interest and deemed interests in the ordinary shares of its non-wholly owned subsidiaries, held by Lim Teck Chye and Dato' Jimmy Ong Chin Keng at the end of the financial year were as follows:

	----- Number of ordinary shares -----			
	Balance as at 1-4-2019	Bought	Sold	Balance as at 31-3-2020

#### Subsidiary

- NEB Development Berhad

##### Direct interests:

Lim Teck Chye	1,000,000	0	0	<b>1,000,000</b>
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## **DIRECTORS' REPORT** (Cont'd)

### **DIRECTORS' INTERESTS** (Cont'd)

The interest and deemed interests in the ordinary shares of its non-wholly owned subsidiaries, held by Lim Teck Chye and Dato' Jimmy Ong Chin Keng at the end of the financial year were as follows (Cont'd):

	----- Number of ordinary shares -----			
	Balance as at 1-4-2019	Bought	Sold	Balance as at 31-3-2020

#### **Subsidiary**

- Mercu Tanah Langkawi Sdn. Bhd.

#### Direct interests:

Dato' Jimmy Ong Chin Keng	40,000	0	0	<b>40,000</b>
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None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 32 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS as disclosed in Note 27 to the financial statements.

### **DIRECTORS' REMUNERATION**

The details of Directors' remuneration are disclosed in Note 26 to the financial statements.

### **INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS**

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors of the Group and of the Company are RM14,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

## **DIRECTORS' REPORT** (Cont'd)

### **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

#### **I) AS AT THE END OF THE FINANCIAL YEAR**

- a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - ii. to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

#### **II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- c) The Directors are not aware of any circumstances:
  - i. which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) In the opinion of the Directors:
  - i. there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - ii. no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

#### **III) AS AT THE DATE OF THIS REPORT**

- e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

Significant event during the financial year is disclosed in Note 36 to the financial statements.

## ***DIRECTORS' REPORT*** *(Cont'd)*

### **AUDITORS**

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2020 amounted to RM43,000 and RM78,800 respectively.

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

**Lim Teik Hian**  
Director

**Dato' Jimmy Ong Chin Keng**  
Director

Penang  
6 August 2020



## **STATEMENT BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 51 to 110 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Lim Teik Hian**  
Director

**Dato' Jimmy Ong Chin Keng**  
Director

Penang  
6 August 2020

## **STATUTORY DECLARATION**

I, Dato' Jimmy Ong Chin Keng (CA 20404), being the Director primarily responsible for the financial management of Emico Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 110 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed at Georgetown in the  
State of Penang this 6 August 2020

**Dato' Jimmy Ong Chin Keng**

Before me,

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EMICO HOLDINGS BERHAD

(REGISTRATION NO. 199101020015 (230326-D)) (INCORPORATED IN MALAYSIA)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Emico Holdings Berhad, which comprise the statements of financial position as at 31 March 2020 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 110.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') 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 ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

#### a) Impairment of trade receivables

Gross trade receivables of the Group as at 31 March 2020 were RM8,634,794 as disclosed in Note 12 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

#### *Audit response*

Our audit procedures included the following:

- a) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- b) Recomputed the correlation coefficient between the macroeconomic indicators set by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- c) Inquired management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

**INDEPENDENT AUDITORS' REPORT** (Cont'd)  
TO THE MEMBERS OF EMICO HOLDINGS BERHAD  
(REGISTRATION NO. 199101020015 (230326-D)) (INCORPORATED IN MALAYSIA)

**Key Audit Matters** (Cont'd)

**b) Impairment of carrying amounts of investments in subsidiaries (Company level)**

The net carrying amount of investments in subsidiaries of the Company amounted to RM29,859,390 as at 31 March 2020 as disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to cash flow projections of subsidiaries in determining the recoverable amounts which were based on the value-in-use model. These key assumptions include forecasted revenue growth rates, as well as determining an appropriate pre-tax discount rate used for each subsidiary.

*Audit response*

Our audit procedures included the following:

- a) Compared prior year projections against actual outcomes to assess reliability of management forecasting process and controls;
- b) Assessed and evaluated the key assumptions used in forecasting revenue growth rates;
- c) Assessed appropriateness of pre-tax discount rates used by management by comparing to the market data, weighted average cost of capital of the Group and relevant risk factors; and
- d) Performed sensitivity analysis of our own to stress test the key assumptions used in the forecast.

**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 other information and we do not express any form of assurance or conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, 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 MFRSs, IFRSs 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.

**INDEPENDENT AUDITORS' REPORT** (Cont'd)  
TO THE MEMBERS OF EMICO HOLDINGS BERHAD  
(REGISTRATION NO. 199101020015 (230326-D)) (INCORPORATED IN MALAYSIA)

**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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial 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 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 9 to the financial statements.

**INDEPENDENT AUDITORS' REPORT** (Cont'd)  
TO THE MEMBERS OF EMICO HOLDINGS BERHAD  
(REGISTRATION NO. 199101020015 (230326-D)) (INCORPORATED IN MALAYSIA)

**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.

**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

**Koay Theam Hock**  
02141/04/2021 J  
Chartered Accountant

Penang  
6 August 2020



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	15,300,503	25,240,719	0	0
Right-of-use assets	6	10,312,120	0	0	0
Investment property	7	158,167	164,667	0	0
Goodwill on consolidation	8	551,552	551,552	0	0
Investments in subsidiaries	9	0	0	29,859,390	39,796,299
Deferred tax assets	10	164,600	266,100	0	0
Trade and other receivables	12	0	0	5,350,700	0
		26,486,942	26,223,038	35,210,090	39,796,299
Current assets					
Inventories	11	40,303,261	43,509,065	0	0
Trade and other receivables	12	11,025,134	10,664,091	16,000	6,228,428
Current tax assets		151,080	254,379	0	0
Cash and bank balances	13	3,137,535	2,196,918	25,640	32,510
		54,617,010	56,624,453	41,640	6,260,938
TOTAL ASSETS		81,103,952	82,847,491	35,251,730	46,057,237
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	14	18,801,176	18,144,434	18,801,176	18,144,434
Reserves	15	13,421,092	13,341,024	69,593	0
Retained earnings		12,963,743	12,374,881	2,132,702	14,004,622
		45,186,011	43,860,339	21,003,471	32,149,056
Non-controlling interests	9(d)	8,424,179	8,785,147	0	0
TOTAL EQUITY		53,610,190	52,645,486	21,003,471	32,149,056

# STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT 31 MARCH 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
LIABILITIES					
Non-current liabilities					
Borrowings	16	769,435	2,182,273	0	0
Lease liabilities	6	1,543,022	0	0	0
Deferred tax liabilities	10	4,919,271	5,154,856	0	0
		7,231,728	7,337,129	0	0
Current liabilities					
Trade and other payables	21	13,087,722	15,401,919	14,122,159	13,782,081
Borrowings	16	5,760,867	7,271,186	0	0
Lease liabilities	6	1,287,345	0	0	0
Current tax liabilities		126,100	191,771	126,100	126,100
		20,262,034	22,864,876	14,248,259	13,908,181
TOTAL LIABILITIES		27,493,762	30,202,005	14,248,259	13,908,181
TOTAL EQUITY AND LIABILITIES					
		81,103,952	82,847,491	35,251,730	46,057,237

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	23	52,629,591	52,276,497	456,000	120,000
Other income	24	1,497,953	1,542,516	14,509	264,324
Property development expenditure recognised		(4,325,589)	(1,029,616)	0	0
Changes in inventories of finished goods and work-in-progress		227,782	75,690	0	0
Purchase of finished goods		(10,891,664)	(9,700,339)	0	0
Raw materials and consumables used		(17,493,468)	(20,347,771)	0	0
Employee benefits expense	25	(10,456,685)	(11,488,029)	(1,129,395)	(811,978)
Depreciation of property, plant and equipment	5	(1,156,732)	(1,770,522)	0	0
Depreciation of right-of-use assets	6	(1,460,040)	0	0	0
Amortisation of investment property	7	(6,500)	(6,500)	0	0
Finance costs	28	(543,082)	(506,270)	0	(22)
Other expenses		(7,060,564)	(6,874,048)	(11,213,034)	(377,797)
Profit/(Loss) before tax		961,002	2,171,608	(11,871,920)	(805,473)
Tax expense	29	(716,676)	(699,631)	0	0
Profit/(Loss) for the financial year		244,326	1,471,977	(11,871,920)	(805,473)
<b>Other comprehensive income, net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations		10,475	6,844	0	0
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Gross revaluation increase of properties		0	819,892	0	0
Deferred tax relating to revalued properties	10(a)	0	(196,774)	0	0
		0	623,118	0	0
		10,475	629,962	0	0
Total comprehensive income/(loss)		254,801	2,101,939	(11,871,920)	(805,473)
Profit/(Loss) attributable to:					
Owners of the parent		605,294	564,916	(11,871,920)	(805,473)
Non-controlling interests	9(d)	(360,968)	907,061	0	0
		244,326	1,471,977	(11,871,920)	(805,473)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		615,769	1,194,878	(11,871,920)	(805,473)
Non-controlling interests	9(d)	(360,968)	907,061	0	0
		254,801	2,101,939	(11,871,920)	(805,473)

**STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME** (Cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Earnings per ordinary share attributable to equity holders of the Company (Sen):

		Group	
	Note	2020 RM	2019 RM
Basic	30(a)	<u>0.57</u>	<u>0.56</u>
Diluted	30(b)	<u>0.57</u>	<u>0.56</u>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Group	Note	Non-distributable			Distributable		Total attributable to owners of the parent RM	Non- controlling interests RM	Total RM
		Share capital RM	Revaluation reserve RM	Exchange translation reserve RM	Retained earnings RM				
Balance as at 1 April 2018		17,329,434	12,689,969	21,093	11,809,965		41,850,461	7,878,086	49,728,547
Profit for the financial year		0	0	0	564,916		564,916	907,061	1,471,977
Foreign currency translations		0	0	6,844	0		6,844	0	6,844
Revaluation reserve on leasehold land and buildings		0	623,118	0	0		623,118	0	623,118
Total comprehensive income		0	623,118	6,844	564,916		1,194,878	907,061	2,101,939
<b>Transactions with owners</b>									
Issuance of ordinary shares pursuant to private placement	14	815,000	0	0	0		815,000	0	815,000
Balance as at 31 March 2019		18,144,434	13,313,087	27,937	12,374,881		43,860,339	8,785,147	52,645,486



# STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Note	Non-distributable				Distributable		Total RM
	Share capital RM	Revaluation reserve RM	Share options reserve RM	Exchange translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	
<b>Group</b>							
Balance as at 1 April 2019, as previously reported	18,144,434	13,313,087	0	27,937	12,374,881	43,860,339	52,645,486
Adjustments on initial application of:							
MFRS 16	0	0	0	0	(16,432)	(16,432)	(16,432)
Balance as at 1 April 2019, as restated	18,144,434	13,313,087	0	27,937	12,358,449	43,843,907	52,629,054
Profit for the financial year	0	0	0	0	605,294	605,294	244,326
Foreign currency translations	0	0	0	10,475	0	10,475	10,475
Total comprehensive income	0	0	0	10,475	605,294	615,769	254,801
<b>Transactions with owners</b>							
Issuance of ordinary shares pursuant to private placement	656,742	0	0	0	0	656,742	656,742
Share options granted under ESOS	0	0	69,593	0	0	69,593	69,593
Total transactions with owners	656,742	0	69,593	0	0	726,335	726,335
Balance as at 31 March 2020	18,801,176	13,313,087	69,593	38,412	12,963,743	45,186,011	53,610,190

**STATEMENTS OF CHANGES IN EQUITY** (Cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		----- Non-distributable -----		Distributable	
	Note	Share capital RM	Share options reserve RM	Retained earnings RM	Total RM
<b>Company</b>					
Balance as at 1 April 2018		17,329,434	0	14,810,095	32,139,529
Loss for the financial year		0	0	(805,473)	(805,473)
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive loss		0	0	(805,473)	(805,473)
<b>Transactions with owners</b>					
Issuance of ordinary shares pursuant to private placement	14	815,000	0	0	815,000
Balance as at 31 March 2019		18,144,434	0	14,004,622	32,149,056
Balance as at 1 April 2019		18,144,434	0	14,004,622	32,149,056
Loss for the financial year		0	0	(11,871,920)	(11,871,920)
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive loss		0	0	(11,871,920)	(11,871,920)
<b>Transactions with owners</b>					
Issuance of ordinary shares pursuant to private placement	14	656,742	0	0	656,742
Share options granted under ESOS	15	0	69,593	0	69,593
Total transactions with owners		656,742	69,593	0	726,335
Balance as at 31 March 2020		18,801,176	69,593	2,132,702	21,003,471

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		<b>961,002</b>	2,171,608	<b>(11,871,920)</b>	(805,473)
Adjustments for:					
Amortisation of investment property	7	<b>6,500</b>	6,500	<b>0</b>	0
Depreciation of property, plant and equipment	5	<b>1,156,732</b>	1,770,522	<b>0</b>	0
Depreciation of right-of-use assets	6	<b>1,460,040</b>	0	<b>0</b>	0
Gain on disposal of property, plant and equipment	24	<b>(49,955)</b>	(103,998)	<b>0</b>	0
Impairment losses on:					
- trade receivables	12(k)	<b>5,462</b>	79,389	<b>0</b>	0
- other receivables	12(k)	<b>0</b>	0	<b>826,006</b>	0
- investments in subsidiaries	9(c)	<b>0</b>	0	<b>10,006,502</b>	37,525
Reversal of impairment losses on:					
- trade receivables	12(k)	<b>(517,410)</b>	(777,967)	<b>0</b>	0
- other receivables	12(k)	<b>0</b>	(251,844)	<b>(14,509)</b>	(264,324)
Property, plant and equipment written off	5	<b>0</b>	1	<b>0</b>	0
Share options vested under ESOS	25	<b>69,593</b>	0	<b>0</b>	0
Unrealised gain on foreign exchange	24	<b>(72,409)</b>	(23,033)	<b>0</b>	0
Interest expense	28	<b>543,082</b>	506,270	<b>0</b>	22
Interest income	24	<b>(35,456)</b>	(20,417)	<b>0</b>	0
Operating profit/(loss) before changes in working capital		<b>3,527,181</b>	3,357,031	<b>(1,053,921)</b>	(1,032,250)
Changes in working capital:					
Inventories		<b>3,205,804</b>	(2,136,027)	<b>0</b>	0
Trade and other receivables		<b>158,165</b>	2,182,248	<b>50,231</b>	26,728
Trade and other payables		<b>(2,315,468)</b>	(2,654,419)	<b>340,078</b>	78,457
Cash generated from/(used in) operations		<b>4,575,682</b>	748,833	<b>(663,612)</b>	(927,065)
Interest received		<b>35,456</b>	20,417	<b>0</b>	0
Tax paid		<b>(989,135)</b>	(989,385)	<b>0</b>	0
Tax refunded		<b>176,002</b>	529,523	<b>0</b>	0
Net cash from/(used in) operating activities		<b>3,798,005</b>	309,388	<b>(663,612)</b>	(927,065)

**STATEMENTS OF CASH FLOWS** (Cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of property, plant and equipment		<b>49,956</b>	104,000	<b>0</b>	0
Purchase of property, plant and equipment	5(d)	<b>(651,857)</b>	(872,720)	<b>0</b>	0
Net cash used in investing activities		<b>(601,901)</b>	(768,720)	<b>0</b>	0
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Changes in deposits pledged to licensed banks		<b>(3,073)</b>	(2,758)	<b>0</b>	0
Drawdown of bank borrowings		<b>12,782,431</b>	0	<b>0</b>	0
Interest paid		<b>(352,651)</b>	(176,480)	<b>0</b>	(22)
Proceeds from issuance of ordinary shares	14	<b>656,742</b>	815,000	<b>656,742</b>	815,000
Repayments of:					
- bank borrowings		<b>(12,453,086)</b>	(635,100)	<b>0</b>	0
- lease liabilities	6	<b>(1,485,653)</b>	0	<b>0</b>	0
- hire purchase payables		<b>0</b>	(618,076)	<b>0</b>	0
Net cash (used in)/from financing activities		<b>(855,290)</b>	(617,414)	<b>656,742</b>	814,978
Net increase/(decrease) in cash and cash equivalents		<b>2,340,814</b>	(1,076,746)	<b>(6,870)</b>	(112,087)
Effects of exchange rate changes on cash and cash equivalents		<b>75,708</b>	31,781	<b>0</b>	0
Cash and cash equivalents at beginning of financial year		<b>(391,663)</b>	653,302	<b>32,510</b>	144,597
Cash and cash equivalents at end of financial year	13(d)	<b>2,024,859</b>	(391,663)	<b>25,640</b>	32,510

**STATEMENTS OF CASH FLOWS** (Cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Group			
	Lease liabilities (Note 6) RM	Short term bank loans (Note 16) RM	Hire purchase creditors (Note 16) RM	Term loan (Note 16) RM
Balance as at 1 April 2019, as previously reported	0	4,333,000	1,773,524	850,084
Effects of adoption of MFRS 16 (Note 34.1)	3,996,107	0	(1,773,524)	0
Balance as at 1 April 2019, as restated	3,996,107	4,333,000	0	850,084
Cash flows	(1,485,653)	369,937	0	(40,592)
Non-cash flows:				
- Addition of right-of-use assets (Note 6)	128,136	0	0	0
- Unwinding of interest	190,431	0	0	0
- Effect of foreign exchange	1,346	0	0	0
Balance as at 31 March 2020	2,830,367	4,702,937	0	809,492
Balance as at 1 April 2018	0	4,060,000	1,860,743	1,534,725
Cash flows	0	104,289	(618,076)	(739,389)
Non-cash flows:				
- Addition in property, plant and equipment (Note 5(d))	0	0	424,526	0
- Unwinding of interest	0	168,711	106,331	54,748
Balance as at 31 March 2019	0	4,333,000	1,773,524	850,084

The accompanying notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

## 1. CORPORATE INFORMATION

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

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 18, Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang.

The consolidated financial statements for the financial year ended 31 March 2020 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 6 August 2020.

## 2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities and details of the subsidiaries are disclosed in Note 9 to the financial statements.

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

## 3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are set out in Note 34.1 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* for the first time during the current financial year, using the cumulative effect method as at 1 April 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements, and also on the basis of accounting principles applicable to a going concern.

The Directors have considered the application of the going concern basis in the preparation of financial statements to be appropriate, given the ability of the Company to generate adequate net cash inflows in the foreseeable future. In relation to this, the Company has assessed its cash flow position for the next twelve (12) months to ensure that the Company has sufficient funds to meet its obligations as and when they fall due.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 4. OPERATING SEGMENTS

Emico Holdings Berhad is principally involved in investment holding and its subsidiaries are principally engaged in manufacturing, trading of consumable products and property development.

Emico Holdings Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

- i) Consumable products - Manufacturing and trading of consumable products
- ii) Property development - Development of land into residential and commercial buildings
- iii) Investment holding

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial year.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities.

### a) Business segments

	Consumable products RM	Property development RM	Investment holding RM	Group RM
<b>2020</b>				
<b>Revenue</b>				
Total revenue	47,046,176	5,872,963	456,000	53,375,139
Inter-segment revenue	(289,548)	0	(456,000)	(745,548)
<b>Revenue from external customers</b>	<b>46,756,628</b>	<b>5,872,963</b>	<b>0</b>	<b>52,629,591</b>
Interest income	17,220	18,236	0	35,456
Finance costs	(482,208)	(60,874)	0	(543,082)
Net finance expense	(464,988)	(42,638)	0	(507,626)
Depreciation and amortisation	(2,476,531)	(146,741)	0	(2,623,272)
<b>Segment profit/(loss) before income tax</b>	<b>2,039,640</b>	<b>(11,434)</b>	<b>(1,067,204)</b>	<b>961,002</b>
Tax expense	(497,663)	(219,013)	0	(716,676)
Other non-cash items:				
- gain on disposal of property, plant and equipment	0	49,955	0	49,955
- impairment loss on trade and other receivables	(5,462)	0	0	(5,462)
- reversal of impairment loss on trade and other receivables	517,410	0	0	517,410
Additions to non-current assets other than financial instruments and deferred tax assets	651,857	0	0	651,857
Segment assets	47,151,569	33,038,505	598,198	80,788,272
Segment liabilities	16,330,410	4,779,634	1,338,347	22,448,391

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 4. OPERATING SEGMENTS (Cont'd)

### a) Business segments (Cont'd)

	Consumable products RM	Property development RM	Investment holding RM	Group RM
<b>2019</b>				
<b>Revenue</b>				
Total revenue	50,039,724	3,112,330	120,000	53,272,054
Inter-segment revenue	(875,557)	0	(120,000)	(995,557)
<b>Revenue from external customers</b>	<u>49,164,167</u>	<u>3,112,330</u>	<u>0</u>	<u>52,276,497</u>
Interest income	3	20,414	0	20,417
Finance costs	(437,908)	(68,340)	(22)	(506,270)
Net finance expense	<u>(437,905)</u>	<u>(47,926)</u>	<u>(22)</u>	<u>(485,853)</u>
Depreciation and amortisation	(1,652,287)	(124,735)	0	(1,777,022)
<b>Segment profit/(loss) before income tax</b>	2,634,855	704,476	(1,167,723)	2,171,608
Tax expense	(841,522)	141,891	0	(699,631)
Other non-cash items:				
- gain on disposal of property, plant and equipment	1,999	101,999	0	103,998
- impairment loss on trade and other receivables	(79,389)	0	0	(79,389)
- property, plant and equipment written off	(1)	0	0	(1)
- reversal of impairment loss on trade and other receivables	535,649	494,162	0	1,029,811
Additions to non-current assets other than financial instruments and deferred tax assets	935,887	361,359	0	1,297,246
Segment assets	<u>45,045,226</u>	<u>36,676,718</u>	<u>605,068</u>	<u>82,327,012</u>
Segment liabilities	<u>17,093,097</u>	<u>6,491,372</u>	<u>1,270,909</u>	<u>24,855,378</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 4. OPERATING SEGMENTS (Cont'd)

### b) Reconciliations

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2020 RM	2019 RM
<b>Revenue</b>		
Total revenue for reportable segments	53,375,139	53,272,054
Elimination of inter-segment revenue	(745,548)	(995,557)
Revenue of the Group per statements of profit or loss and other comprehensive income	52,629,591	52,276,497
<b>Profit for the financial year</b>		
Total profit for reportable segments	961,002	2,171,608
Tax expenses	(716,676)	(699,631)
Profit for the financial year	244,326	1,471,977
<b>Assets</b>		
Total assets for reporting segments	80,788,272	82,327,012
Tax assets	315,680	520,479
Assets of the Group per statements of financial position	81,103,952	82,847,491
<b>Liabilities</b>		
Total liabilities for reporting segments	22,448,391	24,855,378
Tax liabilities	5,045,371	5,346,627
Liabilities of the Group per statements of financial position	27,493,762	30,202,005

### c) Geographical information

The manufacturing facilities and sales offices of the Group are mainly based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from where the customers are originated. Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include deferred tax assets.

	2020 RM	2019 RM
<b>Revenue from external customers</b>		
Malaysia	15,078,467	12,641,977
Europe	26,602,650	28,830,793
Other countries	10,948,474	10,803,727
	52,629,591	52,276,497
<b>Non-current assets</b>		
Malaysia	26,322,342	25,956,938

### d) Major customers

Revenue from one (1) major customer (2019: one (1)) in the consumable products segment amounted to RM14,952,408 (2019: RM15,306,180) with revenue more than 10% of the Group's revenue.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 (Note 34.1) RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Translation adjustments RM	Transfer from right-of-use assets (Note 6) RM	Balance as at 31.3.2020 RM
<b>Carrying amount</b>								
Buildings at 2019 valuation	11,450,000	0	0	0	(314,714)	0	0	11,135,286
Leasehold land at 2019 valuation	8,000,000	(8,000,000)	0	0	0	0	0	0
Plant and machinery	1,459,297	(960,113)	3,800	0	(105,513)	155	0	397,626
Moulds	2,415,415	0	576,833	0	(403,019)	0	0	2,589,229
Motor vehicles	519,599	(476,255)	0	(1)	(5,263)	367	2	38,449
Office equipment, furniture and fittings	1,282,505	0	71,224	0	(261,453)	99	0	1,092,375
Electrical installation and renovation	113,903	0	0	0	(66,770)	405	0	47,538
	25,240,719	(9,436,368)	651,857	(1)	(1,156,732)	1,026	2	15,300,503

	At 31.3.2020			
	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM
Buildings at 2019 valuation	0	11,450,000	(314,714)	11,135,286
Plant and machinery	1,804,263	0	(1,406,637)	397,626
Moulds	6,184,486	0	(3,595,257)	2,589,229
Motor vehicles	781,108	0	(742,659)	38,449
Office equipment, furniture and fittings	3,701,511	0	(2,609,136)	1,092,375
Electrical installation and renovation	631,020	0	(583,482)	47,538
	13,102,388	11,450,000	(9,251,885)	15,300,503



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Balance as at 1.4.2018 RM	Revaluation RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Translation adjustments RM	Balance as at 31.3.2019 RM
<b>Carrying amount</b>								
Buildings at 2019 valuation	11,170,000	589,114	0	0	0	(309,114)	0	11,450,000
Leasehold land at 2019 valuation	8,000,000	230,778	0	0	0	(230,778)	0	8,000,000
Plant and machinery	1,659,644	0	56,915	(1)	0	(257,048)	(213)	1,459,297
Moulds	2,129,775	0	717,335	0	0	(431,695)	0	2,415,415
Motor vehicles	357,435	0	345,516	(1)	0	(182,930)	(421)	519,599
Office equipment, furniture and fittings	1,280,211	0	164,660	0	(1)	(162,110)	(255)	1,282,505
Electrical installation and renovation	298,945	0	12,820	0	0	(196,847)	(1,015)	113,903
	24,896,010	819,892	1,297,246	(2)	(1)	(1,770,522)	(1,904)	25,240,719

At 31.3.2019					At 31.3.2019	
	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM		
Buildings at 2019 valuation	0	11,450,000	0	11,450,000		
Leasehold land at 2019 valuation	0	8,000,000	0	8,000,000		
Plant and machinery	3,006,092	0	(1,546,795)	1,459,297		
Moulds	5,607,653	0	(3,192,238)	2,415,415		
Motor vehicles	2,693,405	0	(2,173,806)	519,599		
Office equipment, furniture and fittings	3,634,267	0	(2,351,762)	1,282,505		
Electrical installation and renovation	627,298	0	(513,395)	113,903		
	15,568,715	19,450,000	(9,777,996)	25,240,719		

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	At 31.3.2020		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment, furniture and fittings	10,450	(10,450)	0

Company	At 31.3.2019		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment, furniture and fittings	10,450	(10,450)	0

- a) All items of property, plant and equipment are initially measured at cost.

After initial recognition, property, plant and equipment except for leasehold land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses. Leasehold land and buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Leasehold land and buildings are revalued at least every two (2) years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

- b) Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and annual rates are as follows:

Leasehold land	35 years
Buildings	2% - 2.86%
Plant and machinery	10% - 20%
Moulds	10% - 20%
Motor vehicles	10% - 33%
Office equipment, furniture and fittings	8% - 20%
Electrical installation and renovation	10% - 20%

- c) The leasehold land and buildings of the Group were revalued on 31 March 2019 by the Directors based on valuation exercises carried out in March 2019 by independent professional valuers using the open market value basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2020 RM	2019 RM
Buildings	7,929,290	8,218,424
Leasehold land	0	3,642,380
	<b>7,929,290</b>	<b>11,860,804</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- d) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2020 RM	2019 RM
Purchase of property, plant and equipment	651,857	1,297,246
Financed by hire purchase arrangements	0	(424,526)
Cash payments on purchase of property, plant and equipment	651,857	872,720

- e) In the previous financial year, the carrying amount of the property, plant and equipment of the Group under hire purchase arrangements at the end of the reporting period were as follows:

	Group 2019 RM
Motor vehicles	476,259
Plant and machinery	961,787
	1,438,046

Details of the hire purchase arrangements are disclosed in Note 19 to the financial statements.

- f) In the previous financial year, the unexpired lease periods of the leasehold land was 28 years. As at the end of the reporting period, the buildings (2019: leasehold land and buildings) with carrying amounts of RM11,135,286 (2019: RM19,450,000) of the Group are charged to local banks as securities for banking facilities as disclosed in Notes 17, 18 and 20 to the financial statements.
- g) The fair value of leasehold land and buildings (at valuation) of the Group are categorised as Level 3 in the fair value hierarchy.
- i) Level 3 fair value of leasehold land and buildings (at valuation) was determined by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of leasehold land and buildings was derived using comparison/cost method.
- The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands in close proximity with adjustments made for differences in location, size and other relevant characteristics. The estimated fair value would be higher if the differential rate is lower and vice versa. Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar accommodation in term of building differences, improvements and amenities, time element and other relevant characteristics. Appropriate adjustments are then made for the factors of obsolescences, optimisation and existing physical condition of the buildings. The estimated fair value would be higher if the estimated replacement cost is lower and vice versa.
- ii) The fair value measurements of the leasehold land and buildings (at valuation) are based on the highest and best use which does not differ from their actual use.
- h) As at the end of the reporting period, certain motor vehicles of the Group with carrying amount of RM2 (2019: RM293,692) are registered in the names of certain Directors of the Group and third parties who hold them in trust for the subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 6. LEASES

### The Group as lessee

#### Right-of-use assets

Group	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 (Note 34.1) RM	Additions RM	Depreciation charge for the financial year RM	Translation adjustments RM	Transfer to property, plant and equipment (Note 5) RM	Balance as at 31.3.2020 RM
<b>Carrying amount</b>							
Leasehold land at 2019 valuation	0	8,000,000	0	(230,778)	0	0	7,769,222
Plant and machinery	0	960,113	0	(151,258)	0	0	808,855
Motor vehicles	0	476,255	0	(162,519)	0	(2)	313,734
Rented premises	0	2,206,151	128,136	(915,485)	1,507	0	1,420,309
	0	11,642,519	128,136	(1,460,040)	1,507	(2)	10,312,120

#### Lease liabilities

Group	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 (Note 34.1) RM	Additions RM	Lease payments RM	Interest expense RM	Translation adjustments RM	Balance as at 31.3.2020 RM
<b>Carrying amount</b>							
Plant and machinery	0	881,057	0	(256,833)	44,337	0	668,561
Motor vehicles	0	892,467	0	(236,770)	40,162	0	695,859
Rented premises	0	2,222,583	128,136	(992,050)	105,932	1,346	1,465,947
	0	3,996,107	128,136	(1,485,653)	190,431	1,346	2,830,367

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 6. LEASES (Cont'd)

### The Group as lessee (Cont'd)

#### Lease liabilities (Cont'd)

	Group 2020 RM
Represented by:	
Current liabilities	1,287,345
Non-current liabilities	1,543,022
	<u>2,830,367</u>
Lease liabilities owing to financial institutions	1,364,420
Lease liabilities owing to non-financial institutions	1,465,947
	<u>2,830,367</u>

- a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets except for leasehold land are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

Leasehold land is revalued at least every two (2) years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

The right-of-use assets are depreciated on the straight line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease terms. The lease terms of right-of-use assets are as follows:

Leasehold land	35 years
Plant and machinery	5 - 10 years
Motor vehicles	5 years
Rented premises	1 - 4 years

- b) The leasehold land of the Group was revalued on 31 March 2019 by the Directors based on valuation exercises carried out in March 2019 by independent professional valuers using the open market value basis.

Had the revalued asset been carried at cost less accumulated depreciation, the carrying amount would have been:

	2020 RM
Leasehold land	<u>3,508,589</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 6. LEASES (Cont'd)

### The Group as lessee (Cont'd)

c) As at 31 March 2020, the unexpired lease period of the leasehold land is 27 years. The leasehold land with carrying amount of RM7,769,222 of the Group is charged to a local bank as securities for banking facilities as disclosed in Notes 17 and 18 to the financial statements.

d) The fair value of leasehold land (at valuation) of the Group is categorised as Level 3 in the fair value hierarchy.

i) Level 3 fair value of leasehold land (at valuation) was determined by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of leasehold land was derived using comparison/cost method.

Under the comparison method of valuation, the land is valued by reference to transactions of similar lands in close proximity with adjustments made for differences in location, size and other relevant characteristics. The estimated fair value would be higher if the differential rate is lower and vice versa.

ii) The fair value measurements of the leasehold land (at valuation) is based on the highest and best use which does not differ from their actual use.

e) As at 31 March 2020, certain motor vehicles of the Group with carrying amount of RM224,585 are registered in the names of certain Directors of the Group and third parties who hold them in trust for the subsidiaries.

f) The following are the amounts recognised in profit or loss:

	Group 2020 RM
Depreciation charge of right-of-use assets	1,460,040
Interest expense on lease liabilities (included in finance costs)	190,431
	<u>1,650,471</u>

g) At the end of the financial year, the Group had total cash outflow for leases of RM1,485,653.

h) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

The following are the undiscounted potential future rental payments that are not included in the lease term:

Group 2020	Within five (5) years RM	More than five (5) years RM	Total RM
Extension options expected not to be exercised	154,800	0	154,800

i) Information on financial risks of lease liabilities is disclosed in Note 33 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 6. LEASES (Cont'd)

### The Group as lessor

- a) The Group has entered into operating lease agreements on certain properties for term of ten (10) years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.
- b) The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2020 RM	2019 RM
Less than one (1) year	156,000	169,797
One (1) to two (2) years	156,000	156,000
Two (2) to three (3) years	156,000	156,000
Three (3) to four (4) years	156,000	156,000
Four (4) to five (5) years	65,000	156,000
More than five (5) years	0	65,000
	<b>689,000</b>	<b>858,797</b>

## 7. INVESTMENT PROPERTY

	Group	
	2020 RM	2019 RM
<b>Building</b>		
<b>Carrying amount</b>		
Balance as at 1 April 2019/2018	164,667	171,167
Amortisation charge for the financial year	(6,500)	(6,500)
Balance as at 31 March	<b>158,167</b>	<b>164,667</b>
<b>As at 31 March</b>		
Cost	325,000	325,000
Accumulated amortisation	(166,833)	(160,333)
Carrying amount	<b>158,167</b>	<b>164,667</b>

- a) Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group.

Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are amortised on a straight line basis to write down the cost of the assets to their residual value over the estimated useful life at an annual rate of 2%.

At the end of each reporting period, the carrying amount of investment properties are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 7. INVESTMENT PROPERTY (Cont'd)

- b) The fair value of the investment property for disclosure purposes, which is at Level 3 fair value, is based on Directors' estimation by reference to market evidence of transaction prices for similar properties and recent experience in the location and category of the properties being valued.

The fair value of investment property at the end of the reporting period is as follows:

	Group	
	2020 RM	2019 RM
Building	<u>380,000</u>	<u>380,000</u>

- c) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2020 and 31 March 2019.
- d) Direct operating expenses arising from investment property not generating rental income during the year are as follows:

	Group	
	2020 RM	2019 RM
Maintenance fee	4,035	4,066
Quit rent and assessment	<u>1,171</u>	<u>1,681</u>

## 8. GOODWILL ON CONSOLIDATION

	Group	
	2020 RM	2019 RM

### Cost

At 31 March	<u>551,552</u>	<u>551,552</u>
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- a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.
- b) For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ('CGU') identified according to the operating segments as follows:

	Group	
	2020 RM	2019 RM
Property development	<u>551,552</u>	<u>551,552</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 8. GOODWILL ON CONSOLIDATION (Cont'd)

- c) Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:
- i) Cash flows are projected based on the management's most recent five (5) years business plan.
  - ii) The pre-tax discount rate used for cash flows discounting purpose is estimated based on an industry average cost of capital. The average discount rate applied for cash flow projection is 6.20% (2019: 6.30%).
  - iii) Estimated number of units sold is based on current market conditions and past performances. The average growth rate for revenue is 7% (2019: 3%).
  - iv) Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amount of the goodwill assessed as at 31 March 2020 as its recoverable amount was in excess of its carrying amount. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

## 9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
<b>Unquoted shares</b>		
At cost	44,941,162	44,941,162
Share options granted to employees of a subsidiary	69,593	0
Less: Impairment losses	(15,151,365)	(5,144,863)
	<b>29,859,390</b>	<b>39,796,299</b>

- a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2020 %	2019 %	2020 %	2019 %	
Emico Penang Sdn. Bhd.	Malaysia	100	100	0	0	Manufacturing of original equipment manufacturer products, awards, trophy components, medallions, souvenir, gift items, furniture products and general trading

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of company	Country of incorporation/ Principal place of business	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2020 %	2019 %	2020 %	2019 %	
Emico Development Sdn. Bhd.	Malaysia	100	100	0	0	Investment holding and property development
NEB Development Berhad	Malaysia	60	60	0	0	Dormant
Mercu Tanah Langkawi Sdn. Bhd.	Malaysia	71	71	0	0	Investment holding
Emico Marketing Sdn. Bhd.	Malaysia	100	100	0	0	Dormant
Emico Tools Sdn. Bhd.	Malaysia	100	100	0	0	Dormant
Emico Capital Sdn. Bhd.	Malaysia	100	100	0	0	Dormant
Emico Creative Design Sdn. Bhd.	Malaysia	100	100	0	0	Dormant
Emico Newk Sdn. Bhd. *	Malaysia	100	100	0	0	Dormant
<u>Subsidiaries of Emico Penang Sdn. Bhd.</u>						
Emico Asia Sdn. Bhd.	Malaysia	0	0	100	100	Trading of houseware and furniture
Standard Trend Apparel Industries Sdn. Bhd.	Malaysia	0	0	53.3	53.3	Dormant
<u>Subsidiaries of Emico Marketing Sdn. Bhd.</u>						
Emico Metalizing Sdn. Bhd.	Malaysia	0	0	100	100	Dormant
Emico Melaka Sdn. Bhd.	Malaysia	0	0	51	51	Dormant
<u>Subsidiaries of NEB Development Berhad</u>						
NEB Pacific Sdn. Bhd.	Malaysia	0	0	100	100	Dormant
Unic Builders Sdn. Bhd.	Malaysia	0	0	100	100	Dormant
<u>Subsidiary of Mercu Tanah Langkawi Sdn. Bhd.</u>						
Operasi Tembaga Sdn. Bhd.	Malaysia	0	0	70	70	Investment holding
<u>Subsidiary of Operasi Tembaga Sdn. Bhd.</u>						
PKB-Operasi Tembaga Sdn. Bhd.	Malaysia	0	0	80	80	Property development
<u>Subsidiary of Emico Asia Sdn. Bhd.</u>						
Emico Co. Ltd. *	People's Republic of China	0	0	100	100	Marketing of awards, trophy components, souvenir items and general trading

\* The financial statements of these subsidiaries are not audited by BDO PLT, Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- c) Impairment losses on investments in subsidiaries amounting to RM10,006,502 (2019: RM37,525) in respect of Emico Marketing Sdn. Bhd., Emico Capital Sdn. Bhd. and NEB Development Berhad (2019: Emico Marketing Sdn. Bhd. and Emico Capital Sdn. Bhd.) have been recognised during the financial year due to declining business operations. The recoverable amount was determined based on a value-in-use calculation using cash flows projection based on financial budget covering a five-year period. The pre-tax discount rate applied to the cash flows projection was 6.40% (2019: 6.30%).
- d) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	PKB-Operasi Tembaga Sdn. Bhd.	NEB Development Berhad	Other individual immaterial subsidiaries	Total
<b>2020</b>				
NCI percentage of ownership interest and voting interest	60.24%	40.00%		
Carrying amount of NCI (RM)	441,806	7,522,357	460,016	8,424,179
Loss allocated to NCI (RM)	(182,071)	(10,463)	(168,434)	(360,968)
Total comprehensive loss allocated to NCI (RM)	(182,071)	(10,463)	(168,434)	(360,968)
<b>2019</b>				
NCI percentage of ownership interest and voting interest	60.24%	40.00%		
Carrying amount of NCI (RM)	623,877	7,532,820	628,450	8,785,147
Profit/(Loss) allocated to NCI (RM)	890,913	(17,800)	33,948	907,061
Total comprehensive income/ (loss) allocated to NCI (RM)	890,913	(17,800)	33,948	907,061

The NCI of all other subsidiaries that are not wholly owned by the Group are deemed to be immaterial.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

	2020 RM	2019 RM
<b>PKB-Operasi Tembaga Sdn. Bhd.</b>		
<b>Assets and liabilities</b>		
Non-current assets	36,508	66,648
Current assets	4,740,318	4,743,557
Non-current liabilities	(70,929)	(84,890)
Current liabilities	(3,972,489)	(3,689,663)
Net assets	733,408	1,035,652
<b>Results</b>		
Revenue	0	1,612,330
(Loss)/Profit for the financial year	(302,244)	1,478,940
Total comprehensive (loss)/income	(302,244)	1,478,940
Cash flows from operating activities	9,232	23,012
Cash flows used in financing activities	(19,929)	(16,863)
Net (decrease)/increase in cash and cash equivalents	(10,697)	6,149
<b>NEB Development Berhad</b>		
<b>Assets and liabilities</b>		
Non-current assets	313,167	164,667
Current assets	18,608,862	18,779,621
Current liabilities	(116,137)	(112,237)
Net assets	18,805,892	18,832,051
<b>Results</b>		
Revenue	0	0
Loss for the financial year	(26,159)	(44,502)
Total comprehensive loss	(26,159)	(44,502)
Cash flows from/(used in) operating activities	4,975	(41,304)
Net increase/(decrease) in cash and cash equivalents	4,975	(41,304)



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 10. DEFERRED TAX

- a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2020 RM	2019 RM
Balance as at 1 April 2019/2018	(4,888,756)	(4,951,011)
Recognised in profit or loss (Note 29)	134,085	259,029
Recognised in other comprehensive income	0	(196,774)
Balance as at 31 March	<u>(4,754,671)</u>	<u>(4,888,756)</u>
Presented after appropriate offsetting:		
Deferred tax assets	164,600	266,100
Deferred tax liabilities	<u>(4,919,271)</u>	<u>(5,154,856)</u>
	<u>(4,754,671)</u>	<u>(4,888,756)</u>

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

### Deferred tax liabilities of the Group

	Property, plant and equipment RM	Revaluation surplus of revalued properties RM	Total RM
Balance as at 1 April 2019	1,214,801	3,940,055	5,154,856
Recognised in profit or loss	<u>(107,800)</u>	<u>(127,785)</u>	<u>(235,585)</u>
Balance as at 31 March 2020	<u>1,107,001</u>	<u>3,812,270</u>	<u>4,919,271</u>
Balance as at 1 April 2018	1,109,701	3,869,610	4,979,311
Recognised in profit or loss	105,100	(126,329)	(21,229)
Recognised in other comprehensive income	0	196,774	196,774
Balance as at 31 March 2019	<u>1,214,801</u>	<u>3,940,055</u>	<u>5,154,856</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 10. DEFERRED TAX (Cont'd)

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

### Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances RM
Balance as at 1 April 2019	266,100
Recognised in profit or loss	(101,500)
Balance as at 31 March 2020	164,600
Balance as at 1 April 2018	28,300
Recognised in profit or loss	237,800
Balance as at 31 March 2019	266,100

- c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed capital allowances	734,894	702,803	1,352	1,352
Unused tax losses expiring on:				
- 31 March 2025	16,112,300	16,112,300	6,501,700	6,501,700
- 31 March 2026	662,228	662,228	751,211	751,211
- 31 March 2027	906,803	0	733,124	0
	18,416,225	17,477,331	7,987,387	7,254,263

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences can be utilised.

The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the local tax authority.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 11. INVENTORIES

	Group	
	2020 RM	2019 RM
<b>At cost</b>		
Raw materials	1,635,363	1,287,830
Work-in-progress	2,644,620	2,178,077
Finished goods	7,705,565	7,938,727
Developed properties	5,041,932	8,995,745
Properties under development	15,312,271	15,180,377
Land held for property development	7,253,510	6,978,309
	<b>39,593,261</b>	<b>42,559,065</b>
<b>At net realisable value</b>		
Developed properties	710,000	950,000
	<b>40,303,261</b>	<b>43,509,065</b>
Included in properties under development are:		
- Freehold land	385,996	385,996
- Leasehold land	1,754,480	1,754,480
- Development expenditure	13,171,795	13,039,901
	<b>15,312,271</b>	<b>15,180,377</b>
Included in land held for property development are:		
- Freehold land	2,645,182	2,645,182
- Development expenditure	4,608,328	4,333,127
	<b>7,253,510</b>	<b>6,978,309</b>

- Land held for property development is stated at cost less impairment losses, if any.
- Properties under development 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. Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.
- Leasehold land of the Group represents costs incurred as a consequence of having used the right-of-use asset to produce inventories during the financial year in accordance with MFRS 102 *Inventories*.
- Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out formula. Cost of raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.
- Developed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs, appropriate proportions of common costs attributable to developing the properties to completion.
- During the financial year, inventories of the Group recognised as cost of sales amounted to RM27,421,571 (2019: RM36,390,182).

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Non-current</b>				
<b>Other receivables</b>				
Amount owing by a subsidiary	0	0	6,231,253	0
Less: Impairment loss	0	0	(880,553)	0
<b>Total non-current receivables</b>	<b>0</b>	<b>0</b>	<b>5,350,700</b>	<b>0</b>
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	4,588,756	5,510,551	0	0
Amounts owing by related parties	4,046,038	3,493,614	0	0
	8,634,794	9,004,165	0	0
Less: Impairment loss				
- Third parties	(405,600)	(856,388)	0	0
- Related parties	0	(61,160)	0	0
	(405,600)	(917,548)	0	0
<b>Total current trade receivables</b>	<b>8,229,194</b>	<b>8,086,617</b>	<b>0</b>	<b>0</b>
<b>Other receivables</b>				
Other receivables	984,122	1,175,440	0	0
Amounts owing by subsidiaries	0	0	0	6,281,484
Deposits	1,310,170	1,537,882	1,000	1,000
	2,294,292	2,713,322	1,000	6,282,484
Less: Impairment loss				
- Other receivables	(421,657)	(421,657)	0	0
- Amounts owing by subsidiaries	0	0	0	(69,056)
	(421,657)	(421,657)	0	(69,056)
<b>Total other receivables</b>	<b>1,872,635</b>	<b>2,291,665</b>	<b>1,000</b>	<b>6,213,428</b>
<b>Total current receivables</b>	<b>10,101,829</b>	<b>10,378,282</b>	<b>1,000</b>	<b>6,213,428</b>
Prepayments	923,305	285,809	15,000	15,000
<b>Total current trade and other receivables</b>	<b>11,025,134</b>	<b>10,664,091</b>	<b>16,000</b>	<b>6,228,428</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 12. TRADE AND OTHER RECEIVABLES (Cont'd)

- a) Total non-current and current receivables are classified as financial assets measured at amortised cost.
- b) Trade receivables of the Group are non-interest bearing and the normal trade terms granted by the Group on sale of goods and properties and services rendered comprise cash term and credit terms of up to 120 days (2019: cash term and credit term of up to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- c) The non-current portion of amount owing by a subsidiary arose mainly from unsecured advances which are interest-free and not repayable within the next twelve (12) months.
- d) In the previous financial year, the current portion of amounts owing by subsidiaries arose mainly from unsecured advances which were interest-free and repayable within next twelve (12) months in cash and cash equivalents.
- e) Amounts owing by related parties are unsecured, interest-free and the credit term granted by the Group on sale of goods is 180 days (2019: 180 days). The related parties are companies in which certain Directors and shareholders are connected to certain Directors of the Company.
- f) Included in trade receivables comprise of stakeholders' retention sum amounting to RM5,000 (2019: RM5,000), representing monies paid by purchasers which are held by solicitors and will be released to the Group upon expiry of defective period.
- g) The currency exposure profile of total non-current and current receivables is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	7,230,804	7,208,808	5,351,700	6,213,428
United States Dollar	2,203,962	2,987,298	0	0
Chinese Renminbi	667,063	158,159	0	0
Japanese Yen	0	24,017	0	0
	<b>10,101,829</b>	<b>10,378,282</b>	<b>5,351,700</b>	<b>6,213,428</b>

- h) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the following common credit risk characteristics - geographic region and type of products purchased.

The expected loss rates are based on the historical credit losses experienced by the Group over the three (3) year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the customers of the Group. The Group has identified the consumer price index, annual gross domestic product, currency exchange rate and inflation rate as the key macroeconomic factors.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 12. TRADE AND OTHER RECEIVABLES (Cont'd)

- i) Lifetime expected loss provision for trade receivables as at 31 March 2020 and 31 March 2019 are as follows:

	Expected loss rate %	Gross carrying amount RM	Impairment RM
<b>Group</b>			
<b>31 March 2020</b>			
Current	0.37	7,120,912	26,261
Past due			
- 1 to 30 days	3.19	718,979	22,929
- 31 to 60 days	8.58	221,861	19,030
- 61 to 90 days	15.64	50,672	7,925
- 91 to 120 days	21.40	9,911	2,121
- More than 121 days	63.88	512,459	327,334
		<b>8,634,794</b>	<b>405,600</b>
<b>31 March 2019</b>			
Current	0.99	5,861,247	58,022
Past due			
- 1 to 30 days	3.64	1,979,813	71,981
- 31 to 60 days	34.67	435,162	150,888
- 61 to 90 days	49.44	140,522	69,481
- 91 to 120 days	74.34	74,740	55,562
- More than 121 days	99.79	512,681	511,614
		<b>9,004,165</b>	<b>917,548</b>

- j) Impairment for other receivables and non-trade portion of amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk had increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on changes to contractual terms and delay in payment.

The probability of non-payment by non-trade portion of amounts owing by subsidiaries (current and non-current) are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the 12-months or lifetime expected credit loss for other receivables. The Group has identified annual gross domestic product as the key macroeconomic factor.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 12. TRADE AND OTHER RECEIVABLES (Cont'd)

- k) The reconciliation of movement in the impairment losses are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Trade receivables</b>				
Balance as at 1 April 2019/2018	917,548	1,616,126	0	0
Charge for the financial year	5,462	79,389	0	0
Reversal of impairment losses	(517,410)	(777,967)	0	0
Balance as at 31 March	405,600	917,548	0	0
<b>Lifetime expected credit loss - credit impaired</b>				
<b>Other receivables</b>				
Balance as at 1 April 2019/2018	421,657	673,501	69,056	333,380
Charge for the financial year	0	0	826,006	0
Reversal of impairment losses	0	(251,844)	(14,509)	(264,324)
Balance as at 31 March	421,657	421,657	880,553	69,056

Credit impaired refers to individually determined debtors who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

The Group considers other receivables to be in default when the receivables are more than ninety (90) days past due.

- l) Information on financial risks of trade and other receivables is disclosed in Note 33 to the financial statements.

## 13. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	3,042,732	2,105,188	25,640	32,510
Deposits with licensed banks	94,803	91,730	0	0
	3,137,535	2,196,918	25,640	32,510

- a) Included in the Group's cash and bank balances is an amount of RM692,301 (2019: RM768,101) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations 2015.
- b) Included in the deposits with licensed banks is an amount of RM94,803 (2019: RM91,730) pledged as security for bank guarantees granted to subsidiaries.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 13. CASH AND BANK BALANCES (Cont'd)

- c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	2,600,742	1,364,932	25,640	32,510
United States Dollar	476,384	498,683	0	0
Chinese Renminbi	55,372	90,667	0	0
Euro	3,523	241,482	0	0
Thai Baht	1,167	838	0	0
Sterling Pound	347	316	0	0
	<b>3,137,535</b>	<b>2,196,918</b>	<b>25,640</b>	<b>32,510</b>

- d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	3,042,732	2,105,188	25,640	32,510
Deposits with licensed banks	94,803	91,730	0	0
Bank overdrafts included in borrowings (Note 16)	(1,017,873)	(2,496,851)	0	0
	<b>2,119,662</b>	<b>(299,933)</b>	<b>25,640</b>	<b>32,510</b>
Less: Deposits pledged to licensed banks	(94,803)	(91,730)	0	0
As per statements of cash flows	<b>2,024,859</b>	<b>(391,663)</b>	<b>25,640</b>	<b>32,510</b>

- e) No expected credit losses were recognised arising from cash and bank balances because the probability of default by these financial institutions were negligible.
- f) Information on financial risks of cash and bank balances is disclosed in Note 33 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 14. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	Amount RM	Number of shares	Amount RM
<b>Issued and fully paid up</b>				
Balance as at 1 April 2019/ 2018	100,926,521	18,144,434	95,926,521	17,329,434
Issuance of ordinary shares pursuant to private placement	4,592,600	656,742	5,000,000	815,000
Balance as at 31 March	105,519,121	18,801,176	100,926,521	18,144,434

- a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 100,926,521 to 105,519,121 by way of private placement of 4,592,600 new ordinary shares at RM0.143 per share for cash.

In the previous financial year, the issued and fully paid-up ordinary shares of the Company was increased from 95,926,521 to 100,926,521 by way of private placement of 5,000,000 new ordinary shares at RM0.163 per share for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

## 15. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Non-distributable:</b>				
Revaluation reserve	13,313,087	13,313,087	0	0
Exchange translation reserve	38,412	27,937	0	0
Share options reserve	69,593	0	69,593	0
	13,421,092	13,341,024	69,593	0

- a) Revaluation reserve

Revaluation reserve represents the surplus arising on the revaluation of the Group's leasehold land and buildings.

- b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

- c) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options. Share options reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 16. BORROWINGS

	Group	
	2020 RM	2019 RM
<b><u>Current liabilities</u></b>		
<b>Secured:</b>		
Bank overdrafts (Note 17)	1,017,873	2,496,851
Short term bank loans (Note 18)	4,702,937	4,333,000
Hire purchase creditors (Note 19)	0	409,285
Term loan (Note 20)	40,057	32,050
	<u>5,760,867</u>	<u>7,271,186</u>
<b><u>Non-current liabilities</u></b>		
<b>Secured:</b>		
Hire purchase creditors (Note 19)	0	1,364,239
Term loan (Note 20)	769,435	818,034
	<u>769,435</u>	<u>2,182,273</u>
<b><u>Total borrowings</u></b>		
Bank overdrafts (Note 17)	1,017,873	2,496,851
Short term bank loans (Note 18)	4,702,937	4,333,000
Hire purchase creditors (Note 19)	0	1,773,524
Term loan (Note 20)	809,492	850,084
	<u>6,530,302</u>	<u>9,453,459</u>

- Borrowings are classified as financial liabilities measured at amortised cost.
- All borrowings are denominated in RM.
- Movements of borrowings upon adoption of MFRS 16 are as follows:

Group	Balance as at 1 April 2019, as previously reported RM	Effects of adoption of MFRS 16 (Note 34.1) RM	Balance as at 1 April 2019, restated RM
Bank overdrafts	2,496,851	0	2,496,851
Short term bank loans	4,333,000	0	4,333,000
Hire purchase creditors	1,773,524	(1,773,524)	0
Term loan	850,084	0	850,084
	<u>9,453,459</u>	<u>(1,773,524)</u>	<u>7,679,935</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 16. BORROWINGS (Cont'd)

- d) Fair value of the borrowings of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- e) Borrowings that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values are as follows:

	2020		2019	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Hire purchase creditors	<u>0</u>	<u>0</u>	<u>1,773,524</u>	<u>1,729,649</u>

Fair values of the borrowings are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

Carrying amounts of hire purchase creditors are reasonable approximation of fair values due to current rates offered to the Group approximate the market rates for similar borrowings of the same remaining maturities.

- f) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 33 to the financial statements.

## 17. BANK OVERDRAFTS

The bank overdrafts of the Group are secured over by:

- a) a legal charge over leasehold land and buildings as disclosed in Notes 5 and 6 to the financial statements; and
- b) a corporate guarantee by the Company.

## 18. SHORT TERM BANK LOANS

	Group	
	2020 RM	2019 RM
Short term bank loans:		
- banker's acceptance	<u>4,702,937</u>	<u>4,333,000</u>

Short term bank loans of the Group are secured by:

- a) a legal charge over leasehold land and buildings as disclosed in Notes 5 and 6 to the financial statements; and
- b) a corporate guarantee by the Company.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 19. HIRE PURCHASE CREDITORS

	Group	
	2020 RM	2019 RM
Minimum hire purchase payments:		
- not later than one (1) year	0	493,531
- later than one (1) year but not later than five (5) years	0	1,305,396
- later than five (5) years	0	202,519
Total minimum hire purchase payments	0	2,001,446
Less: Future interest charges	0	(227,922)
Present value of hire purchase payments	0	1,773,524
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	0	409,285
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	0	1,173,113
- later than five (5) years	0	191,126
	0	1,773,524

## 20. TERM LOAN

The term loan of the Group is secured by:

- a legal charge over certain building as disclosed in Note 5 to the financial statements; and
- a corporate guarantee by the Company.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 21. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Trade payables</b>				
Third parties	6,766,790	7,757,629	0	0
Amounts owing to related parties	70,711	886,599	0	0
	<b>6,837,501</b>	<b>8,644,228</b>	<b>0</b>	<b>0</b>
<b>Other payables</b>				
Amounts owing to:				
- subsidiaries	0	0	12,875,983	12,604,243
- Directors	700,000	745,327	700,000	700,000
- related parties	395,186	307,425	0	0
Other payables	1,484,469	1,836,598	19,176	20,839
Deposit received	300,000	300,000	0	0
Accruals	3,370,566	3,568,341	527,000	456,999
	<b>6,250,221</b>	<b>6,757,691</b>	<b>14,122,159</b>	<b>13,782,081</b>
Total trade and other payables	<b>13,087,722</b>	<b>15,401,919</b>	<b>14,122,159</b>	<b>13,782,081</b>

- Trade and other payables are classified as financial liabilities measured at amortised cost.
- Trade payables (include amounts owing to related parties) are non-interest bearing and the normal trade terms granted to the Group comprise cash term and credit limit of up to 90 days (2019: cash term and credit limit of up to 90 days).
- Amounts owing to subsidiaries and related parties represent advances and payments on behalf which are non-trade in nature, unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.
- The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.
- The amounts owing to Directors are in respect of advances received, which are unsecured, interest-free and is payable within the next twelve (12) months in cash and cash equivalents.
- Included in accruals of the Group is retention sum on contracts amounting to RM611,391 (2019: RM920,678).

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 21. TRADE AND OTHER PAYABLES (Cont'd)

g) The currency exposure profile of payables is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	11,478,999	12,350,698	14,122,159	13,782,081
Chinese Renminbi	820,235	1,990,888	0	0
United States Dollar	632,618	748,465	0	0
Euro	155,870	295,424	0	0
Hong Kong Dollar	0	16,444	0	0
	<b>13,087,722</b>	<b>15,401,919</b>	<b>14,122,159</b>	<b>13,782,081</b>

h) Information on financial risks of trade and other payables is disclosed in Note 33 to the financial statements.

## 22. CONTINGENT LIABILITIES

The Company provides corporate guarantees up to a total amount of RM10,035,000 (2019: RM10,235,000) to licensed banks for banking facilities granted to certain subsidiaries. The amount of the banking facilities utilised by the said subsidiaries totalled RM6,530,302 as at 31 March 2020 (2019: RM7,679,935).

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 23. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Revenue from contracts with customers:</b>				
Transferred at a point in time:				
- Sale of goods	46,756,628	49,164,167	0	0
- Sale of completed properties	5,872,963	3,112,330	0	0
<b>Other revenue:</b>				
- Management services rendered	0	0	456,000	120,000
	<b>52,629,591</b>	<b>52,276,497</b>	<b>456,000</b>	<b>120,000</b>

Disaggregation of revenue from contracts with customers is disclosed in Note 4(c) to the financial statements.

### a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the Group satisfies a performance obligation by transferring a promised good to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

### b) Sale of completed properties

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve (12) months.

### c) Management services

Management fees are recognised when the management services have been rendered to the subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 24. OTHER INCOME

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Gain on disposal of property, plant and equipment	49,955	103,998	0	0
Interest income from financial institutions	35,456	20,417	0	0
Realised gain on foreign exchange	419,090	107,243	0	0
Rental received from:				
- motor vehicle	6,132	4,599	0	0
- machinery	222,000	172,500	0	0
- premises	156,000	156,000	0	0
Reversal of impairment losses on receivables	517,410	950,422	14,509	264,324
Sundry income	19,501	4,304	0	0
Unrealised gain on foreign exchange	72,409	23,033	0	0
	<u>1,497,953</u>	<u>1,542,516</u>	<u>14,509</u>	<u>264,324</u>

(a) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on asset.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

## 25. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Wages, salaries, overtime and bonuses	9,067,180	10,120,789	1,017,920	733,660
Contributions to defined contribution plan	770,977	828,549	102,110	71,954
Social security contributions	102,815	101,460	2,510	1,256
Share options vested/granted under ESOS	69,593	0	0	0
Other benefits	446,120	437,231	6,855	5,108
	<u>10,456,685</u>	<u>11,488,029</u>	<u>1,129,395</u>	<u>811,978</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 26. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Directors of the Company</b>				
<b>Executive Directors</b>				
Directors' fee	72,000	84,000	72,000	60,000
Salaries and other emoluments	1,213,737	1,325,330	744,785	512,095
Bonus	83,000	105,570	50,000	42,570
Share options vested/ granted under ESOS	13,491	0	0	0
Defined contribution plan	157,880	178,424	102,110	71,954
Total Executive Directors' remuneration (exclude benefits-in-kind)	1,540,108	1,693,324	968,895	686,619
Estimated money value of benefits-in-kind	0	44,350	0	0
Total Executive Directors' remuneration (including benefits-in-kind)	1,540,108	1,737,674	968,895	686,619
<b>Non-executive Directors</b>				
Directors' fee	96,000	80,000	96,000	80,000
Other emoluments	40,500	16,250	40,500	16,250
Total Non-Executive Directors' remuneration	136,500	96,250	136,500	96,250
<b>Total Directors' remuneration</b>				
- fees	168,000	164,000	168,000	140,000
- other emoluments	1,508,608	1,625,574	937,395	642,869
	1,676,608	1,789,574	1,105,395	782,869
<b>Directors of the subsidiaries</b>				
<b>Executive Directors</b>				
- fees	0	28,000	0	0
- other emoluments	1,500	1,000	0	0
	1,500	29,000	0	0

## 27. EMPLOYEES' SHARE OPTION SCHEME ('ESOS')

The Employees' Share Option Scheme ('ESOS') of the Company came into effect on 10 January 2020. The ESOS shall be in force for a period of five (5) years until 9 January 2025 ('the option period'). The main features of the ESOS are as follows:

- Executive Directors and confirmed employees of the Group who have served at least one (1) year of continuous services are eligible under the ESOS;
- The maximum number of new shares which may be issued and allotted pursuant to the exercise of the Options shall not at any point in time in aggregate exceed 15% of the issued and paid-up capital of the Company (excluding treasury shares) at any point in time during the duration of the ESOS;

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 27. EMPLOYEES' SHARE OPTION SCHEME ('ESOS') (Cont'd)

The Employees' Share Option Scheme ('ESOS') of the Company came into effect on 10 January 2020. The ESOS shall be in force for a period of five (5) years until 9 January 2025 ('the option period'). The main features of the ESOS are as follows: (Cont'd)

- c) Not more than fifty percent (50%) of the total number of shares to be issued under the ESOS could be allocated, in aggregate to the executive Directors and Senior Management of the Group;
- d) Not more than ten percent (10%) of the total number of shares to be issued under the ESOS shall be allocated to any eligible person who, either singly or collectively through persons connected with the eligible person, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any);
- e) The options granted may be exercised any time within the option period from the date of offer;
- f) The option price of a new ordinary share under the ESOS shall be the five (5)-day volume weighted average price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad ('Bursa Securities') immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS;
- g) The options granted are not entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subjected to all provisions of the Constitution relating to the transfer, transmission and otherwise; and
- h) The ESOS Committee may at any time and from time to time recommend to the Board of Directors any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board of Directors shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within five (5) market days after the effective date of the modification, variation and/or amendment of the By-Laws) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to the ESOS and the Rules of Bursa Depository.

The details of the options over ordinary shares of the Company are as follows:

	Number of options over ordinary shares				
	Outstanding as at 1.4.2019	Granted	Exercised	Outstanding as at 31.3.2020	Exercisable as at 31.3.2020
<b>Grant date</b>					
25 March 2020	0	7,738,000	0	7,738,000	773,800
Weighted average exercise price (RM)	0	0.0765	0	0.0765	0.0765
Weighted average remaining contractual life (months)					57
			Exercise price RM		
			Exercise period		
<b>Grant date</b>					
25 March 2020			0.0765		25.3.2020 - 9.1.2025

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 27. EMPLOYEES' SHARE OPTION SCHEME ('ESOS') (Cont'd)

The fair value of share options granted during the financial year was estimated by using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs"). The fair values of share options measured at grant date and the assumptions are as follows:

	25 March 2020
Fair values of share options (RM)	0.06
Weighted average share price (RM)	0.08
Weighted average exercise price (RM)	0.08
Expected volatility (%)	81.49
Expected life (years)	4.80
Risk free rate (%)	3.16
Expected dividend yield (%)	0

## 28. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
- bank overdrafts	175,965	175,381	0	0
- short term bank loans	138,958	168,711	0	0
- hire purchase creditors	0	106,331	0	0
- lease liabilities	190,431	0	0	0
- term loan	37,323	54,748	0	0
- others	405	1,099	0	22
	<u>543,082</u>	<u>506,270</u>	<u>0</u>	<u>22</u>

## 29. TAX EXPENSE

	Group	
	2020 RM	2019 RM
Current tax expense based on profit for the financial year	751,447	962,190
Under/(Over)provision of tax expense in prior years	<u>99,314</u>	<u>(3,530)</u>
	<b>850,761</b>	<b>958,660</b>
Deferred tax (Note 10):		
- relating to origination and reversal of temporary differences	(46,300)	(136,300)
- crystallisation of deferred tax liability on revaluation surplus	(127,785)	(126,329)
- underprovision in prior years	40,000	3,600
	<u>(134,085)</u>	<u>(259,029)</u>
	<b>716,676</b>	<b>699,631</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 29. TAX EXPENSE (Cont'd)

- Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the fiscal year.
- Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax	<b>961,002</b>	2,171,608	<b>(11,871,920)</b>	(805,473)
Tax at the applicable tax rate of 24% (2019: 24%)	<b>230,600</b>	521,200	<b>(2,849,300)</b>	(193,300)
Tax effects in respect of:				
- expenses not deductible for tax purpose	<b>359,650</b>	821,079	<b>2,676,800</b>	81,096
- income not subject to tax	<b>(110,503)</b>	(358,045)	<b>(3,500)</b>	(63,500)
Annual crystallisation of deferred tax on revaluation surplus	<b>(127,785)</b>	(127,785)	<b>0</b>	0
Deferred tax assets not recognised during the financial year	<b>225,400</b>	247,112	<b>176,000</b>	175,704
Utilisation of deferred tax assets not recognised in prior year	<b>0</b>	(404,000)	<b>0</b>	0
Under/(Over)provision in prior years				
- income tax	<b>99,314</b>	(3,530)	<b>0</b>	0
- deferred tax	<b>40,000</b>	3,600	<b>0</b>	0
	<b>716,676</b>	699,631	<b>0</b>	0

- Tax on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
<b>Group</b>			
<b>2020</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	10,475	0	10,475
<b>2019</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	6,844	0	6,844
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Gross revaluation increase of properties	819,892	(196,774)	623,118

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 30. EARNINGS PER SHARE

### a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	2019
Profit for the financial year attributable to equity holders of the parent (RM)	<b>605,294</b>	564,916
Weighted average number of ordinary shares in issue (unit)	<b>105,519,121</b>	100,926,521
Basic earnings per ordinary share (sen)	<b>0.57</b>	0.56

### b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS are exercised at the beginning of the financial year. The ordinary shares to be issued under ESOS are based on the assumed proceeds on the difference between average share price for the financial year and exercise price.

	Group	
	2020	2019
Profit for the financial year attributable to equity holders of the parent (RM)	<b>605,294</b>	564,916
Weighted average number of ordinary shares in issue (unit)	<b>105,519,121</b>	100,926,521
Effects of dilution due to ESOS (unit)	<b>63,391</b>	0
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (unit)	<b>105,582,512</b>	100,926,521
Diluted earnings per ordinary share (sen)	<b>0.57</b>	0.56

## 31. OPERATING LEASE COMMITMENT

### The Group as lessee

The Group has aggregate future minimum lease commitment as at the end of the previous reporting period as follows:

	2019 RM
Not later than one (1) year	859,626
Later than one (1) year and not later than five (5) years	1,042,718
	<b>1,902,344</b>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 32. RELATED PARTY DISCLOSURES

### a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

- i) Direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;
  - ii) Key management personnel as defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors and key senior management of the Group; and
  - iii) Century Plas Industries Sdn. Bhd., U-Can Marketing Sdn. Bhd., Beng Choo Marketing Sdn. Bhd. and Emico (Vietnam) Co. Ltd, whereby certain Directors of the Group and their family members have significant financial and controlling interests or are connected to certain Directors of the related parties.
- b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Subsidiaries</b>				
Management fee received				
- Emico Development Sdn. Bhd.	0	0	228,000	120,000
- Emico Penang Sdn. Bhd.	0	0	228,000	0
<b>Related parties</b>				
Purchases:				
- Century Plas Industries Sdn. Bhd.	8,666,716	10,143,362	0	0
- U-Can Marketing Sdn. Bhd.	18,160	24,180	0	0
- Emico (Vietnam) Co., Ltd.	4,394,078	4,439,816	0	0
Sales:				
- Century Plas Industries Sdn. Bhd.	5,829,737	6,591,105	0	0
- U-Can Marketing Sdn. Bhd.	12,584	11,775	0	0
- Emico (Vietnam) Co., Ltd.	915,790	927,499	0	0
Rental of machinery received:				
- Century Plas Industries Sdn. Bhd.	222,000	172,500	0	0
Rental of premises received:				
- Century Plas Industries Sdn. Bhd.	156,000	156,000	0	0
Rental of premises paid and payable:				
- Beng Choo Marketing Sdn. Bhd.	600,000	500,000	0	0

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

### 32. RELATED PARTY DISCLOSURES (Cont'd)

- b) The related party transactions described above were under taken on mutually agreed and negotiated terms.

The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.

Information regarding outstanding balances arising from related party transactions as at 31 March 2020 are disclosed in Notes 12 and 21 to the financial statements.

- c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group and the Company.

The total compensation of Directors and other key management personnel was as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short term employee benefits	<b>2,526,237</b>	2,885,280	<b>1,003,285</b>	710,915
Contributions to defined contribution plans	<b>257,878</b>	299,172	<b>102,110</b>	71,954
	<b>2,784,115</b>	3,184,452	<b>1,105,395</b>	782,869
Estimated cash value of benefits-in-kind provided to Directors	<b>0</b>	44,350	<b>0</b>	0

- d) Material contracts

There were no material contracts, which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 31 March 2020 or entered into since the end of the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT

### a) Capital management

The Group's objectives and policies of managing capital are to safeguard the ability of the Group to continue in its operations as going concerns in order to provide fair returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust/vary the dividend payouts to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity (excluding NCI) and borrowings (including lease liabilities) to be the key components in the Group capital structure. The Group monitors capital on the basis of gearing ratio. The Group includes within net debt, borrowings and lease liabilities less deposits with a licensed bank and cash and bank balances. There were no changes in the Group's approach to capital management during the financial year. The debts-to-equity as at 31 March 2020 and 31 March 2019 were as follows:

	Group	
	2020 RM	2019 RM
Borrowings	6,530,302	9,453,459
Lease liabilities	2,830,367	0
Less:		
Cash and bank balances	(3,042,732)	(2,105,188)
Deposits with licensed banks	(94,803)	(91,730)
Net debt	6,223,134	7,256,541
Total capital	45,186,011	43,860,339
Net debt	6,223,134	7,256,541
Equity	51,409,145	51,116,880
Gearing ratio	12%	14%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares, if any) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement during the financial year.

The Group is not subject to any other externally imposed capital requirements.

### b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### b) Financial risk management (Cont'd)

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

#### i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable multinational organisations. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables while the Company's primary exposure is through the amounts owing by subsidiaries. The Group's trading terms with its customers are mainly on credit. The credit period generally ranges from cash term and up to 120 days for major customers. Each customer has a maximum credit limit and the Group seeks to maintain control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

#### Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

#### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period are as follows:

	Group			
	2020		2019	
	RM	% of total	RM	% of total
<b>By country:</b>				
Malaysia	6,222,639	75%	5,239,563	65%
Sweden	904,196	11%	1,797,575	22%
Italy	503,622	6%	132,027	2%
United States of America	289,495	4%	259,800	3%
United Kingdom	217,070	3%	0	0%
Thailand	56,107	1%	66,946	1%
South America	0	0%	312,401	4%
Kenya	0	0%	181,943	2%
Czech Republic	0	0%	82,548	1%
Others	36,065	0%	13,814	0%
	<b>8,229,194</b>	<b>100%</b>	<b>8,086,617</b>	<b>100%</b>

At the end of the reporting period, approximately:

12.2% (2019: 14.3%) of the Group's trade receivables were due from major customers who are multi-industry conglomerates located in Italy and Sweden.

49.2% (2019: 42.4%) of the Group's trade receivables were due from related parties.

99.9% (2019: 99.9%) of the Company's other receivables were due from subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### b) Financial risk management (Cont'd)

#### ii) Liquidity and cash flow risk

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they fall due. The exposure of the Group and of the Company to liquidity risk arises principally from their various payables, borrowings and lease liabilities.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's and the Company's activities. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

Owing to the nature of its businesses, the Group and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
<b>As at 31 March 2020</b>				
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	13,087,722	0	0	13,087,722
Borrowings	5,792,714	287,616	784,952	6,865,282
Lease liabilities	1,376,396	1,502,834	141,894	3,021,124
Total undiscounted financial liabilities	20,256,832	1,790,450	926,846	22,974,128
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade and other payables	14,122,159	0	0	14,122,159
Total undiscounted financial liabilities	14,122,159	0	0	14,122,159

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### b) Financial risk management (Cont'd)

#### ii) Liquidity and cash flow risk (Cont'd)

	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
--	--	------------------------------------	------------------------------	-------------

#### As at 31 March 2019

##### Group

##### Financial liabilities:

Trade and other payables	15,401,919	0	0	15,401,919
Borrowings	7,451,735	1,784,488	1,059,325	10,295,548
Total undiscounted financial liabilities	22,853,654	1,784,488	1,059,325	25,697,467

##### Company

##### Financial liabilities:

Trade and other payables	13,782,081	0	0	13,782,081
Total undiscounted financial liabilities	13,782,081	0	0	13,782,081

#### iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rates debts. The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge this risk.

#### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the profit net of tax to a reasonably possible change in interest rates, with all other variables held constant.

	Group	
	2020 Profit after tax RM	2019 Profit after tax RM
Decrease by 50 basis points	24,815	35,575
Increase by 50 basis points	(24,815)	(35,575)

The sensitivity is lower in 2020 than in 2019 because of a decrease in outstanding borrowings that has occurred. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### b) Financial risk management (Cont'd)

#### iii) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates and weighted average incremental borrowing rate as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rates / incremental borrowing rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>At 31 March 2020</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	13	3.35	94,803	0	0	0	0	0	94,803
Lease liabilities	6	4.23	(1,287,345)	(828,882)	(426,242)	(96,891)	(91,234)	(99,773)	(2,830,367)
<b>Floating rates</b>									
Bank overdrafts	16	7.34	(1,017,873)	0	0	0	0	0	(1,017,873)
Short term bank loans									
- banker's acceptance	16	3.16	(4,702,937)	0	0	0	0	0	(4,702,937)
Term loan	16	4.02	(40,057)	(41,736)	(43,445)	(45,224)	(47,076)	(591,954)	(809,492)



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### b) Financial risk management (Cont'd)

#### iii) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk: (Cont'd)

Group	Note	Weighted average effective interest rates %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>At 31 March 2019</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	13	3.35	91,730	0	0	0	0	0	91,730
Hire purchase creditors	16	5.39	(409,285)	(407,706)	(370,928)	(297,588)	(96,891)	(191,126)	(1,773,524)
<b>Floating rates</b>									
Bank overdrafts	16	8.59	(2,496,851)	0	0	0	0	0	(2,496,851)
Short term bank loans									
- banker's acceptance	16	3.71	(4,333,000)	0	0	0	0	0	(4,333,000)
Term loan	16	4.77	(32,050)	(33,612)	(35,251)	(36,970)	(38,772)	(673,429)	(850,084)

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### b) Financial risk management (Cont'd)

#### iv) Foreign currency risk

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

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances (in United States Dollar, Chinese Renminbi, Thai Baht, Euro and Sterling Pound) amounted to RM536,793 (2019: RM831,986) for the Group.

Transactional currency exposures arise from sales and purchases that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Chinese Renminbi.

In the previous financial year, the Group obtained a foreign currency forward facility with a bank to manage exposures to currency risk for receivables which were denominated in a currency other than the functional currency of the Group. However, there was no foreign currency forward contract outstanding as at 31 March 2020 and 31 March 2019.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's profit net of tax to reasonable possible change in the United States Dollar, Chinese Renminbi and Euro exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group Profit net of tax	
		2020 RM	2019 RM
USD/RM	- Strengthened by 5%	<b>77,814</b>	104,026
	- Weakened by 5%	<b>(77,814)</b>	(104,026)
Chinese Renminbi/RM	- Strengthened by 5%	<b>(3,716)</b>	(66,198)
	- Weakened by 5%	<b>3,716</b>	66,198
Euro/RM	- Strengthened by 5%	<b>(5,789)</b>	(2,050)
	- Weakened by 5%	<b>5,789</b>	2,050

Sensitivity analysis of other currencies are not disclosed as the fluctuation of those foreign exchange rates against the Group's functional currency are not significant.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 34. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

### 34.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-Term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle:	
(i) Amendments to MFRS 3 <i>Business Combinations</i>	1 January 2019
(ii) Amendments to MFRS 11 <i>Joint Arrangements</i>	1 January 2019
(iii) Amendments to MFRS 112 <i>Income Taxes</i>	1 January 2019
(iv) Amendments to MFRS 123 <i>Borrowing Costs</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as described in the following section.

#### MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 April 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 April 2019. The incremental borrowing rate of the Group applied to the lease liabilities on 1 April 2019 was 5.50%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 34. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (Cont'd)

### 34.1 New MFRSs adopted during the financial year (Cont'd)

#### MFRS 16 Leases (Cont'd)

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 April 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 and do not contain a purchase option as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

Group	Note	As at 31 March 2019 RM	Impact RM	As at 1 April 2019 RM
Property, plant and equipment		25,240,719	(9,436,368)	15,804,351
Right-of-use assets	(a)	0	11,642,519	11,642,519
Borrowings		9,453,459	(1,773,524)	7,679,935
Lease liabilities	(b)	0	3,996,107	3,996,107
Retained earnings		<u>12,374,881</u>	<u>(16,432)</u>	<u>12,358,449</u>

- For leases previously classified as operating leases, the Group measured the right-of-use asset, on a lease-by-lease basis, at its carrying amount as if the MFRS 16 has been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.
- Lease liabilities are measured as follows:

	Group RM
Operating lease commitments at 31 March 2019 under MFRS 117 Leases	1,902,344
Weighted average incremental borrowing rate as at 1 April 2019	<u>5.50%</u>
Discounted operating lease commitments as at 1 April 2019	1,781,871
Finance lease liabilities recognised as at 31 March 2019	1,773,524
Extension option reasonably certain to be exercised	<u>440,712</u>
<b>Lease liabilities recognised at 1 April 2019</b>	<u><b>3,996,107</b></u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2020

## 34. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (Cont'd)

### 34.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 16 COVID-19-Related Rent Concessions</i>	1 June 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Annual improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2022
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements.

## 35. FINANCIAL REPORTING UPDATES

### IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 March 2020.

## 36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ('MCO') effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO until 9 June 2020 and then, Recovery MCO until 31 August 2020.

The effects of COVID-19 would impact the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 March 2020, such as expected credit losses of financial assets, fair value measurements of financial instruments, write down of inventories to net realisable values and impairment assessments of assets (property, plant and equipment and investments in subsidiaries). The Group and the Company have assessed the impact of COVID-19 and there were no material impact noted arising from the effects of COVID-19 as of 31 March 2020.

# ANALYSIS OF SHAREHOLDINGS

AS AT 21 JULY 2020

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings		No. of Holders	%	No. of Shares	%
1	- 99	25	0.827	892	0.000
100	- 1,000	703	23.255	613,000	0.581
1,001	- 10,000	1,379	45.617	6,709,081	6.358
10,001	- 100,000	780	25.802	28,045,830	26.579
100,001	- 5,275,955 (*)	135	4.466	58,488,918	55.430
5,275,956 AND ABOVE (**)		1	0.033	11,661,400	11.052
<b>TOTAL :</b>		<b>3,023</b>	<b>100.000</b>	<b>105,519,121</b>	<b>100.000</b>

REMARK : \* - LESS THAN 5% OF ISSUED SHARES

\*\* - 5% AND ABOVE OF ISSUED SHARES

## SUBSTANTIAL SHAREHOLDERS

		No of Shares Held			
		Direct	%	Indirect	%
1	Lim Teck Chye *	23,459,647	22.23	3,451,312 ^	3.27
2	Lim Poh Hoon	112,000	0.11	26,798,959 ^	25.40
3	Lim Teik Hian	52,000	0.05	26,858,959 ^	25.45

\* Inclusive of shares held by himself and through PM Nominees (Tempatan) Sdn Bhd  
Alliancegroup Nominees (Tempatan) Sdn Bhd  
Affin Hwang Nominees (Tempatan) Sdn Bhd  
Maybank Nominees (Tempatan) Sdn Bhd

^ Deemed interested via shares held by Beng Choo Marketing Sdn Bhd and family members namely Lim Teik Hian (brother), Lim Teck Chye (brother) and Lim Poh Hoon (sister)

## DIRECTOR SHAREHOLDINGS

		No of Shares Held			
		Direct	%	Indirect	%
1	Lim Teik Hian	52,000	0.05	26,858,959 ^	25.45
2	Lim Teck Chye	23,459,647	22.23	3,451,312 ^	3.27
3	Wong Sew Yun	895,859	0.85	-	-

# LIST OF TOP 30 SHAREHOLDERS

AS AT 21 JULY 2020

NO.	NAME	HOLDINGS	%
1	LIM TECK CHYE	11,661,400	11.051
2	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TECK CHYE (D)	4,683,300	4.438
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TECK CHYE (8019259)	2,630,000	2.492
4	CHUAH CHOON BIN	2,000,000	1.895
5	NEOH BOON TOE	2,000,000	1.895
6	BENG CHOO MARKETING SDN. BHD.	1,964,212	1.861
7	GAN PEI JOO	1,800,000	1.705
8	CHAN KOK WAH	1,505,000	1.426
9	CHUAH GUAN LEONG	1,442,500	1.367
10	GOH CHEW LING	1,350,000	1.279
11	LIM TECK CHYE	1,225,100	1.161
12	LIM TECK CHYE	1,211,030	1.147
13	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GV ASIA FUND LIMITED (STA 1)	1,184,500	1.122
14	GV ASIA FUND LIMITED	983,300	0.931
15	PANG LAN YIN	931,000	0.882
16	TAN CHEE SENG	900,000	0.852
17	WONG SEW YUN	895,859	0.849
18	NEOH BOON YEW	883,000	0.836
19	LIM TECK CHYE	850,900	0.806
20	LOW SOO HA @ LOW CHEEN CHONG	750,000	0.710
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)	720,900	0.683
22	CHAW HUAN LOONG	692,800	0.656
23	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BENG CHOO MARKETING SDN BHD	692,600	0.656
24	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM TECK CHYE (M01)	684,000	0.648
25	LIM SOK BEE	648,000	0.614
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	631,000	0.597
27	WONG PENG WAI	594,000	0.562
28	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON JYE WAH	566,600	0.536
29	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VOON SZE LIN	534,100	0.506
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TECK CHYE	513,917	0.487
<b>TOTAL:</b>		<b>47,129,018</b>	<b>44.663</b>

## LIST OF PROPERTIES

AS AT 31 MARCH 2020

Location	Tenure	Description/ Existing Use	Land Area (sq ft)	Built-up Area (sq ft)	Age of Building (Years)	Carrying Amount RM'000	Acquisition/ Revaluation *
Lot Nos 5727 and 7151 Kawasan Perindustrian Bayan Lepas, Mukim 12 Daerah Barat Daya, Pulau Pinang	60-years Leasehold Expiring 2046 and 2047 respectively	Land and factory buildings, warehouse and office for industrial use	79,096	147,214	28 to 35	17,484	2019*
Unit 2-5-9 Harbour Trade Centre, Lebuh Macallum, Pulau Pinang	99-years Leasehold Expiring 2089	Office unit for rental	-	2,031	25	158	1992
Geran 127391 & 127392 Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	3 storey office building	2,800	7,394	12	1,421	2019*
Taman Batik Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	On-going mix development project	93,876	-	-	287	1996
Bandar Mutiara Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	On-going mix development project	931,294	-	-	2,744	1996
Taman Simfoni Bandar Kuah, Daerah Langkawi, Kedah	99 years Leasehold Expiring 2112	On-going mix development project	506,991	-	-	711	1996



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 28<sup>th</sup> Annual General Meeting ("AGM") of the Company will be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Monday, 21 September 2020 at 11.00 a.m. for the following purposes:-

## AGENDA

### *As Ordinary Business:*

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon.                                     | Please refer to Note 9                         |
| 2. To re-elect Mr. Lim Teik Hian, a Director who retires by rotation in accordance with Article 103 of the Company's Constitution and who, being eligible, offers himself for re-election.     | <b>Resolution 1</b>                            |
| 3. To re-elect Mr. Wong Sew Yun, a Director who retires by rotation in accordance with Article 103 of the Company's Constitution and who, being eligible, offers himself for re-election.      | <b>Resolution 2</b>                            |
| 4. To approve the payment of Directors' Fees amounting to RM168,000.00 for the financial year ending 31 March 2021.  | <b>Resolution 3</b>                            |
| 5. To approve the payment of Directors' Benefits payable up to an amount not exceeding RM100,000.00 for the period from 22 September 2020 until the conclusion of the next AGM of the Company. | <b>Resolution 4</b><br>Please refer to Note 10 |
| 6. To re-appoint Messrs. BDO PLT as auditors of the Company to hold office until the conclusion of next AGM of the Company and to authorise the Directors to fix their remuneration.           | <b>Resolution 5</b>                            |

### *As Special Business:*

To consider and if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions:

- |  |  |
|--|--|
| <b>7. AUTHORITY TO ALLOT AND ISSUE NEW SHARES</b><br><br>"THAT, subject to the approvals of the regulatory authorities, the Board of Directors of the Company be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Board of Directors of the Company may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company.<br><br>AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.<br><br>AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company." | <b>Resolution 6</b><br>Please refer to Note 11 |
| <b>8. PROPOSED CONTINUATION OF MR. WONG THAI SUN IN OFFICE AS INDEPENDENT DIRECTOR</b><br><br>"THAT authority be and is hereby given to Mr. Wong Thai Sun who had served as an Independent Director of the Company for a cumulative term of more than 9 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company."  | <b>Resolution 7</b><br>Please refer to Note 12 |
| <b>9. PROPOSED CONTINUATION OF MR. WONG SEW YUN IN OFFICE AS INDEPENDENT DIRECTOR</b><br><br>"THAT authority be and is hereby given to Mr. Wong Sew Yun who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company."   | <b>Resolution 8</b><br>Please refer to Note 13 |

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### As Special Business: (Cont'd)

10. **PROPOSED CONTINUATION OF MR. NG CHEE KONG IN OFFICE AS INDEPENDENT DIRECTOR**

**Resolution 9**  
Please refer to  
Note 13

"THAT authority be and is hereby given to Mr. Ng Chee Kong who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company."

11. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**Resolution 10**  
Please refer to  
Note 14

"THAT, subject to the Companies Act 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the authority be hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Renewal of Shareholders' Mandate") as set out in the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate provided that such transactions are in the ordinary course of business which are necessary for the day-to-day operations on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders and that such authority shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

And that, the Executive Directors of the Company be hereby authorised to complete and do all such acts including executing any documents as may be required to give full effect to such transactions authorised by this resolution."

12. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board

**LEE PENG LOON (MACS 01258)**  
**P'NG CHIEW KEEM (MAICSA 7026443)**  
Secretaries

Penang  
Date : 21 August 2020

## **NOTICE OF ANNUAL GENERAL MEETING** (Cont'd)

### **NOTES ON APPOINTMENT OF PROXY**

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint a maximum of 2 proxies to attend and vote at the same meeting.
3. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("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.
5. Where a member is an Exempt Authorised Nominee, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
6. The proxy form shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
7. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The completed Proxy Form transmitted by facsimile or electronic mail (e-mail) will not be accepted.
8. Only a depositor whose name appears on the Record of Depositors on 01 September 2020 (General Meeting Record of Depositors) shall be eligible to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.

### **NOTES ON ORDINARY BUSINESS**

9. The Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. Hence, the Agenda 1 is not put forward for voting.
10. The Resolution 4, if passed, will enable the Company to pay allowances and other benefits to directors of the Company in accordance with Section 230(1) of the Companies Act 2016. The total amount of directors' benefits payable is estimated based on number of directors and the scheduled meetings of the Board and Board Committees.

### **NOTES ON SPECIAL BUSINESS**

11. The Resolution 6, if passed, will enable the directors to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice, the directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

12. The Resolution 7, if passed, will enable the Independent Director who had served more than 9 years to be retained and continued to act as Independent Director of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the practice 4.2 of the Malaysian Code of Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 March 2020.

## **NOTICE OF ANNUAL GENERAL MEETING** (Cont'd)

### **NOTES ON SPECIAL BUSINESS** (Cont'd)

13. The Resolutions 8 and 9 are to seek shareholders' approval through a two tier voting process and, if passed, will enable the Independent Directors who had served more than 12 years to be retained and continued to act as Independent Directors of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the practice 4.2 of the Malaysian Code of Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 March 2020.
14. The Resolution 10, if passed, will enable the Company and its subsidiaries to enter into recurrent transactions involving the interests of the related parties which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company. Further information of the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 21 August 2020 which has been dispatched together with the Company's Annual Report for the financial year ended 31 March 2020.

### **NOTES ON ADMINISTRATIVE MATTERS**

15. Registration will start at 10.00 am and will end at 11.00 am sharp or at such time as directed by the Chairman of the meeting.
16. In light of the recent COVID-19 pandemic, our Health Officers will conduct a compulsory body temperature screening and hand sanitization at the entrance before members, proxy holders or invited guests ("Attendees") could proceed to the registration counter.
17. Attendees are required to wear face mask at all times and to provide your health declaration via MySejahtera/PG Care application or to sign a health declaration form with contact details for contact tracing, if required in the future by relevant parties.
18. Attendees with body temperature at 37.5°C and above will not be allowed to enter the meeting hall.
19. Patient under Investigation and/or Person under Surveillance of COVID-19 are not allowed to attend the 28<sup>th</sup> AGM.
20. There will be no food & beverages served before the AGM. Kindly collect the take away refreshment pack at the registration counter after the AGM.
21. Attendees are required to adhere to social distancing and all the precautionary measures in place at the venue of the AGM.
22. Attendees are advised to visit [www.mkn.gov.my](http://www.mkn.gov.my) for further information and/or latest updates, and to abide by the most current regulations at the time when deciding to attend the AGM in person.

### **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(PURSUANT TO PARAGRAPH 8.27(2) OF MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

- 1) No individuals are standing for election as Directors at the forthcoming 28<sup>th</sup> Annual General Meeting of the Company.
- 2) The profiles of the Directors who are standing for re-election as in Agenda 2 and 3 of the Notice of the 28<sup>th</sup> Annual General Meeting of the Company are set out in the Board of Directors' Profile section of this Annual Report.
- 3) The details of the Directors' interests in the securities of the Company as at 21 July 2020 are set out in the Analysis of Shareholdings section of this Annual Report.
- 4) The Resolution 6 tabled under Special Business as per the Notice of 28<sup>th</sup> Annual General Meeting of the Company dated 21 August 2020 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 16 August 2019.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of notice of meeting, the directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.

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# PROXY FORM



**EMICO HOLDINGS BERHAD**  
Registration No. 199101020015 (230326-D)  
Incorporated in Malaysia

CDS Account No.

\*I/We .....  
(\*I/C No. / Passport No. / Company No. ....) of .....  
..... being a \*member/members of the abovenamed Company,  
hereby appoint ..... (\*I/C No. / Passport No. ....)  
of .....

or failing whom, the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the 28<sup>th</sup> Annual General Meeting ("AGM") of the Company to be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Monday, 21 September 2020 at 11.00 a.m., or at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Mr. Lim Teik Hian as a Director of the Company.		
2.	To re-elect Mr. Wong Sew Yun as a Director of the Company.		
3.	To approve the payment of Directors' Fees.		
4.	To approve the payment of Directors' Benefits.		
5.	To re-appoint BDO PLT as auditors of the Company.		
6.	To authorise the directors to allot and issue new shares in the Company.		
7.	To retain Mr. Wong Thai Sun as an Independent Non-Executive Director.		
8.	To retain Mr. Wong Sew Yun as an Independent Non-Executive Director.		
9.	To retain Mr. Ng Chee Kong as an Independent Non-Executive Director.		
10.	To obtain a renewal and new shareholders' mandate for recurrent related party transactions.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed this .....day of....., 2020.

No. of shares held

.....  
Signature(s)/Common Seal of member(s)

For appointment of two (2) proxies,  
percentage of shareholdings to be  
represented by the proxies :

	No. of Shares	%
Proxy 1		
Proxy 2		
		100

Contact No. of  
Shareholder/Proxy: .....

## Notes

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint a maximum of 2 proxies to attend and vote at the same meeting.
3. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("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.
5. Where a member is an Exempt Authorised Nominee, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
6. The proxy form shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
7. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the meeting or at any adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The completed Proxy Form transmitted by facsimile or electronic mail (e-mail) will not be accepted.
8. Only a depositor whose name appears on the Record of Depositors on 01 September 2020 (General Meeting Record of Depositors) shall be eligible to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.

\* strike out whichever is not desired.

Fold this flag sealing

2<sup>nd</sup> fold here



The Company Secretary  
**EMICO HOLDINGS BERHAD**  
Registration No. 199101020015 (230326-D)  
51-21-A Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

1<sup>st</sup> fold here







**EMICO HOLDINGS BERHAD**

Registration No. 199101020015 (230326-D)  
Incorporated in Malaysia

18, Lebuhraya Kampung Jawa,  
11900 Bayan Lepas, Penang, Malaysia.

Tel: 604 4227 888 Fax: 604 4217 888  
E-mail: [info@emico.com.my](mailto:info@emico.com.my)

[www.emico.com.my](http://www.emico.com.my)