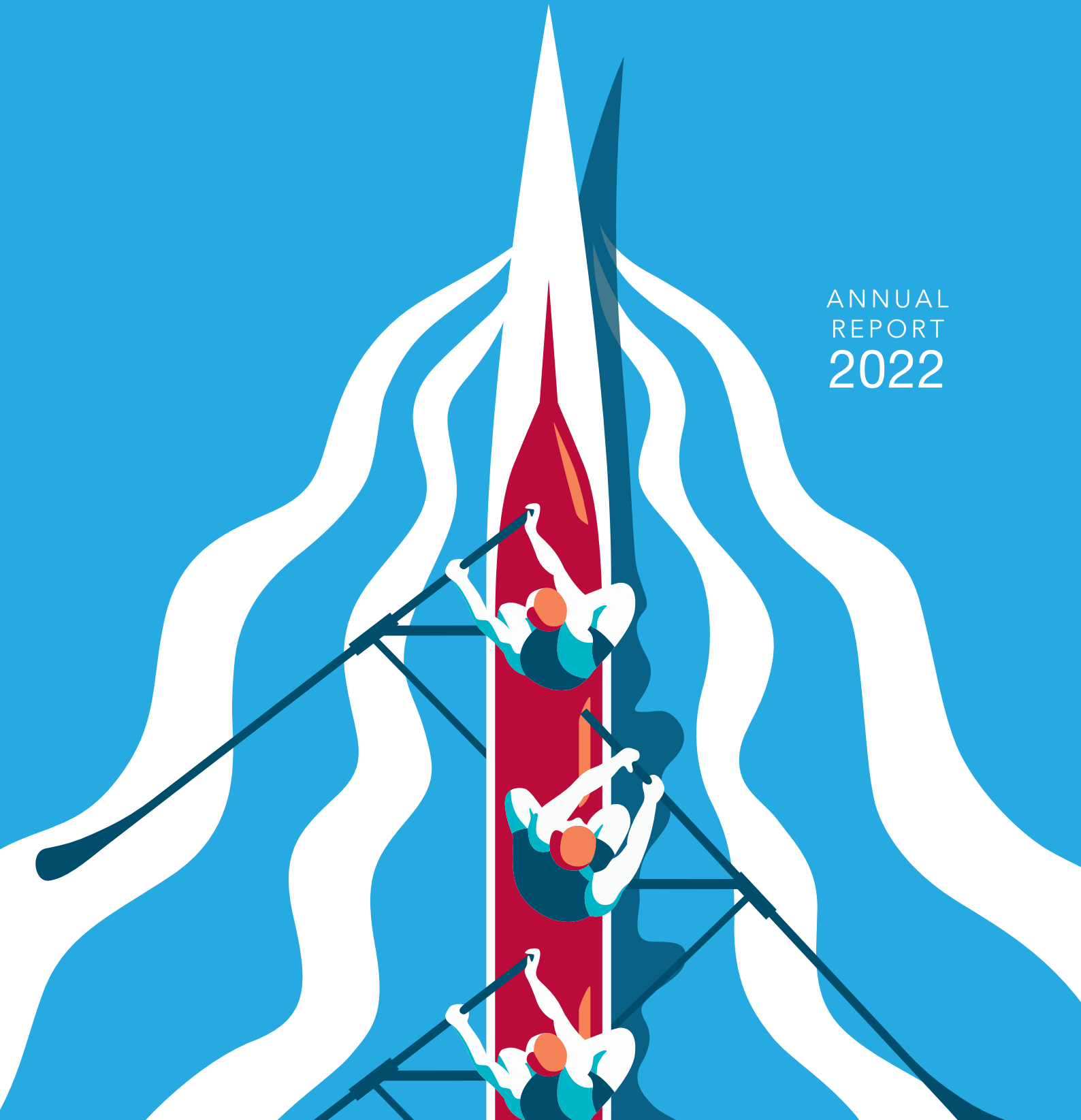




EMICO HOLDINGS BERHAD
Registration No. 199101020015 (230326-D)
Incorporated in Malaysia

TOWARDS THE SEA OF OPPORTUNITIES
WE VOYAGE

ANNUAL
REPORT
2022



OUR MISSION

Dedicated to Deliver Innovation, High Quality, Competitive and Value Added Product & Services.

OUR VALUES

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

MOTIVATED

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

UNDERSTANDING

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

RESPONSIBLE & RELIABLE

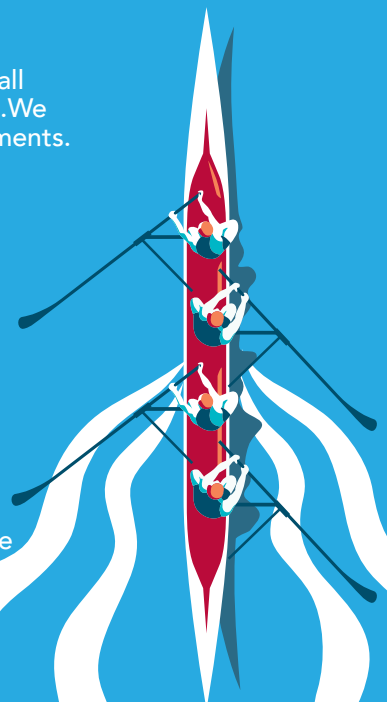
We operate in a safe, environmentally responsible and compliant manner in all our operations. We take pride in fulfilling our responsibilities & performance. We commit to deliver quality products and services to meet customers' requirements.

FLEXIBLE & FRIENDLY

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

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.



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TOWARDS THE SEA OF OPPORTUNITIES WE VOYAGE

To pursue the sea of opportunities, Emico overcomes waves of challenges ahead with its dedicated team in each sector of its business operations. Emico restrategises to adapt into the new Normal while continue to deliver the best. We voyage beyond, reaching the horizon ahead of others, ensuring our position with great opportunities.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Teck Chye

Executive Chairman

Dato' Jimmy Ong Chin Keng

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

Kee Chei Hen

Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Wong Thai Sun (Chairman)
Wong Sew Yun
Ng Hong Kiat @ Ng Han Kiat
Kee Chei Hen

ESOS COMMITTEE

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

OTHER MEMBERS OF ESOS COMMITTEE

Tan Teong Yu
Tan Chee Yik

NOMINATING COMMITTEE

Wong Sew Yun (Chairman)
Wong Thai Sun
Ng Hong Kiat @ Ng Han Kiat
Kee Chei Hen

REMUNERATION COMMITTEE

Wong Thai Sun (Chairman)
Ng Hong Kiat @ Ng Han Kiat
Kee Chei Hen

SECRETARIES

Lee Peng Loon (MACS 01258)
SSM PC NO. 201908002340
P'ng Chiew Keem (MAICSA 7026443)
SSM PC NO. 201908002334

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
Service 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 Bank
Jalan Sultan Ahmad Shah
10050 Penang
T: (60) 4 222 0288
F: (60) 4 222 0299

PRINCIPAL BANKERS

RHB Bank Berhad
196501000373 (6171-M)

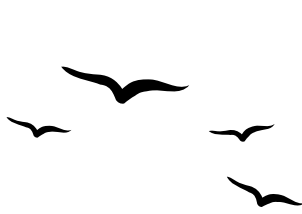
CIMB Bank Berhad
197201001799 (13491-P)

STOCK EXCHANGE LISTING

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



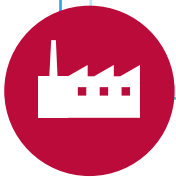
CORPORATE STRUCTURE



MANUFACTURING

100%

Emico Penang Sdn Bhd
Emico Co. Ltd
Emico Marketing Sdn Bhd *
Emico Metalizing Sdn Bhd *
Emico Tools Sdn Bhd *



TRADING

100%

Emico Asia Sdn Bhd
Emico Newk Sdn Bhd *

51%

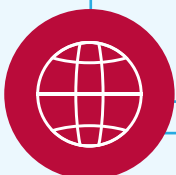
Emico Melaka Sdn Bhd *

45%

Bayan Greentech Sdn Bhd

49%

Emico Trophy Co. Ltd



PROPERTY DEVELOPMENT & INVESTMENT

100%

Emico Development Sdn Bhd
Emico Capital Sdn Bhd *

71%

Mercu Tanah Langkawi Sdn Bhd

60%

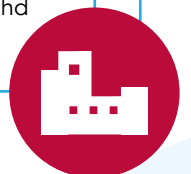
NEB Development Berhad
NEB Pacific Sdn Bhd *
Unic Builders Sdn Bhd *

49.7%

Operasi Tembaga Sdn Bhd

39.8%

PKB - Operasi Tembaga Sdn Bhd

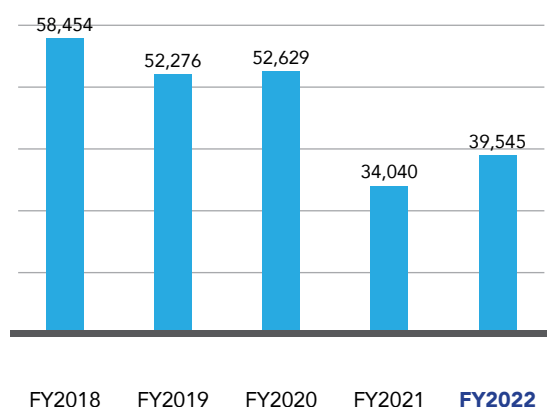


* Dormant/Inactive

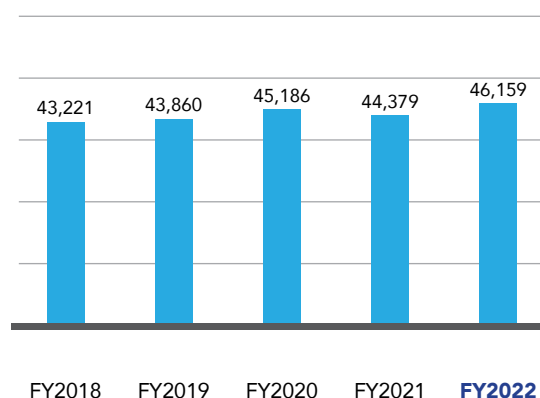
GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

	FY2018	FY2019	FY2020	FY2021	FY2022
Revenue (RM'000)	58,454	52,276	52,629	34,040	39,545
Profit/(Loss) Before Tax (RM'000)	505	2,172	961	(2,979)	(1,265)
Share Capital (RM'000)	17,329	18,144	18,801	20,555	23,218
Net Assets (RM'000)	43,221	43,860	45,186	44,379	46,159
Net Assets Per Share (SEN)	0.45	0.43	0.43	0.39	0.38
Net (Loss)/Earnings Per Share (SEN)	(0.23)	0.56	0.57	(2.29)	(0.70)

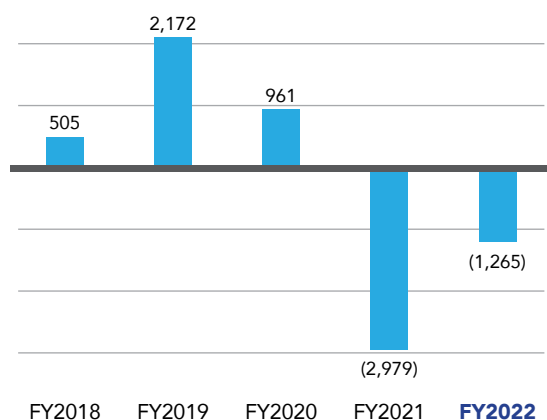
REVENUE (RM'000)



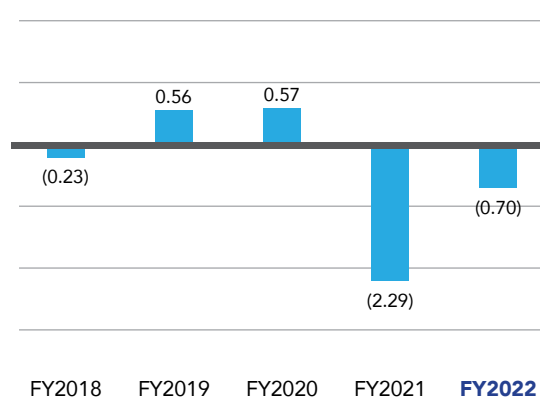
NET ASSETS (RM'000)



PROFIT/(LOSS) BEFORE TAX (RM'000)



NET (LOSS)/EARNINGS PER SHARE (SEN)



BOARD OF DIRECTORS' PROFILE

LIM TECK CHYE

Executive Chairman



DATO' JIMMY ONG CHIN KENG

Executive Director



Lim Teck Chye, a Malaysian male aged 48, was appointed to the Board of the Company on 11 May 2004. He was designated as Managing Director on 1 October 2019. On 7 October 2020, he was redesignated as Executive Chairman.

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 and his sister, Ms Lim Poh Hoon 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.

Dato' Jimmy Ong Chin Keng, a Malaysian male aged 59 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. Other than appointment as Independent Non-Executive Director of YBS International Berhad, 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 in various positions for Lions Clubs International District 308B2. He was elected as Chairman of Federation of Malaysian Manufacturers, Penang Branch from year 2020 to 2021. 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.

BOARD OF DIRECTORS' PROFILE (Cont'd)

WONG SEW YUN

*Independent and
Non-Executive
Director*



Mr Wong Sew Yun, a Malaysian male aged 66 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 sits as a Chairman of the Nominating Committee. He is also a member of the Audit and Risk Management Committee.

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 67 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 Independent Non-Executive Director of P.I.E. Industrial Berhad.

He sits as a Chairman of the Audit and Risk Management and Remuneration Committees. He is also a member of Nominating Committee.

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 71 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 Midgeley & 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 2017. 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 is not a director of any other public company.

He sits in the Audit and Risk Management, Nominating and Remuneration Committees.

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.

KEE CHEI HEN

*Independent and
Non-Executive
Director*



Mr Kee Chei Hen, a Malaysian male aged 62 was appointed to the Board on 24 May 2022. He is a graduate member of the Malaysian Institute of Certified Public Accountants (MICPA). He began his career as an Audit Senior in a public accounting firm. He joined Fuji Lift & Escalator Mfg. Sdn. Bhd. as Finance Manager in 1994 and was promoted to General Manager, Admin and Finance in 1999 until his retirement in 2011. He has more than 30 years of experience in auditing, accounting and financial management. He is not a director of any other public company.

He sits in the Audit and Risk Management, Nominating and Remuneration Committees.

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

BOARD OF DIRECTORS' PROFILE (Cont'd)

NG CHEE KONG

*Independent and
Non-Executive
Director*

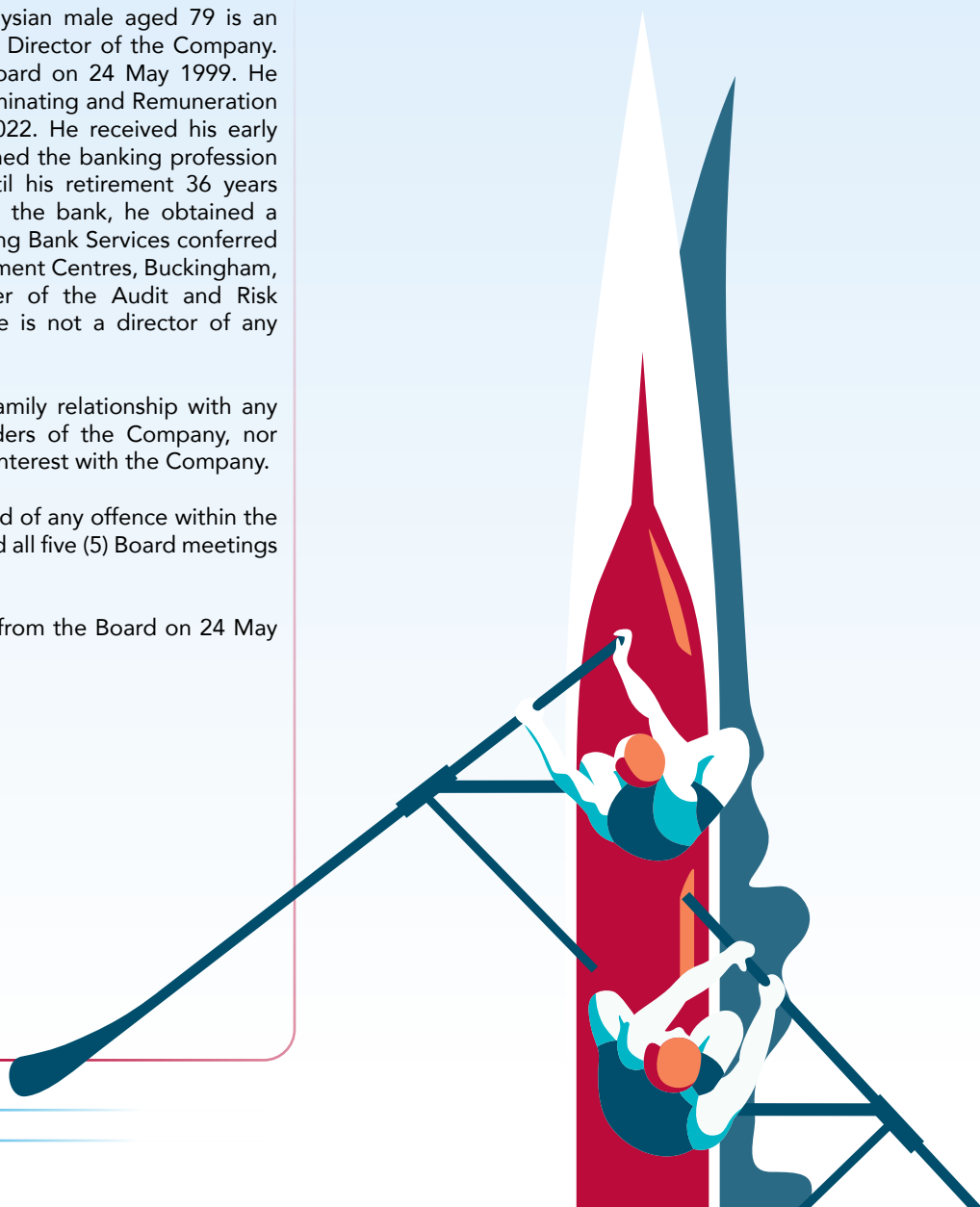


Mr Ng Chee Kong, a Malaysian male aged 79 is an Independent Non- Executive Director of the Company. He was appointed to the Board on 24 May 1999. He was the Chairman of the Nominating and Remuneration Committees until 24 May 2022. He received his early education in Penang and joined the banking profession 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 was 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.

Mr Ng Chee Kong resigned from the Board on 24 May 2022.



PROFILE OF KEY SENIOR MANAGEMENT



FROM LEFT TO RIGHT :

LIEW KONG WANG

JULIE ONG LYE IM

LIM TECK CHYE

DATO' JIMMY ONG CHIN KENG

LIM LAY KHIM

TAN CHIN PENG

TAN TEONG YU

LIM TECK CHYE

Executive Chairman
Malaysian, aged 48, Male

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

DATO' JIMMY ONG CHIN KENG

Executive Director
Malaysian, aged 59, Male

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

PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)

LIM LAY KHIM

Director of Business Development
Malaysian, aged 57, Female

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.

TAN TEONG YU

Director of Finance and Administration
Malaysian, aged 35, Male

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. Mr Tan subsequently promoted to Director of Finance and Administration on 15 June 2022. 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.

TAN CHIN PENG

Director of Sales and Marketing
Malaysian, aged 60, Male

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.

PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)

LIEW KONG WANG

Director of Supply Chain
Malaysian, aged 47, Male

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.

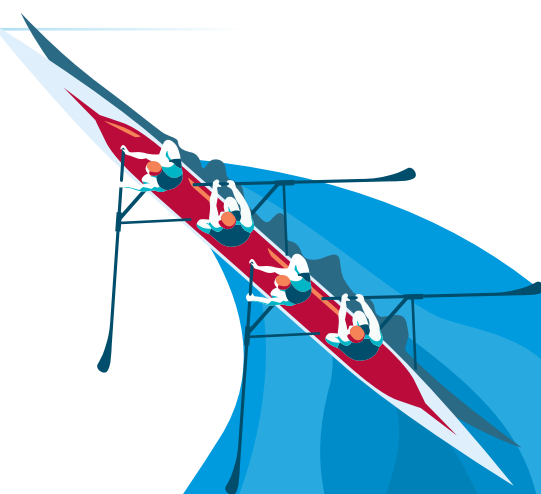
JULIE ONG LYE IM

Director of Procurement
Malaysian, aged 55, Female

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. On 7 October 2020, she has been redesignated as Special Assistant to Executive Chairman upon MD was redesignated as Executive Chairman. Ms. Julie subsequently promoted to Director of Procurement on 15 June 2022.

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.



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 2022 ("FY2022").

Throughout the FY2022, the Group continued to operate within a challenging environment affected by the prolonged Covid-19 pandemic. The Malaysian government imposed several control measures towards the end of the financial year due to the resurgence of cases across the country. On the macro level, the global economy was also severely tested by uncertainties and challenges arising from the prolonged impact of the pandemic-triggered recession with many sectors still in the recovering process amid persistent inflation, business cost pressures and global supply chain disruptions.

For FY2022, the Group recorded a higher revenue of RM39.54 million, a 16% increase as compared to RM34.04 million in the preceding year mainly due to the increase in revenue from the consumer product division. As a result, the Group posted a lower loss before tax ("LBT") of RM1.27 million for the current year as compared to LBT of RM2.98 million in the preceding year. Trophy export sales are recovering strongly during the last quarter of FY2022 and trophy local sales are recovering as Malaysia has entered the transition to endemic phase on 1 April 2022.

Moving into FY2023, the Group will continue to be committed to more effective and sustainable solutions to optimize our businesses. We will continue to focus on operations and cost optimization, strive to excel in providing quality products and services that deliver value growth for our stakeholders and to generate positive outcomes for our shareholders, investors and stakeholders in the longer term.

My sincere thanks to our board member, Mr. Ng Chee Kong who has served the board as an independent non-executive director from 24 May 1999 to 24 May 2022. The Group is thankful for his contribution, guidance and support throughout his tenure. On a separate note, I would like to extend a warm welcome to Mr. Kee Chei Hen on his appointment as an Independent Non-Executive Director on 24 May 2022. His vast experience in the industry will strengthen the board and bring great benefits to the Group.

On behalf of the Board of Directors, I would like to thank all the employees for their dedication, hard work and commitment to the Group especially during the pandemic that have affected our daily personal and working life very much. On a personal note, my sincere appreciation goes to my fellow board members for their guidance, invaluable advice and support.

I also wish to extend my gratitude to our valued shareholders, customers, suppliers, business associates, financial institutions, government agencies and authorities for being with us on our journey of growth and value creation.

LIM TECK CHYE
Executive Chairman

MANAGEMENT DISCUSSION & 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 2022 ("FY2022"). 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 FY2022.

OPERATION AND BUSINESS REVIEW

Emico Holdings Berhad has been listed on the Main Market of Bursa Malaysia Securities Berhad since 6 April 1994 as an investment holding company. The Group's subsidiaries are involved in the following four principal business activities, namely:

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

Today, Emico is one of the biggest plastic trophy manufacturers in the world. We have established a solid distribution network 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 trophies 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 reputable company with an 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 in providing complete professional services from product sourcing, factory auditing, order administering, quality control, and logistic arrangement to deliver assurance. With a strong supplier network and our professional 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 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

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	58,454	52,276	52,629	34,040	39,545
Profit/(Loss) Before Interest & Tax	999	2,678	1,504	(2,659)	(790)
Finance Cost	494	506	543	320	475
Profit/(Loss) Before Tax	505	2,172	961	(2,979)	(1,265)
Net (Loss)/Profit	(382)	1,472	244	(2,379)	(1,166)

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

MARKET OVERVIEW

The pandemic has presented new challenges, opportunities and obstacles in managing businesses. With post-covid normalisation, many countries, including Malaysia, are gradually switching into endemicity phase and it is paramount for the Group to adopt new strategies moving forward. The Group is getting ready to expand its distribution network and increase automation in production processes to improve its productivity and efficiency.

External risks such as the ongoing Russia-Ukraine war could potentially disrupt market recovery. The disruption of crude oil supply from Russia has Brent crude hitting a high of US\$140 per barrel at one point. The oil price situation is still volatile and also impacting commodity prices including plastic resin, metal, chemical and logistic costs. Price instability could impact the Group's cost of production and operating margins. Malaysia is further impacted by shortage of labour in the manufacturing industry.

Towards the end of FY2022, we saw the global economy starting to recover gradually as many countries started to open their borders, hence, more both business and social activities. FY2023 will be a year of hope for stability and towards the beginning of normalcy.

Group Revenue

For the current financial year, the Group recorded a revenue of RM39.54 million, an increase of RM5.50 million as compared to RM34.04 million in the preceding financial year ended 31 March 2021 ("FY2021"). The 16% higher sales revenue was mainly due to the increased demand for trophy and award products.

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

Segmental Revenue by Division	2018 RM'000	%	2019 RM'000	%	2020 RM'000	%	2021 RM'000	%	2022 RM'000	%
Consumer Products Division										
- Trophy	28,416	49	28,183	54	26,512	50	5,415	16	10,147	26
- Contract Manufacturing	21,072	36	18,557	35	16,262	31	18,992	56	21,937	55
- Trading	2,230	4	2,424	5	3,982	8	4,656	14	6,314	16
Property Division	6,736	11	3,112	6	5,873	11	4,977	14	1,147	3
Total Group Revenue	58,454	100	52,276	100	52,629	100	34,040	100	39,545	100

Revenue Distribution by Key Market	2018 RM'000	%	2019 RM'000	%	2020 RM'000	%	2021 RM'000	%	2022 RM'000	%
Europe	26,280	45	28,831	55	26,603	51	25,011	73	31,648	80
Other countries	9,237	16	10,803	21	10,948	21	2,040	6	3,501	9
Total Exports	35,517	61	39,634	76	37,551	72	27,051	79	35,149	89
Malaysia	22,937	39	12,642	24	15,078	28	6,989	21	4,396	11
Total Group Revenue	58,454	100	52,276	100	52,629	100	34,040	100	39,545	100

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

Consumable Products Division

i. Trophy

For the financial year ended 31 March 2022, the trophy division posted a sales revenue of RM10.15 million as compared to RM5.42 million in FY2021. The significant increase in revenue was mainly due to our trophy customers in developed countries such as the United Kingdom, Italy, USA and Australia anticipated the lifting of Covid-19 restrictions. The domestic market has shown a sign of rebound as the Government has started to allow non-contact sports.



ii. Contract Manufacturing

For the financial year ended 31 March 2022, the contract manufacturing division posted a higher sales revenue of RM21.94 million as compared to RM18.99 million in FY2021. The higher demand was mainly due to higher stock requirements from customers following disruption of the global supply chain.



iii. Trading

The revenue of trading division increased from RM4.66 million in FY2021 to RM6.31 million in FY2022. Trading division has experienced growth in sales revenue from steady orders received by new product development projects for the new wholesaler in the United Kingdom, coupled with additional new product development projects secured from existing customers.

Property Development

The property division posted a lower revenue of RM1.15 million in FY2022 as compared to RM4.98 million in FY2021. The decline in revenue was mainly due to the adverse economic sentiment caused by the spread of the Covid-19 pandemic which has affected the confidence of buyers and the overhang of unsold properties in the states as well as the whole nation.

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

Group Loss Before Tax

The Group posted a loss before tax ("LBT") of RM1.27 million for FY2022 as compared to LBT of RM2.98 million in the preceding year ended 31 March 2021. The decrease in LBT was mainly due to the trophy division posting a higher sales revenue of RM10.15 million in FY2022 as compared to RM5.42 million in FY2021.

FINANCIAL POSITION

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Shareholders' Equity	43,221	43,860	45,186	44,379	46,159
Total Assets	83,711	82,847	81,104	74,588	79,129
Borrowings	9,441	9,453	7,894*	8,680*	9,729*
Share Capital	17,329	18,144	18,801	20,555	23,218
Net Assets	43,221	43,860	45,186	44,379	46,159
Debts/Equity (%)	21.84	21.55	17.47	19.56	21.08
Net Assets Per Share (Sen)	0.45	0.43	0.43	0.39	0.38
(Loss)/Earnings Per Share (Sen)	(0.23)	0.56	0.57	(2.29)	(0.70)

* Including hire purchase creditors of approximately RM1.09 million and RM1.41 million for FY2022 and FY2021 respectively which were classified as lease liabilities due to adoption of MFRS 16

EQUITY AND LIABILITY

Capital Structure

With a total of 7,789,600 shares being issued under the Employees' Share Option Scheme ("ESOS") and private placement, the total share capital of the Company increased to 122,747,721 shares, amounted to RM23,217,757.

Borrowings

The borrowings (including hire purchase creditors which were classified as lease liabilities due to adoption of MFRS 16) of the Group in FY2022 were RM9.73 million as compared to RM8.68 million in FY2021. The increase is due to the drawdown of loan during the financial year.

The debt/equity ratio was 21.08% in FY2022 as compared to 19.56% in FY2021. This ratio still indicates a healthy cash flow management with relatively low 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.

Dividend

The Board of Directors does not recommend any payment of dividend for the financial year ended 31 March 2022.

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

REVIEW OF OPERATING ACTIVITIES

Manufacturing of Consumable Products

a. Trophy and OEM Products

We have seen good improvement in the trophy market as many developed countries have removed Covid-19 restrictions and sports activities have resumed. With this positive development, many wholesalers from Europe and America have regained confidence in the trophy market and started to place orders and build their stock levels. Malaysia market remains weak as the government has only relaxed some restrictions in October 2021 and all sport activities were only allowed from March 2022.

The OEM business remains stable, despite the impact of increase in material prices due to the Russia-Ukraine war and constant delayed of shipment arising from disruption of the global supply chain. We are facing challenge of shortage in labour force since Malaysia has closed its border throughout the pandemic period and just re-opened recently for foreign workers.

We continue to work on improvement on productivity by increasing automation and upgrading our manufacturing facilities to meet the demand as well as maintain our competitiveness.

b. Trading of Home Furnishing and Household Products

Trading Division has experienced stable growth in sales in the Home Furnishing and Furniture segment after the completion of a few range of product development with its United Kingdom customers, which comprise importer/wholesalers. Besides, the division has expanded its market to secure orders from Ireland and Australia customers.

On the domestic market, sales were hampered by various stages of MCO. However, we were continuously building the Division's IS LIVING brand for home furnishing and furniture products.

c. Property Development Division

Bandar Mutiara, Sungai Petani

During the financial year, the Group has managed to sell 3 units of double storey terrace house in Bandar Mutiara Township, 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.

Taman Simfoni, Langkawi

The joint venture project with Simfoni Homes Sdn Bhd known as Belize at Taman Simfoni in Langkawi comprise 2 blocks of 8-storey service apartments with a total of 196 units. Our subsidiary, PKB-Operasi Tembaga Sdn Bhd had taken delivery of 11 units of the service apartments with an estimated value of RM4.5 million as stipulated in the Joint Venture Agreement. In the previous financial year, we had managed to sell 3 units and we will continue to promote the remaining 8 units in FY2023.

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 being 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.



MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

FORWARD LOOKING STATEMENT

As most countries, including Malaysia, transit into the endemic stage of the pandemic, the Group is making strides to grow market share and clientele portfolio in new regions and expand our product range to improve our value proposition to a wider range of prospective customers. The pandemic has reshaped the economy as well as the way we conduct our daily businesses. The recent Malaysia's participation in various Free Trade Agreements provide good platforms to promote regional economic growth which would be one of the key factors in driving the rebound in economy in the year moving forward.

Consumable Products Segment

a. Manufacturing of Consumable Products

With the continuous removal of Covid-19 restrictions worldwide, the market situation will be positive for trophy and consumable products. We have received orders and order forecasts from customers and expected the business to return to pre-Covid time. The Group faces challenges on shortage of labour and general cost increment. The Russian-Ukraine war has resulted in increase on oil price, hence increased in material prices and higher inflation rate. The main challenges are to minimize cost increment to maintain competitiveness. The Group will focus to expand distribution channels by setting up new warehouses located in Sabah, Selangor and Hatyai, Thailand to provide shorter delivery lead time and better services to the customers.

b. Trading of Home Furnishing and Household Products

There is an influx of opportunities by the re-opening of the world markets. The Group will position the Division's core competency in sourcing and trading in formulating strategic product offerings in gaining back its customer base, at the same time building new relationships with potential customers in the segment of Home Furnishing and Furniture.

c. Property Development Segment

The management acknowledges that there are still market challenges to be overcome including inflation caused by rising material price, escalating cost of living, price affordability and potential interest rate hikes which are expected to hamper the increase in demand.

The Group will continue to carry out promotion activities aggressively for the sales of the remaining unsold completed units in both Bandar Mutiara, 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. The Group will continue to monitor the market situation and take proactive measures to increase revenue and profitability for the property development division.

APPRECIATION

We thank our employees for their relentless hard work, dedication and for having to face with the various challenges caused by the pandemic during the current financial year.

We also thank our consumers, government agencies and authorities, business partners, suppliers and distributors for their continued trust and support to our Group.



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 2022.

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

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.

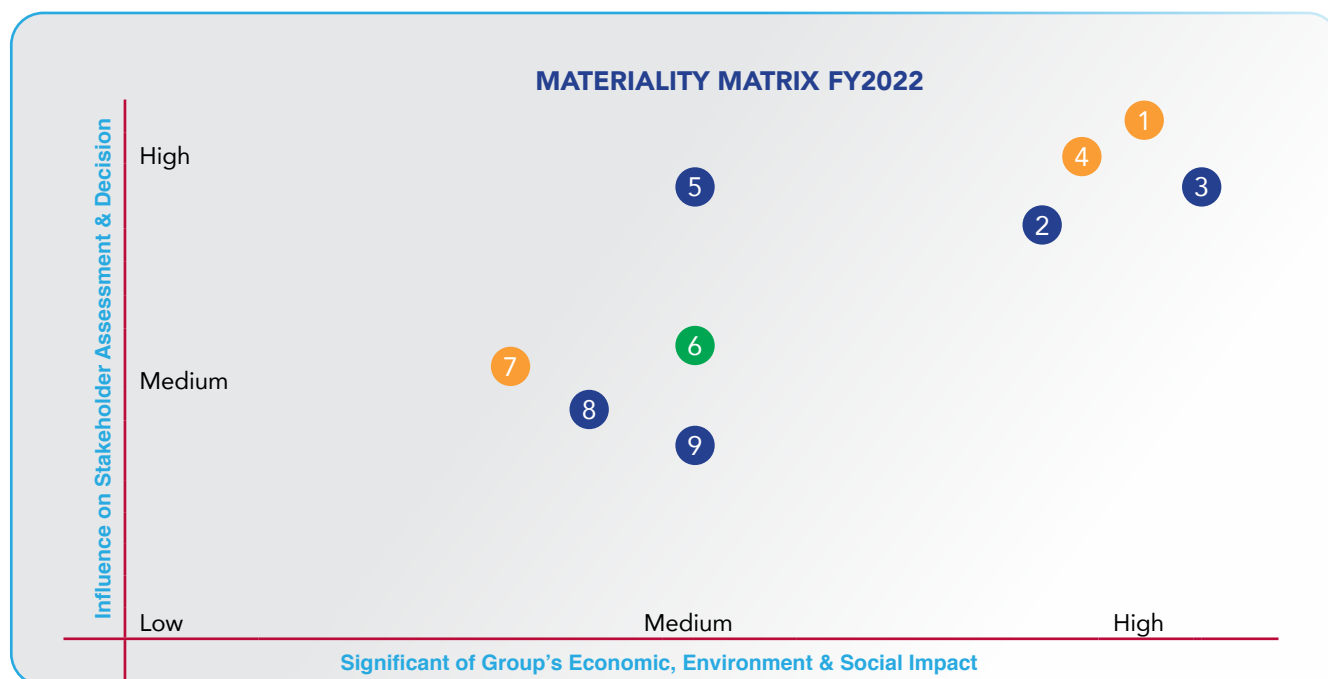
PRIORITISATION

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 FY2022
Economic Sustainability	1 Economic Performance 4 Customer Satisfaction 7 Certification
Environment Sustainability	6 Usage of Recycled Materials
Social Sustainability	2 Diversity & Equal Opportunity 3 Governance, Ethics and Integrity 5 Employment 8 Occupational, Health & Safety 9 Support and Contribution to Communities

SUSTAINABILITY REPORT (Cont'd)

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 RM39.5 million and distributed a total economic value of RM40.7 million in the areas of operating cost, employees' wages and benefits, interests, and taxes. The following table provides the breakdown of this summary:

	FY2022 RM'000	FY2021 RM'000
Economic value distributed	39,545	34,040
Our Supplier: Operating Costs	32,484	29,080
Our Employees: Wages & Benefits	7,851	7,619
Our Lenders: Payment to Lenders	475	320
The Government: Refund from Government	(99)	(600)
Total	40,711	36,419

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.

	FY2022	FY2021
Usage of Recycle ABS (tons per annum)	110	30
Assumed Saving in barrels of petroleum	550 barrels	150 barrels
Assumed Saving in CO ₂	176 tonnes	48 tonnes

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 CO₂. During the FY2022, Emico is able to save 550 barrels of petroleum and 176 tonnes of CO₂, with the usage of 110 tonnes of Recycled ABS resin.

SUSTAINABILITY REPORT *(Cont'd)*

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 equipment ("PPE") 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

	FY2022	FY2021
Annual Staff Hiring Rate	35.89%	3.77%
Annual Staff Turnover Rate	32.93%	37.74%
No. of staff at beginning of the year	159	197
No. of staff recruited during the year	59	6
No. of staff left during the year	54	60
No. of staff at the end of the year	164	159

Employee Gender Composition by Level

	FY2022				FY2021			
	Female	Male	Total	% Female	Female	Male	Total	% Female
Managerial	12	15	27	44.44	11	14	25	44.00
Executives	14	10	24	58.33	13	10	23	56.52
Non-executives	27	86	113	23.89	22	89	111	19.82
Total	53	111	164	32.32	46	113	159	28.93

	FY2022		FY2021	
	No of Staff	%	No of Staff	%
Under 30	59	35.98	55	34.59
30 to 50	74	45.12	75	47.17
Above 50	31	18.90	29	18.24
Total employees	164	100.00	159	100.00

SUSTAINABILITY REPORT *(Cont'd)*

DIVERSITY & EQUAL OPPORTUNITY (Cont'd)

Employee Nationality Composition

	FY2022		FY2021	
	No of Staff	%	No of Staff	%
Malaysian	111	67.68	96	60.38
Non- Malaysian	53	32.32	63	39.62
Total	164	100.00	159	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").



SUSTAINABILITY REPORT (Cont'd)

SUPPORT AND CONTRIBUTION TO COMMUNITIES

Bayan Greentech



Penang Bridge International Marathon 2022 Press Conference



Fund Raising Program for Penang STEM



SUSTAINABILITY REPORT (Cont'd)

SUPPORT AND CONTRIBUTION TO COMMUNITIES (Cont'd)

Penang Power 100



Employee Training & Development Programs



Malaysia Gifts Fair 2022



SUSTAINABILITY REPORT (Cont'd)

SUPPORT AND CONTRIBUTION TO COMMUNITIES (Cont'd)

Emico CSR Program - The Salvation Army



Emico CSR Program - Asrama Ramakrishna



Emico CSR Program - Penang General Hospital



Emico CSR Program - Shan Children's Home



SUSTAINABILITY REPORT (Cont'd)

SUPPORT AND CONTRIBUTION TO COMMUNITIES (Cont'd)

Company Annual Dinner



First Aid and CPR Training



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, executive chairman, 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 financial 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 three 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 2022, the Committee held meetings on 18 May 2021, 25 May 2021, 28 July 2021, 17 September 2021, 28 September 2021, 19 November 2021, 26 November 2021 and 22 February 2022 respectively, making a total of eight (8) meetings.

Name	Designation	Independence Status	Attendance of meetings
Wong Thai Sun	Chairman	Independent Non-Executive Director	8/8
Ng Chee Kong	Member	Independent Non-Executive Director	8/8
Wong Sew Yun	Member	Independent Non-Executive Director	7/8
Ng Hong Kiat @ Ng Han Kiat	Member	Independent Non-Executive Director	8/8

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 2022, the Committee held meetings on 18 May 2021, 25 May 2021, 28 July 2021, 17 September 2021, 28 September 2021, 19 November 2021, 26 November 2021 and 22 February 2022 respectively, making a total of 8 (eight) 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 2022 was RM21,000.

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 2022, 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 2022 ("FY2022") 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 (4th 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 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; and
- Approving the appointment of Directors and Directors' emoluments and benefits in accordance with relevant statutes.

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 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 24 May 2022 and the details of the Board Charter can be viewed in 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

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 June 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

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

II. Board Composition

There are currently six (6) Directors on the Emico Board. Four (4) are Independent Directors and two (2) are Executive Directors (which consist of one (1) Executive Chairman 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 Teck Chye	5/5			
Executive Director	Dato' Jimmy Ong Chin Keng	5/5			
Independent Non-Executive Director	Wong Thai Sun	5/5	8/8	2/2	1/1
Independent Non-Executive Director	Wong Sew Yun	5/5	7/8	2/2	
Independent Non-Executive Director	Ng Chee Kong [^]	5/5	8/8	2/2	1/1
Independent Non-Executive Director	Ng Hong Kiat @ Ng Han Kiat	5/5	8/8	2/2	1/1

[^] Resigned as Independent Non-Executive Director on 24 May 2022

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 as well as responsible for implementation of the objectives, goals and operational matters of the Group. Although the Executive Chairman, Mr Lim Teck Chye 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 twelve (12) years and recommended to the Board for the continuation of service.
- Reviewed the term of office and performance of the ARMC.

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)

- e) 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.
- f) Discussed the character, experience, integrity and competence of the Directors and Executive Chairman 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.
- i) Considered appointment of additional INED(s) to meet gender diversity and balance of INEDs on the Board when there is a need to appoint additional director to the Board.

The disclosures in relation to Practice 5.3 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 FY2022 encompassed various topics as outlined below:

Lim Teck Chye

- Leveraging the Supply Chain - 19 August 2021
- Future of Renewable Energy: Business and Employment Opportunities - 26 August 2021
- A New Eco System in Building Future Talent - 27 August 2021
- ESG (Environmental, Social and Governance) Training - 18 March 2022

Dato' Jimmy Ong Chin Keng

- Bursa Sustainability Report Training - 24 May 2021
- ESG (Environmental, Social and Governance) Training - 18 March 2022

Wong Sew Yun

- ESG (Environmental, Social and Governance) Training - 18 March 2022

Ng Chee Kong

- ESG (Environmental, Social and Governance) Training - 18 March 2022

Wong Thai Sun

- Tax Appeals and Director's Duty & Responsibilities - 21 March 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

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

III. Training *(Cont'd)*

The training attended by Directors for FY2022 encompassed various topics as outlined below: *(Cont'd)*

Ng Hong Kiat @ Ng Han Kiat

- Sustainability Reporting Workshops: Scope and Materiality in Sustainability Reporting – 21 September 2021
- Mandatory Accreditation Programme – 11- 13 October 2021
- ESG (Environmental, Social and Governance) Training - 18 March 2022

Mr Kee Chei Hen did not attend any training or seminar due to he was appointed to the Board on 24 May 2022. However, he has constantly been updated with relevant reading materials and technical updates, which will enhance his knowledge and equip them with the necessary skills to effectively discharge his duties as Directors of the Company.

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 2022 is as follows:

	Fee (RM)	Salaries & Bonus (RM)	Other Emoluments (RM)	Total (RM)
<u>Executive Directors</u>				
Mr Lim Teck Chye <i>(Executive Chairman)</i>	24,000	582,848	84,858	691,706
Dato' Jimmy Ong Chin Keng <i>(Executive Director)</i>	24,000	260,000	49,856	333,856
<u>Non-Executive Directors</u>				
Wong Thai Sun <i>(Independent Non-Executive Director)</i>	24,000	-	5,250	29,250
Ng Chee Kong @Resigned on 24 May 2022 <i>(Independent Non-Executive Director)</i>	24,000	-	5,250	29,250
Wong Sew Yun <i>(Independent Non-Executive Director)</i>	24,000	-	5,250	29,250
Ng Hong Kiat @ Ng Han Kiat <i>(Independent Non-Executive Director)</i>	24,000	-	5,250	29,250
Total	144,000	842,848	155,714	1,142,562

The Remuneration (including salary, bonus, allowances, benefit-in-kind and other emoluments) of top five (5) 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
RM150,000 to RM200,000	Tan Chin Peng	Director of Sales and Marketing
RM150,000 to RM200,000	Julie Ong Lye Im	Director of Procurement
RM100,000 to RM150,000	Lim Lay Khim	Director of Business Development
RM100,000 to RM150,000	Liew Kong Wang	Director of Supply Chain
RM100,000 to RM150,000	Tan Teong Yu	Director of Finance and Administration

The disclosures on Practice 8.1 to 8.2 of MCGG are disclosed in the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

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

V. Gender Diversity

The Board is aware of the gender diversity promoted under the MCCG. The Company currently doesn't have a female Director. Notwithstanding that, the Board will remain mindful of the gender diversity practice advocated by the MCCG. However, the Senior Management positions during the financial year under review are diverse in terms of age and gender.

The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee (ARMC)

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 8 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 28 of this Annual Report. Members of the ARMC are as indicated on page 29 of this Annual Report.

The disclosures in relation to Practice 9.1 to 9.5 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 40 to 41 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

I. Communication with Stakeholders (Cont'd)

Group Corporate Website

Emico's Group Corporate Website (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).

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 21 June 2022.

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 2022 set out on pages 54 to 123, 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 of 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 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.

Risk Management Working Group has been established 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, environmental risks, IT risks, regulatory risks, strategic risks, integrity risks and human resource risks. Any significant risks will be communicated to the ARMC members and escalated to the Board for their attention.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and is committed to articulating, implementing and reviewing the Group's system of internal control. The Group 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;
- Anti-Corruption Policy & Procedures, Code of Ethics & Conduct and Whistleblowing Policy have been established and disclosed on Emico Holding Berhad's website to guide staff members, employees and business associates in taking appropriate measures and steps to prevent association with bribery and corruption activities;
- The Covid-19 health and safety preventive and detective standard operating procedures are implemented in accordance with the authorities' requirements;
- Regular Board and ARMC meetings; and
- Visit to operating units by members of the Board and Senior Management.

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 Executive Chairman 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 21 June 2022.

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

On 9 October 2020, the Company proposed to undertake a proposed private placement of up to 10% of the total number of issued shares of the Company ("Placement Shares") to third party investor(s) to be identified at a later date ("Proposed Private Placement").

The Proposed Private Placement was approved by Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter dated 16 October 2020.

On 11 December 2020, the Board had fixed the issue price for the first tranche of the Proposed Private Placement comprising 3,000,000 Placement Shares at RM0.298 per Placement Share. The first tranche of the Placement Shares was listed on Bursa Securities on 18 December 2020.

On 1 April 2021, Bursa Securities has approved the application for an extension of time until 15 October 2021 to complete the implementation of the Proposed Private Placement.

On 16 August 2021, the Board had fixed the issue price for the second tranche of the Proposed Private Placement comprising 3,000,000 Placement Shares at RM0.281 per Placement Share. The second tranche of the Placement Shares was listed on Bursa Securities on 20 August 2021.

On 15 September 2021, the Board had fixed the issue price for the final tranche of the Proposed Private Placement comprising 4,600,000 Placement Shares at RM0.39 per Placement Share. The final tranche of the Placement Shares was listed on Bursa Securities on 23 September 2021.

On 23 September 2021, the Group has been completed the Proposed Private Placement.

As at 31 March 2022, the status of the utilisation of the gross proceeds from the private placement as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Utilisation %	Expected Timeframe for Utilisation
i) Working Capital	3,431	3,431	100%	Within 12 months
ii) Estimated expenses in relation to the Proposed Private Placement	100	100	100%	Within 1 months
Total gross proceeds	3,531	3,531	100%	

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 2022 are as follows:

- a) Audit fees incurred on group basis is RM112,513.
- b) Amount of non-audit fees incurred on a group basis is RM28,100.

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.

ADDITIONAL COMPLIANCE INFORMATION *(Cont'd)*

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.

During FY2022, the total number of ESOS granted, exercised, forfeited and outstanding are set out below:

Description	Number of options
Outstanding options as at 1 April 2021	1,056,900
Granted during the financial year	10,412,158
Exercised during the financial year	(189,600)
Forfeited during the financial year	(65,000)
Outstanding options as at 31 March 2022	11,214,458

The total number of options granted to the Directors, Senior Management and other eligible employees, and outstanding options as at 31 March 2022 was set out in the table below:

For the financial year ended 31 March 2022	Directors	Senior Management	Other eligible employees	Total
Number of options granted	2,541,215	4,373,000	11,235,943	18,150,158
Number of options exercised	(1,000,000)	(1,813,000)	(3,815,600)	(6,628,600)
Number of options forfeited	-	-	(307,100)	(307,100)
Number of options outstanding	1,541,215	2,560,000	7,113,243	11,214,458

The total percentage of options granted to the Directors and Senior Management is 38.09%.

The number of options granted to Independent Non-Executive Directors in respect of financial year ended 31 March 2022 was as follows:

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

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

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
Loss for the financial year	(1,165,903)	(1,240,461)
Loss attributable to:		
Owners of the parent	(862,472)	(1,240,461)
Non-controlling interests	(303,431)	0
	(1,165,903)	(1,240,461)

DIVIDEND

No dividend has been paid, declared or proposed 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 other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 114,958,121 to 122,747,721 by way of issuance of 7,789,600 new ordinary shares pursuant to the following:

- (a) private placement of 4,600,000 and 3,000,000 new ordinary shares at RM0.390 and RM0.281 per ordinary share respectively for cash; and
- (b) 189,600 options exercised under Employees' Share Option Scheme ('ESOS') at an exercise price of RM0.0765 per ordinary 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 28 to the financial statements.

The number of unissued ordinary shares under options was as follows:

		[----- Number of options over ordinary shares -----]					
Option price		Balance as at 1.4.2021	Granted	Exercised	Forfeited*	Balance as at 31.3.2022^	Exercisable as at 31.3.2022
Grant date							
25 March 2020	RM0.0765	1,056,900	0	(189,600)	(65,000)	802,300	802,300
23 March 2022	RM0.2298	0	10,412,158	0	0	10,412,158	0
		<u>1,056,900</u>	<u>10,412,158</u>	<u>(189,600)</u>	<u>(65,000)</u>	<u>11,214,458</u>	<u>802,300</u>

* Due to registration

^ Exercisable by the grantee upon achieving the vesting conditions set by ESOS Committee

On 23 March 2022, the Company has offered 10,412,158 options to its eligible Directors and employees at an option price of RM0.2298. The market price of share at the offer date was RM0.265.

DIRECTORS

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

Emico Holdinga Berhad

Dato' Jimmy Ong Chin Keng *

Lim Teck Chye *

Wong Sew Yun

Ng Hong Kiat @ Ng Han Kiat

Wong Thai Sun

Kee Chei Hen

Ng Chee Kong

(Appointed on 24 May 2022)

(Resigned on 24 May 2022)

* 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

Abdul Rahman Bin Haji Din

Lim Poh Hoon

(Resigned on 20 January 2022)

DIRECTORS' REPORT *(Cont'd)*

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 2022 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 1-4-2021	Bought	Sold	Balance as at 31-3-2022
Shares in the Company				
<u>Direct interests:</u>				
Dato' Jimmy Ong Chin Keng	500,000	0	0	500,000
Lim Teck Chye	24,948,647	0	0	24,948,647
Wong Sew Yun	895,859	0	0	895,859
<u>Indirect interest:</u>				
Lim Teck Chye	2,962,312	0	0	2,962,312

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Lim Teck Chye is 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 1-4-2021	Bought	Sold	Balance as at 31-3-2022
Subsidiary				
- NEB Development Berhad				
<u>Direct interest:</u>				
Lim Teck Chye	1,000,000	0	0	1,000,000
Subsidiary				
- Mercu Tanah Langkawi Sdn. Bhd.				
<u>Direct interest:</u>				
Dato' Jimmy Ong Chin Keng	40,000	0	0	40,000

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' REPORT *(Cont'd)*

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 28 to the financial statements.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 27 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, 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 and the officers of the Group and of the Company are RM16,000.

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

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 are 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.

DIRECTORS' REPORT *(Cont'd)*

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY *(Cont'd)*

(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 EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 35 to the financial statements.

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 2022 amounted to RM43,500 and RM69,013 respectively.

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

Lim Teck Chye
Director

Penang
21 June 2022

Dato' Jimmy Ong Chin Keng
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 54 to 123 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 2022 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 Teck Chye
Director

Penang
21 June 2022

Dato' Jimmy Ong Chin Keng
Director

STATUTORY DECLARATION

I, Dato' Jimmy Ong Chin Keng (CA 20404) (I/C No.: 631028-08-5853), 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 54 to 123 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 21 June 2022

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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 123.

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 2022, 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

The carrying amount of trade receivables of RM8,469,463 has been disclosed in Note 13 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, appropriate forward-looking information, significant increase in credit risk, and estimated cash flows recoverable in worst-case scenarios.

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;
- (c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (d) Evaluated the basis by management for determining cash flows recoverable in worst-case scenarios.

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 carrying amount of investments in subsidiaries of RM30,217,813 has been disclosed in Note 9 to the financial statements.

We have 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. 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 and 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 of the subsidiaries; 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 Matters

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

Penang
21 June 2022

Koay Theam Hock

02141/04/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	13,759,227	14,581,297	0	0
Right-of-use assets	6	9,042,111	9,154,124	0	0
Investment property	7	145,167	151,667	0	0
Intangible assets	8	599,552	605,552	0	0
Investments in subsidiaries	9	0	0	30,217,813	30,217,813
Investments in an associate	10	32,957	0	0	0
Deferred tax assets	11	280,400	178,500	0	0
Other receivables	13	26,900	27,903	4,524,184	3,140,887
		23,886,314	24,699,043	34,741,997	33,358,700
Current assets					
Inventories	12	39,319,955	37,751,590	0	0
Trade and other receivables	13	11,677,171	9,096,400	2,318,337	2,503,361
Current tax assets		473,735	354,692	0	0
Cash and bank balances	14	3,771,738	2,685,902	7,940	22,754
		55,242,599	49,888,584	2,326,277	2,526,115
TOTAL ASSETS		79,128,913	74,587,627	37,068,274	35,884,815
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	23,217,757	20,555,426	23,217,757	20,555,426
Reserves	16	13,388,192	13,407,607	49,523	60,349
Retained earnings		9,553,201	10,415,673	3,313,766	4,554,227
		46,159,150	44,378,706	26,581,046	25,170,002
Non-controlling interests	9(d)	8,400,098	8,703,529	0	0
TOTAL EQUITY		54,559,248	53,082,235	26,581,046	25,170,002

STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

AS AT 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
LIABILITIES					
Non-current liabilities					
Borrowings	17	3,978,875	2,812,849	0	0
Lease liabilities	6	910,692	1,145,830	0	0
Deferred tax liabilities	11	4,169,900	4,218,985	0	0
Other payables	21	0	0	8,820,044	9,019,333
		9,059,467	8,177,664	8,820,044	9,019,333
Current liabilities					
Trade and other payables	21	9,117,713	7,800,339	1,541,084	1,569,380
Contract liability	22	390,000	0	0	0
Borrowings	17	4,658,251	4,457,162	0	0
Lease liabilities	6	1,211,624	933,957	0	0
Current tax liabilities		132,610	136,270	126,100	126,100
		15,510,198	13,327,728	1,667,184	1,695,480
TOTAL LIABILITIES		24,569,665	21,505,392	10,487,228	10,714,813
TOTAL EQUITY AND LIABILITIES		79,128,913	74,587,627	37,068,274	35,884,815

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 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	24	39,544,963	34,040,315	456,000	456,000
Other income	25	2,145,962	767,384	0	2,246,530
Property development expenditure recognised		(939,906)	(3,324,387)	0	0
Changes in inventories of finished goods and work-in-progress		90,401	(195,473)	0	0
Purchase of finished goods		(9,203,396)	(5,786,442)	0	0
Raw materials and consumables used		(18,278,526)	(14,023,008)	0	0
Employee benefits expense	26	(7,851,010)	(7,618,520)	(822,906)	(553,428)
Depreciation of property, plant and equipment	5	(1,037,327)	(958,768)	0	0
Depreciation of right-of-use assets	6	(1,459,369)	(1,550,535)	0	0
Amortisation of investment property	7	(6,500)	(6,500)	0	0
Amortisation of intangible assets	8	(6,000)	(6,000)	0	0
Loss on struck off of subsidiaries		0	(2,200)	0	0
Finance costs	29	(475,133)	(320,361)	0	0
Net (losses)/gains on impairment of trade and other receivables		(48,006)	(421,775)	(225,419)	515,645
Share of result of an associate, net of tax	10	(226)	0	0	0
Other expenses		(3,740,997)	(3,572,542)	(648,136)	(243,222)
(Loss)/Profit before tax		(1,265,070)	(2,978,812)	(1,240,461)	2,421,525
Taxation	30	99,167	600,092	0	0
(Loss)/Profit for the financial year		(1,165,903)	(2,378,720)	(1,240,461)	2,421,525

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Other comprehensive (loss)/ income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		<u>(8,589)</u>	<u>(4,241)</u>	<u>0</u>	<u>0</u>
Total comprehensive (loss)/income		<u>(1,174,492)</u>	<u>(2,382,961)</u>	<u>(1,240,461)</u>	<u>2,421,525</u>
(Loss)/Profit attributable to:					
Owners of the parent		<u>(862,472)</u>	<u>(2,548,070)</u>	<u>(1,240,461)</u>	<u>2,421,525</u>
Non-controlling interests	9(d)	<u>(303,431)</u>	<u>169,350</u>	<u>0</u>	<u>0</u>
		<u>(1,165,903)</u>	<u>(2,378,720)</u>	<u>(1,240,461)</u>	<u>2,421,525</u>
Total comprehensive (loss)/income attributable to:					
Owners of the parent		<u>(871,061)</u>	<u>(2,552,311)</u>	<u>(1,240,461)</u>	<u>2,421,525</u>
Non-controlling interests	9(d)	<u>(303,431)</u>	<u>169,350</u>	<u>0</u>	<u>0</u>
		<u>(1,174,492)</u>	<u>(2,382,961)</u>	<u>(1,240,461)</u>	<u>2,421,525</u>
Loss per ordinary share attributable to equity holders of the Company (Sen):					
Basic	31(a)	<u>(0.70)</u>	<u>(2.29)</u>		
Diluted	31(b)	<u>*</u>	<u>*</u>		

* Diluted loss per ordinary share equal basic loss per ordinary share as the effect on the basic loss per ordinary share is anti-dilutive.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	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	Non-controlling interests RM	Total equity RM
Group									
Balance as at 1 April 2020		18,801,176	13,313,087	69,593	38,412	12,963,743	45,186,011	8,424,179	53,610,190
Loss for the financial year		0	0	0	0	(2,548,070)	(2,548,070)	169,350	(2,378,720)
Foreign currency translations		0	0	0	(4,241)	0	(4,241)	0	(4,241)
Total comprehensive (loss)/income		0	0	0	(4,241)	(2,548,070)	(2,552,311)	169,350	(2,382,961)
Transactions with owners									
Issuance of ordinary shares pursuant to private placement	15	894,000	0	0	0	0	894,000	0	894,000
Share options vested under ESOS	26	0	0	358,423	0	0	358,423	0	358,423
Issuance of ordinary shares pursuant to ESOS exercised	15	860,250	0	(367,667)	0	0	492,583	0	492,583
Acquisition of a subsidiary		0	0	0	0	0	0	110,000	110,000
Total transactions with owners		1,754,250	0	(9,244)	0	0	1,745,006	110,000	1,855,006
Balance as at 31 March 2021		20,555,426	13,313,087	60,349	34,171	10,415,673	44,378,706	8,703,529	53,082,235

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	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	Non-controlling interests RM	Total equity RM
Group									
Balance as at 1 April 2021		20,555,426	13,313,087	60,349	34,171	10,415,673	44,378,706	8,703,529	53,082,235
Loss for the financial year		0	0	0	0	(862,472)	(862,472)	(303,431)	(1,165,903)
Foreign currency translations		0	0	0	(8,589)	0	(8,589)	0	(8,589)
Total comprehensive loss		0	0	0	(8,589)	(862,472)	(871,061)	(303,431)	(1,174,492)
Transactions with owners									
Issuance of ordinary shares pursuant to private placement	15	2,637,000	0	0	0	0	2,637,000	0	2,637,000
Issuance of ordinary shares pursuant to ESOS exercised	15	25,331	0	(10,826)	0	0	14,505	0	14,505
Total transactions with owners		2,662,331	0	(10,826)	0	0	2,651,505	0	2,651,505
Balance as at 31 March 2022		23,217,757	13,313,087	49,523	25,582	9,553,201	46,159,150	8,400,098	54,559,248

STATEMENTS OF CHANGES IN EQUITY *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	Share capital RM	Share options reserve RM	Retained earnings RM	Total equity RM
Company					
Balance as at 1 April 2020		18,801,176	69,593	2,132,702	21,003,471
Profit for the financial year		0	0	2,421,525	2,421,525
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	2,421,525	2,421,525
Transactions with owners					
Issuance of ordinary shares pursuant to private placement	15	894,000	0	0	894,000
Share options vested under ESOS		0	358,423	0	358,423
Issuance of ordinary shares pursuant to ESOS exercised	15	860,250	(367,667)	0	492,583
Total transactions with owners		1,754,250	(9,244)	0	1,745,006
Balance as at 31 March 2021		20,555,426	60,349	4,554,227	25,170,002
Balance as at 1 April 2021		20,555,426	60,349	4,554,227	25,170,002
Loss for the financial year		0	0	(1,240,461)	(1,240,461)
Other comprehensive loss, net of tax		0	0	0	0
Total comprehensive loss		0	0	(1,240,461)	(1,240,461)
Transactions with owners					
Issuance of ordinary shares pursuant to private placement	15	2,637,000	0	0	2,637,000
Issuance of ordinary shares pursuant to ESOS exercised	15	25,331	(10,826)	0	14,505
Total transactions with owners		2,662,331	(10,826)	0	2,651,505
Balance as at 31 March 2022		23,217,757	49,523	3,313,766	26,581,046

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(1,265,070)	(2,978,812)	(1,240,461)	2,421,525
Adjustments for:					
Amortisation of:					
- Investment property	7	6,500	6,500	0	0
- Intangible assets	8	6,000	6,000	0	0
Depreciation of:					
- Property, plant and equipment	5	1,037,327	958,768	0	0
- Right-of-use assets	6	1,459,369	1,550,535	0	0
Fair value adjustment on non-current amounts owing to subsidiaries	25	0	0	0	(2,246,530)
Gain on disposal of property, plant and equipment	25	(6,500)	(25,698)	0	0
Gain on lease termination	6(g)	(2,657)	(911)	0	0
Impairment losses on:					
- Trade receivables	13(l)	113,824	391,430	0	0
- Other receivables	13(m)	4,487	43,790	225,419	12,639
Interest expense	29	475,133	320,361	0	0
Interest income	25	(6,039)	(9,819)	0	0
Lease concessions	6(g)	0	(57,810)	0	0
Loss on struck off of subsidiaries		0	2,200	0	0
Property, plant and equipment written off		0	20,479	0	0
Reversal of foreseeable loss on properties under development	25	(1,661,000)	0	0	0
Balance carried forward		161,374	227,013	(1,015,042)	187,634

STATEMENTS OF CASH FLOWS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Adjustments for (Cont'd):					
Balance brought forward		161,374	227,013	(1,015,042)	187,634
Reversal of impairment losses on:					
- Trade receivables	13(l)	(70,305)	(13,445)	0	0
- Other receivables	13(m)	0	0	0	(528,284)
Share of result of an associate	10	226	0	0	0
Share options vested under ESOS	26	0	358,423	0	0
Net of unrealised loss/(gain) on foreign exchange		35,666	(78,950)	0	0
Operating profit/(loss) before changes in working capital		126,961	493,041	(1,015,042)	(340,650)
Changes in working capital:					
- Inventories		92,635	2,551,671	0	0
- Trade and other receivables		(2,639,223)	1,532,092	(1,423,692)	238,097
- Trade and other payables		1,307,733	(5,278,128)	(227,585)	(1,286,916)
- Contract liability		390,000	0	0	0
Cash used in operations		(721,894)	(701,324)	(2,666,319)	(1,389,469)
Interest received		6,039	9,819	0	0
Tax paid		(223,373)	(325,423)	0	0
Tax refunded		45,229	18,099	0	0
Net cash used in operating activities		(893,999)	(998,829)	(2,666,319)	(1,389,469)

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		6,500	46,279	0	0
Purchase of:					
- Property, plant and equipment	5	(215,197)	(280,033)	0	0
- Intangible assets	8	0	(60,000)	0	0
Acquisition of an associate	10(c)	(33,183)	0	0	0
Subscription of shares by non- controlling interests		0	110,000	0	0
Net cash used in investing activities		(241,880)	(183,754)	0	0
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		12,115,931	12,689,000	0	0
Interest paid		(357,940)	(207,160)	0	0
Proceeds from issuance of ordinary shares pursuant to:					
- Private placement	15	2,637,000	894,000	2,637,000	894,000
- ESOS		14,505	492,583	14,505	492,583
Repayments of:					
- Borrowings		(10,699,670)	(11,084,824)	0	0
- Lease liabilities	6	(1,421,269)	(1,195,404)	0	0
Net cash from financing activities		2,288,557	1,588,195	2,651,505	1,386,583
Net increase/(decrease) in cash and cash equivalents		1,152,678	405,612	(14,814)	(2,886)
Effects of exchange rate changes on cash and cash equivalents		(17,696)	7,222	0	0
Cash and cash equivalents at beginning of financial year		2,437,693	2,024,859	22,754	25,640
Cash and cash equivalents at end of financial year	14(d)	3,572,675	2,437,693	7,940	22,754

STATEMENTS OF CASH FLOWS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6) RM	Short term bank loans (Note 17) RM	Term loans (Note 17) RM
Group			
Balance as at 1 April 2021	2,079,787	3,310,000	3,806,605
Cash flows	(1,421,269)	452,000	964,261
Non-cash flows:			
- Addition of right-of-use assets (Note 6)	1,398,295	0	0
- Unwinding of interest	117,193	0	0
- Lease termination	(51,690)	0	0
Balance as at 31 March 2022	2,122,316	3,762,000	4,770,866
Balance as at 1 April 2020	2,830,367	4,702,937	809,492
Cash flows	(1,195,404)	(1,392,937)	2,997,113
Non-cash flows:			
- Addition of right-of-use assets (Note 6)	422,376	0	0
- Unwinding of interest	113,201	0	0
- Lease concessions	(57,810)	0	0
- Lease termination	(33,761)	0	0
- Effect of foreign exchange	818	0	0
Balance as at 31 March 2021	2,079,787	3,310,000	3,806,605

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2022

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, 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 2022 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 21 June 2022.

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 disclosed in Note 34.1 to the financial statements.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

4. OPERATING SEGMENTS (Cont'd)

(a) Business segments

2022	Consumable products RM	Property development RM	Investment holding RM	Group RM
Revenue				
Total revenue	38,475,198	1,147,016	456,000	40,078,214
Inter-segment revenue	(77,251)	0	(456,000)	(533,251)
Revenue from external customers	38,397,947	1,147,016	0	39,544,963
Interest income	2,358	3,681	0	6,039
Finance costs	(436,040)	(39,093)	0	(475,133)
Net finance expense	(433,682)	(35,412)	0	(469,094)
Depreciation and amortisation	(2,388,342)	(120,854)	0	(2,509,196)
Segment (loss)/profit before tax	(1,647,650)	983,296	(600,716)	(1,265,070)
Taxation	45,515	53,652	0	99,167
Other non-cash items:				
- gain on disposal of property, plant equipment	6,500	0	0	6,500
- gain on lease termination	2,657	0	0	2,657
- impairment loss on trade and other receivables	(115,998)	(2,313)	0	(118,311)
- reversal of impairment loss on trade and other receivables	70,305	0	0	70,305
- net of unrealised loss on foreign exchange	(35,666)	0	0	(35,666)
- reversal of foreseeable loss on properties under development	0	1,661,000	0	1,661,000
Additions to non-current assets other than financial instruments and deferred tax assets	348,453	0	0	348,453
Segment assets	47,021,066	30,773,394	580,318	78,374,778
Segment liabilities	16,417,042	3,261,460	588,653	20,267,155

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

4. OPERATING SEGMENTS (Cont'd)

(a) Business segments (Cont'd)

2021	Consumable products RM	Property development RM	Investment holding RM	Group RM
Revenue				
Total revenue	29,108,233	4,976,524	456,000	34,540,757
Inter-segment revenue	(44,442)	0	(456,000)	(500,442)
Revenue from external customers	<u>29,063,791</u>	<u>4,976,524</u>	<u>0</u>	<u>34,040,315</u>
Interest income	4,767	5,052	0	9,819
Finance costs	(268,797)	(51,564)	0	(320,361)
Net finance expense	<u>(264,030)</u>	<u>(46,512)</u>	<u>0</u>	<u>(310,542)</u>
Depreciation and amortisation	(2,375,789)	(146,014)	0	(2,521,803)
Segment (loss)/profit before tax	<u>(3,052,991)</u>	<u>429,169</u>	<u>(354,990)</u>	<u>(2,978,812)</u>
Taxation	646,346	(46,254)	0	600,092
Other non-cash items:				
- gain on disposal of property, plant equipment	0	24,999	699	25,698
- gain on lease termination	911	0	0	911
- impairment loss on trade and other receivables	(435,220)	0	0	(435,220)
- reversal of impairment loss on trade and other receivables	0	13,445	0	13,445
- property, plant and equipment written off	(20,479)	0	0	(20,479)
- lease concessions	57,810	0	0	57,810
- loss on struck off of subsidiaries	0	0	(2,200)	(2,200)
- unrealised gain on foreign exchange	78,950	0	0	78,950
Additions to non-current assets other than financial instruments and deferred tax assets	593,461	0	0	593,461
Segment assets	<u>44,605,355</u>	<u>28,853,903</u>	<u>595,177</u>	<u>74,054,435</u>
Segment liabilities	<u>13,242,955</u>	<u>3,291,908</u>	<u>615,274</u>	<u>17,150,137</u>

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

31 MARCH 2022

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:

	2022 RM	2021 RM
Revenue		
Total revenue for reportable segments	40,078,214	34,540,757
Elimination of inter-segment revenue	(533,251)	(500,442)
Revenue of the Group per statements of profit or loss and other comprehensive income	<u>39,544,963</u>	<u>34,040,315</u>
Loss for the financial year		
Total loss before tax for reportable segments	(1,265,070)	(2,978,812)
Taxation	99,167	600,092
Loss for the financial year	<u>(1,165,903)</u>	<u>(2,378,720)</u>
Assets		
Total assets for reporting segments	78,374,778	74,054,435
Tax assets	754,135	533,192
Assets of the Group per statements of financial position	<u>79,128,913</u>	<u>74,587,627</u>
Liabilities		
Total liabilities for reporting segments	20,267,155	17,150,137
Tax liabilities	4,302,510	4,355,255
Liabilities of the Group per statements of financial position	<u>24,569,665</u>	<u>21,505,392</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

4. OPERATING SEGMENTS (Cont'd)

(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.

	2022 RM	2021 RM
Revenue from external customers		
Malaysia	4,395,909	6,989,027
Europe	31,647,761	25,011,119
Other countries	3,501,293	2,040,169
	39,544,963	34,040,315
Non-current assets		
Malaysia	23,605,914	24,520,543

(d) Major customers

Revenue from one (1) (2021: two (2)) major customers in the consumable products segment amounted to RM19,341,965 (2021: RM20,496,764) with revenue more than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.4.2021 RM	Additions RM	Depreciation charge for the financial year RM	Translation adjustments RM	Transfer from right-of-use assets (Note 6) RM	Balance as at 31.3.2022 RM
Carrying amount						
Buildings at 2019 valuation	10,930,444	0	(315,438)	0	0	10,615,006
Plant and machinery	292,517	208,647	(91,795)	38	0	409,407
Moulds	2,213,160	0	(394,505)	0	0	1,818,655
Motor vehicles	17,267	0	0	0	3	17,270
Office equipment, furniture and fittings	1,040,025	6,550	(216,301)	20	0	830,294
Tools, implements and equipment	1,778	0	(187)	0	0	1,591
Electrical installation and renovation	86,106	0	(19,101)	(1)	0	67,004
	14,581,297	215,197	(1,037,327)	57	3	13,759,227
[-----At 31.3.2022-----]						
Buildings at 2019 valuation	0	11,450,000			(834,994)	10,615,006
Plant and machinery	1,945,994	0			(1,536,587)	409,407
Moulds	5,501,054	0			(3,682,399)	1,818,655
Motor vehicles	1,100,197	0			(1,082,927)	17,270
Office equipment, furniture and fittings	2,898,345	0			(2,068,051)	830,294
Tools, implements and equipment	1,871	0			(280)	1,591
Electrical installation and renovation	617,288	0			(550,284)	67,004
	12,064,749	11,450,000			(9,755,522)	13,759,227

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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

Group	Balance as at 1.4.2020 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Translation adjustments RM	Balance as at 31.3.2021 RM
Carrying amount							
Buildings at 2019 valuation	11,135,286	0	0	0	(204,842)	0	10,930,444
Plant and machinery	397,626	1,145	0	(18,941)	(87,313)	0	292,517
Moulds	2,589,229	30,053	0	(605)	(405,517)	0	2,213,160
Motor vehicles	38,449	0	(20,581)	0	(1,190)	589	17,267
Office equipment, furniture and fittings	1,092,375	187,284	0	(769)	(238,865)	0	1,040,025
Tools, implements and equipment	0	1,871	0	0	(93)	0	1,778
Electrical installation and renovation	47,538	59,680	0	(164)	(20,948)	0	86,106
	15,300,503	280,033	(20,581)	(20,479)	(958,768)	589	14,581,297
[-----At 31.3.2021-----]							
		At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM		
Buildings at 2019 valuation		0	11,450,000	(519,556)	10,930,444		
Plant and machinery		1,735,432	0	(1,442,915)	292,517		
Moulds		5,501,054	0	(3,287,894)	2,213,160		
Motor vehicles		599,507	0	(582,240)	17,267		
Office equipment, furniture and fittings		2,889,407	0	(1,849,382)	1,040,025		
Tools, implements and equipment		1,871	0	(93)	1,778		
Electrical installation and renovation		602,597	0	(516,491)	86,106		
		11,329,868	11,450,000	(8,198,571)	14,581,297		

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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

[-----At 31.3.2022-----]			
Company	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment, furniture and fittings	10,450	(10,450)	0

[-----At 31.3.2021-----]			
Company	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 buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses. 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.

Buildings are revalued at least every one (1) to three (3) 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 down the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation annual rates are as follows:

Buildings	2% - 2.86%
Plant and machinery	10% - 20%
Moulds	10% - 20%
Motor Vehicles	10% - 33%
Office equipment, furniture and fittings	8% - 20%
Tools, implements and equipment	10%
Electrical installation and renovation	10% - 20%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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

- (c) The leasehold 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	
	2022 RM	2021 RM
Buildings	7,351,024	7,640,157

- (d) As at the end of the reporting period, the buildings with carrying amounts of RM10,615,006 (2021: RM10,930,444) of the Group are charged to local banks as securities for banking facilities as disclosed in Notes 18,19 and 20 to the financial statements.

- (e) The fair value of buildings (at valuation) of the Group are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (i) Level 3 fair value of 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 buildings was derived using cost method.

The cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. 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 buildings (at valuation) are based on the highest and best use which does not differ from their actual use.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

6. LEASES

The Group as lessee

Right-of-use assets

Group	Balance as at 1.4.2021 RM	Additions RM	Lease termination RM	Depreciation charge for the financial year RM	Translation adjustments RM	Transfer to property, plant and equipment (Note 5) RM	Balance as at 31.3.2022 RM
Carrying amount	7,428,572	0	0	(301,538)	0	0	7,127,034
Leasehold land at 2019 valuation							
Plant and machinery	657,596	0	0	(152,455)	0	0	505,141
Office equipment	273,690	133,256	0	(89,650)	0	0	317,296
Motor vehicles	160,474	0	0	(74,011)	0	(3)	86,460
Rented premises	633,792	1,265,039	(49,033)	(841,715)	(1,903)	0	1,006,180
	9,154,124	1,398,295	(49,033)	(1,459,369)	(1,903)	(3)	9,042,111

Group	Balance as at 1.4.2020 RM	Additions RM	Lease termination RM	Depreciation charge for the financial year RM	Translation adjustments RM	Balance as at 31.3.2021 RM
Carrying amount	7,769,222	0	0	(340,650)	0	7,428,572
Leasehold land at 2019 valuation						
Plant and machinery	808,855	0	0	(151,259)	0	657,596
Office equipment	0	313,428	0	(39,738)	0	273,690
Motor vehicles	313,734	0	0	(153,260)	0	160,474
Rented premises	1,420,309	108,948	(32,850)	(865,628)	3,013	633,792
	10,312,120	422,376	(32,850)	(1,550,535)	3,013	9,154,124

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities

Group	Balance as at 1.4.2021 RM	Additions RM	Lease termination payments RM	Lease payments RM	Interest expense RM	Balance as at 31.3.2022 RM
Carrying amount						
Plant and machinery	557,400	0	0	(256,762)	24,454	325,092
Office equipment	278,238	133,256	0	(99,713)	15,750	327,531
Motor vehicles	574,898	0	0	(159,194)	23,289	438,993
Rented premises	669,251	1,265,039	(51,690)	(905,600)	53,700	1,030,700
	2,079,787	1,398,295	(51,690)	(1,421,269)	117,193	2,122,316

Group	Balance as at 1.4.2020 RM	Additions RM	Lease termination payments RM	Lease concessions RM	Lease payments RM	Interest expense RM	Translation adjustments RM	Balance as at 31.3.2021 RM
Carrying amount								
Plant and machinery	668,561	0	0	0	(130,578)	19,417	0	557,400
Office equipment	0	313,428	0	0	(45,014)	9,824	0	278,238
Motor vehicles	695,859	0	0	0	(146,476)	25,515	0	574,898
Rented premises	1,465,947	108,948	(33,761)	(57,810)	(873,336)	58,445	818	669,251
	2,830,367	422,376	(33,761)	(57,810)	(1,195,404)	113,201	818	2,079,787

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

		Group
	2022 RM	2021 RM
Represented by:		
Current liabilities	1,211,624	933,957
Non-current liabilities	910,692	1,145,830
	2,122,316	2,079,787
Lease liabilities owing to financial institutions	764,085	1,132,298
Lease liabilities owing to non-financial institutions	1,358,231	947,489
	2,122,316	2,079,787

- (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 one (1) to three (3) 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
Office equipment	3 - 5 years

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

- (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:

	Group	
	2022 RM	2021 RM
Leasehold land	3,241,008	3,374,798

- (c) As at 31 March 2022, the unexpired lease period of the leasehold land is 25 years (2021: 26 years). The leasehold land with carrying amount of RM7,127,034 (2021: RM7,428,572) of the Group is charged to a local bank as securities for banking facilities as disclosed in Notes 18, 19 and 20 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. There is no transfer between levels in the hierarchy during the financial year.

- (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 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 2022, certain motor vehicles of the Group with carrying amount of RM86,379 (2021: RM155,482) are registered in the names of certain Directors of the Group and third parties who hold them in trust for the subsidiaries.
- (f) The Group has certain leases of assets with lease term of 12 months or less and low-value of leases of RM5,000 and below. The Group applies the 'short-term lease' and 'lease of low-value assets' exemptions for these leases.
- (g) The following are the amounts recognised in profit or loss:

	Group	
	2022 RM	2021 RM
Depreciation charge of right-of-use assets	1,459,369	1,550,535
Interest expense on lease liabilities (included in finance costs)	117,193	113,201
Variable lease payments arising from Covid-19 related rent-concessions (included in other income)	0	(57,810)
Gain on lease termination (included in other income)	(2,657)	(911)
Expense relating to short-term leases and leases of low-value assets (included in other expenses)	54,705	3,300
	1,628,610	1,608,315

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

6. LEASES (Cont'd)

The Group as lessee (Cont'd)

(h) The following are total cash outflows for leases as a lessee:

	Group	
	2022 RM	2021 RM
Included in net cash from operating activities:		
Payment relating to short-term leases and leases of low-value assets	54,705	3,300
Included in net cash from financing activities:		
Payment of lease liabilities	1,421,269	1,195,404
Total cash outflows for leases	1,475,974	1,198,704

(i) The Group leases several lease contracts that include extension option. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

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

Group	Within five (5) years RM
2022	
Extension options expected not to be exercised	11,400
2021	
Extension options expected not to be exercised	438,000

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

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	
	2022 RM	2021 RM
Less than one (1) year	156,000	156,000
One (1) to two (2) years	156,000	156,000
Two (2) to three (3) years	65,000	156,000
Three (3) to four (4) years	0	65,000
	377,000	533,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

7. INVESTMENT PROPERTY

	Group	
	2022 RM	2021 RM
Building		
Carrying amount		
Balance as at 1 April 2021/2020	151,667	158,167
Amortisation charge for the financial year	(6,500)	(6,500)
Balance as at 31 March	145,167	151,667
As at 31 March		
Cost	325,000	325,000
Accumulated amortisation	(179,833)	(173,333)
Carrying amount	145,167	151,667

- (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.

- (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	
	2022 RM	2021 RM
Building	380,000	380,000

- (c) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2022 and 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

7. INVESTMENT PROPERTY (Cont'd)

- (d) Direct operating expenses arising from investment property not generating rental income during the financial year are as follows:

	Group	
	2022 RM	2021 RM
Maintenance fee	4,558	4,051
Quit rent and assessment	735	701

8. INTANGIBLE ASSETS

	Balance as at 1.4.2021 RM	Amortisation charge for the financial year RM	Balance as at 31.3.2022 RM
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Group

Carrying amount

Goodwill on consolidation	551,552	0	551,552
Development of hydroponic system	54,000	(6,000)	48,000
	<u>605,552</u>	<u>(6,000)</u>	<u>599,552</u>

	[-----As at 31.3.2022-----]		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Goodwill on consolidation	551,552	0	551,552
Development of hydroponic system	60,000	(12,000)	48,000
	<u>611,552</u>	<u>(12,000)</u>	<u>599,552</u>

	Balance as at 1.4.2020 RM	Addition RM	Amortisation charge for the financial year RM	Balance as at 31.3.2021 RM
--	---------------------------------	----------------	--	----------------------------------

Group

Carrying amount

Goodwill on consolidation	551,552	0	0	551,552
Development of hydroponic system	0	60,000	(6,000)	54,000
	<u>551,552</u>	<u>60,000</u>	<u>(6,000)</u>	<u>605,552</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

8. INTANGIBLE ASSETS (Cont'd)

	[-----As at 31.3.2021-----]		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Goodwill on consolidation	551,552	0	551,552
Development of hydroponic system	60,000	(6,000)	54,000
	<u>611,552</u>	<u>(6,000)</u>	<u>605,552</u>

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses.
- (b) Development of hydroponic system has finite useful life and is amortised over its estimated useful life of 5 years.
- (c) 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.
- (d) For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ('CGUs') identified according to the operating segments as follows:

	Group	
	2022 RM	2021 RM
Property development	<u>551,552</u>	<u>551,552</u>

- (e) 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 discount rate used is pre-tax and reflected specific risks relating to the relevant country. The discount rate applied for cash flows projection is 12% (2021: 10.10%).
- (iii) Estimated number of units sold is based on current market conditions and past performances. The average growth rate for revenue is 8% (2021: 8%).
- (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 2022 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 CGUs' recoverable amount, which would cause the CGUs' carrying amount to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares		
At cost	44,441,162	44,441,162
Share options granted to employees of a subsidiary	428,016	428,016
	44,869,178	44,869,178
Less: Impairment losses	(14,651,365)	(14,651,365)
	30,217,813	30,217,813

Movement in accumulated impairment losses:

	Company	
	2022 RM	2021 RM
Balance as at 1 April 2021/2020	(14,651,365)	(15,151,365)
Struck off of subsidiaries	0	500,000
Balance as at 31 March	(14,651,365)	(14,651,365)

- (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		
		2022 %	2021 %	2022 %	2021 %	
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 2022

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		
		2022 %	2021 %	2022 %	2021 %	
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 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
Bayan Greentech Sdn. Bhd.	Malaysia	0	0	45	45	Agriculture activities for urban farming and waste management system
<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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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		
		2022 %	2021 %	2022 %	2021 %	
<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.

(c) The Group considers that it controls Bayan Greentech Sdn. Bhd. ('BGSB') even though it owns 45% of the voting rights as Emico Penang Sdn. Bhd. ('EPG') has entered into an agreement with another shareholder of BGSB who owns 55% equity interest to act in consent with EPG in the management of BGSB. Pursuant to that, BGSB has become subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(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
2022				
NCI percentage of ownership interest and voting interest	60.24%	40.00%		
Carrying amount of NCI (RM)	586,052	7,508,627	305,419	8,400,098
Loss allocated to NCI (RM)	(97,476)	(11,020)	(194,935)	(303,431)
Total comprehensive loss allocated to NCI (RM)	(97,476)	(11,020)	(194,935)	(303,431)
2021				
NCI percentage of ownership interest and voting interest	60.24%	40.00%		
Carrying amount of NCI (RM)	683,528	7,519,647	500,354	8,703,529
Profit/(Loss) allocated to NCI (RM)	241,722	(2,710)	(69,662)	169,350
Total comprehensive income/ (loss) allocated to NCI (RM)	241,722	(2,710)	(69,662)	169,350

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 2022

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:

	2022 RM	2021 RM
PKB-Operasi Tembaga Sdn. Bhd.		
Assets and liabilities		
Non-current assets	776	6,370
Current assets	5,037,044	4,463,283
Non-current liabilities	(47,699)	(63,452)
Current liabilities	(4,017,259)	(3,271,527)
Net assets	972,862	1,134,674
Results		
Revenue	0	1,105,000
(Loss)/Profit for the financial year	(161,812)	401,265
Total comprehensive (loss)/income	(161,812)	401,265
Cash flows from operating activities	22,314	11,090
Cash flows used in financing activities	(18,396)	(10,731)
Net increase in cash and cash equivalents	3,918	359
NEB Development Berhad		
Assets and liabilities		
Non-current assets	333,304	326,614
Current assets	18,560,458	18,592,126
Current liabilities	(122,194)	(119,623)
Net assets	18,771,568	18,799,117
Results		
Revenue	0	0
Loss for the financial year	(27,551)	(6,776)
Total comprehensive loss	(27,551)	(6,776)
Cash flows from/(used in) operating activities	6,076	(6,382)
Net increase/(decrease) in cash and cash equivalents	6,076	(6,382)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

10. INVESTMENT IN AN ASSOCIATE

	Group 2022 RM
At cost	
Unquoted equity shares outside Malaysia	33,183
Share of post acquisition reserves	(226)
	32,957

- (a) Investment in an associate is measured at cost less impairment losses in the separate financial statements of the Company and accounted for using equity method in the consolidated financial statements.
- (b) Details of the associate are as follows:

Name of company	Country of incorporation/ Principal place of business	Interest in equity held by a subsidiary 2022 %	Principal activity
<u>Associate of Emico Penang Sdn. Bhd.</u>			
Emico Trophy Co. Ltd.*	Thailand	49%	Marketing of awards, trophy components, souvenir items and general trading

* The financial statements of this associate are not audited by BDO PLT, Malaysia.

Emico Trophy Co. Ltd. ('ETC') has a financial year end of 31 December, which is not coterminous with the Group. The unaudited financial statements of ETC for the financial period ended 31 March 2022 have been used in applying the equity method of accounting. The use of the unaudited financial statements is not expected to have any significant effects on the consolidated financial statements of the Group.

- (c) On 2 April 2021 (date of incorporation), Emico Penang Sdn. Bhd., a wholly owned subsidiary, had acquired 49% equity interest, representing 7,840 ordinary shares in ETC for a total consideration of RM33,183.

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

31 MARCH 2022

10. INVESTMENT IN AN ASSOCIATE *(Cont'd)*

- (d) Summarised financial information of the associates are as follow:

	Emico Trophy Co. Ltd.
2022	
Assets and liabilities	
Non-current assets	3,404
Current assets	453,592
Current liabilities	(389,737)
Net assets	<u>67,259</u>
Results	
Revenue	187,617
Loss for the financial year	(461)
Total comprehensive loss	<u>(461)</u>
Cash flow used in operating activities	(25,292)
Cash flow used in investing activities	(3,763)
Net decrease in cash and cash equivalents	<u>(29,055)</u>

- (e) Reconciliation of net assets of the associates to the carrying amount of the investment in an associate are as follows:

	Emico Trophy Co. Ltd.
As at 31 March 2022	
Carrying amount in the statement of financial position	<u>32,957</u>
Share of result of the Group for the financial year ended 31 March 2022	
Share of loss of the Group	(226)
Share of total comprehensive loss of the Group	<u>(226)</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

11. DEFERRED TAX

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

	Group	
	2022 RM	2021 RM
Balance as at 1 April 2021/2020	(4,040,485)	(4,754,671)
Recognised in profit or loss (Note 30)	150,985	714,186
Balance as at 31 March	(3,889,500)	(4,040,485)
Presented after appropriate offsetting:		
Deferred tax assets	280,400	178,500
Deferred tax liabilities	(4,169,900)	(4,218,985)
	(3,889,500)	(4,040,485)

- (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 2021	534,501	3,684,484	4,218,985
Recognised in profit or loss	78,700	(127,785)	(49,085)
Balance as at 31 March 2022	613,201	3,556,699	4,169,900
Balance as at 1 April 2020	1,107,001	3,812,270	4,919,271
Recognised in profit or loss	(572,500)	(127,786)	(700,286)
Balance as at 31 March 2021	534,501	3,684,484	4,218,985

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

11. 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 2021	178,500
Recognised in profit or loss	101,900
Balance as at 31 March 2022	280,400
Balance as at 1 April 2020	164,600
Recognised in profit or loss	13,900
Balance as at 31 March 2021	178,500

- (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	
	2022 RM	2021 RM	2022 RM	2021 RM
Unabsorbed capital allowances	282,510	265,585	1,352	1,352
Unused tax losses expiring on:				
- 31 March 2028/2025	11,715,049	11,715,049	6,501,700	6,501,700
- 31 March 2029/2026	751,211	751,211	751,211	751,211
- 31 March 2030/2027	747,445	747,445	747,445	747,445
- 31 March 2031/2028	182,816	182,816	168,522	168,522
- 31 March 2032	627,726	0	403,873	0
	14,306,757	13,662,106	8,574,103	8,170,230

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.

In Malaysia, with effect from 1 January 2022, any unused tax losses shall be deductible for a maximum period of ten consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of period of ten years of assessment shall be disregarded.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

12. INVENTORIES

		Group
	2022 RM	2021 RM
At cost		
Raw materials	3,001,674	2,133,295
Work-in-progress	2,801,340	2,361,956
Finished goods	7,079,199	7,720,131
Developed properties	1,398,699	2,281,523
Properties under development	17,159,105	15,428,182
Land held for property development	7,409,938	7,356,503
	38,849,955	37,281,590
At net realisable value		
Developed properties	470,000	470,000
	39,319,955	37,751,590

		Group
	2022 RM	2021 RM

Included in properties under development are:

- Freehold land	385,996	385,996
- Leasehold land	1,754,480	1,754,480
- Development expenditure	15,018,629	13,287,706
	17,159,105	15,428,182

Included in land held for property development are:

- Freehold land	2,645,182	2,645,182
- Development expenditure	4,764,756	4,711,321
	7,409,938	7,356,503

- (a) 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.
- (b) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

12. INVENTORIES (Cont'd)

- (c) 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.
- (d) 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*.
- (e) Land held for property development is stated at cost less impairment losses, if any.
- (f) During the financial year, inventories of the Group recognised as cost of sales amounted to RM27,237,179 (2021: RM19,889,054).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current				
Other receivables				
Amount owing by a subsidiary	0	0	5,114,511	3,493,156
Amount owing by a related party	30,000	30,000	0	0
	30,000	30,000	5,114,511	3,493,156
Less: Impairment losses				
- Amount owing by a subsidiary	0	0	(590,327)	(352,269)
- Amount owing by a related party	(3,100)	(2,097)	0	0
	(3,100)	(2,097)	(590,327)	(352,269)
Total non-current receivables	26,900	27,903	4,524,184	3,140,887
Current				
Trade receivables				
Third parties	5,716,268	3,474,549	0	0
Amounts owing by related parties	3,350,204	3,694,335	0	0
Amount owing by an associate	230,095	0	0	0
	9,296,567	7,168,884	0	0
Less: Impairment losses				
- Third parties	(557,772)	(533,425)	0	0
- Related parties	(269,332)	(250,160)	0	0
	(827,104)	(783,585)	0	0
Total current trade receivables	8,469,463	6,385,299	0	0

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

13. TRADE AND OTHER RECEIVABLES (Cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current (Cont'd)				
Other receivables				
Other receivables	1,255,862	990,641	0	0
Amounts owing by subsidiaries	0	0	2,302,337	2,500,000
Amounts owing by related parties	728,854	568,000	0	0
Deposits	353,648	348,267	1,000	1,000
	2,338,364	1,906,908	2,303,337	2,501,000
Less: Impairment losses				
- Other receivables	(463,142)	(460,829)	0	0
- Amounts owing by related parties	(3,692)	(2,521)	0	0
- Amount owing by a subsidiary	0	0	0	(12,639)
	(466,834)	(463,350)	0	(12,639)
Total other receivables	1,871,530	1,443,558	2,303,337	2,488,361
Total current receivables	10,340,993	7,828,857	2,303,337	2,488,361
Prepayments	1,336,178	1,267,543	15,000	15,000
Total current trade and other receivables	11,677,171	9,096,400	2,318,337	2,503,361

- (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 (2021: 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 trade portion of amounts owing by related parties and an associate are unsecured, interest-free and the credit term granted by the Group on sale of goods is 120 days (2021: 180 days).
- (d) The related parties are companies in which certain Directors and shareholders are connected to certain Directors of the Company.
- (e) The non-current portion of amounts owing by a subsidiary and a related party arose mainly from unsecured advances which are interest-free and not repayable within the next twelve (12) months.
- (f) The current portion of non-trade amounts owing by subsidiaries and related parties arose mainly from unsecured advances which are interest-free and repayable within next twelve (12) months in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

13. TRADE AND OTHER RECEIVABLES (Cont'd)

- (g) Included in trade receivables is stakeholders' retention sum amounting to RM5,000 (2021: RM5,000). It represents monies paid by purchasers which are held by solicitors and will be released to the Group upon expiry of defective period.
- (h) The currency exposure profile of total non-current and current receivables (excluding prepayments) is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	6,811,602	4,903,413	6,827,521	5,629,248
United States Dollar	3,267,644	1,996,630	0	0
Chinese Renminbi	288,647	956,717	0	0
	10,367,893	7,856,760	6,827,521	5,629,248

- (i) 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. Impairment for certain trade receivables are assessed based on the general approach using the lifetime expected credit losses which has been disclosed in Note 13(k) to the financial statements.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from customers based on the 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 and 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 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 and estimated cash flows recoverable in worst-case scenarios.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

13. TRADE AND OTHER RECEIVABLES (Cont'd)

- (j) Lifetime expected loss provision for trade receivables as at 31 March 2022 and 31 March 2021 are as follows:

	Expected loss rate %	Gross carrying amount RM	Impairment RM
Group			
31 March 2022			
Current	0.85	5,206,741	44,208
Past due			
- 1 to 30 days	3.16	343,494	10,842
- 31 to 60 days	4.37	313,111	13,694
- 61 to 90 days	5.85	477,752	27,972
- 91 to 120 days	10.41	259,517	27,028
- More than 120 days	15.49	2,357,800	365,208
Credit impaired	100.00	338,152	338,152
		9,296,567	827,104
31 March 2021			
Current	1.77	4,442,112	78,553
Past due			
- 1 to 30 days	6.00	976,603	58,634
- 31 to 60 days	10.77	440,579	47,456
- 61 to 90 days	14.26	41,443	5,908
- 91 to 120 days	16.52	26,307	4,347
- More than 120 days	27.72	903,688	250,535
Credit impaired	100.00	338,152	338,152
		7,168,884	783,585

- (k) Impairment for certain trade receivables, other receivables, non-trade portion of amounts owing by a subsidiary and related parties (current and non-current) are recognised based on the general approach within MFRS 9 *Financial Instruments* 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. The Group defined significant increase in credit risk based on changes to contractual terms and delay in payment. The Group considered the qualitative and quantitative information that are reasonable, including historical experience and observable forward-looking information without undue cost or efforts. 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 the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12) months expected credit losses along with gross interest income are recognised. 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

13. TRADE AND OTHER RECEIVABLES (Cont'd)

(k) (Cont'd)

The probability of non-payment of other receivables, non-trade portion of amounts owing by a subsidiary and related parties (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.

(l) Movements in impairment allowance for trade receivables are as follows:

	Lifetime ECL		
	- not credit impaired RM	- credit impaired RM	Total allowance RM
Group			
Balance as at 1 April 2021	445,433	338,152	783,585
Charge for the financial year	113,824	0	113,824
Reversal of impairment losses	(70,305)	0	(70,305)
Balance as at 31 March 2022	488,952	338,152	827,104
Balance as at 1 April 2020	108,202	297,398	405,600
Charge for the financial year	350,676	40,754	391,430
Reversal of impairment losses	(13,445)	0	(13,445)
Balance as at 31 March 2021	445,433	338,152	783,585

(m) Movements in impairment allowance for other receivables are as follows:

	Lifetime ECL - not credit impaired RM
Group	
Balance as at 1 April 2021	465,447
Charge for the financial year	4,487
Balance as at 31 March 2022	469,934
Balance as at 1 April 2020	421,657
Charge for the financial year	43,790
Balance as at 31 March 2021	465,447

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

13. TRADE AND OTHER RECEIVABLES (Cont'd)

(m) Movements in impairment allowance for other receivables are as follows (Cont'd):

	Lifetime ECL - not credit impaired RM
Company	
Balance as at 1 April 2021	364,908
Charge for the financial year	225,419
Balance as at 31 March 2022	590,327
Balance as at 1 April 2020	880,553
Charge for the financial year	12,639
Reversal of impairment losses	(528,284)
Balance as at 31 March 2021	364,908

Credit impaired refers to individually determined receivables 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 one hundred and twenty (120) days past due and there is no reasonable expectation of recovery.

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

14. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	3,676,935	2,591,099	7,940	22,754
Deposits with licensed banks	94,803	94,803	0	0
	3,771,738	2,685,902	7,940	22,754

- (a) Included in the Group's cash and bank balances is an amount of RM700,974 (2021: RM697,342) 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 (2021: RM94,803) pledged as security for bank guarantees granted to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

14. CASH AND BANK BALANCES (Cont'd)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	2,655,549	1,404,806	7,940	22,754
United States Dollar	1,051,624	1,199,739	0	0
Chinese Renminbi	62,198	78,806	0	0
Thai Baht	1,121	1,176	0	0
Euro	886	1,002	0	0
Sterling Pound	360	373	0	0
	3,771,738	2,685,902	7,940	22,754

- (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	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	3,676,935	2,591,099	7,940	22,754
Deposits with licensed banks	94,803	94,803	0	0
Bank overdrafts included in borrowings (Note 17)	(104,260)	(153,406)	0	0
	3,667,478	2,532,496	7,940	22,754
Less: Deposits pledged to licensed banks	(94,803)	(94,803)	0	0
As per statements of cash flows	3,572,675	2,437,693	7,940	22,754

- (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 2022

15. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid with no par value:				
Balance as at 1 April 2021/ 2020	114,958,121	20,555,426	105,519,121	18,801,176
Issuance of ordinary shares pursuant to private placement	7,600,000	2,637,000	3,000,000	894,000
Issuance of ordinary shares pursuant to ESOS exercised	189,600	25,331	6,439,000	860,250
Balance as at 31 March	122,747,721	23,217,757	114,958,121	20,555,426

- (a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 114,958,121 to 122,747,721 by way of issuance of 7,789,600 new ordinary shares pursuant to the following:
- (i) private placement of 4,600,000 and 3,000,000 new ordinary shares at RM0.390 and RM0.281 per ordinary share respectively for cash; and
 - (ii) 189,600 options exercised under Employees' Share Option Scheme ('ESOS') at an exercise price of RM0.0765 per ordinary share for cash.

In the previous financial year, the issued and fully paid-up ordinary shares of the Company was increased from 105,519,121 to 114,958,121 by way of private placement of 3,000,000 new ordinary shares at RM0.298 per share for cash and 6,439,000 options exercised under ESOS at an exercise price of RM0.0765 per ordinary 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.

16. RESERVES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable:				
Revaluation reserve	13,313,087	13,313,087	0	0
Share options reserve	49,523	60,349	49,523	60,349
Exchange translation reserve	25,582	34,171	0	0
	13,388,192	13,407,607	49,523	60,349

- (a) Revaluation reserve

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

16. RESERVES (Cont'd)

(b) 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.

(c) 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.

17. BORROWINGS

	Group	
	2022 RM	2021 RM
<u>Current liabilities</u>		
Secured:		
Bank overdrafts (Note 18)	104,260	153,406
Short term bank loans (Note 19)	3,762,000	3,310,000
Term loans (Note 20)	791,991	993,756
	<u>4,658,251</u>	<u>4,457,162</u>
<u>Non-current liabilities</u>		
Secured:		
Term loans (Note 20)	3,978,875	2,812,849
<u>Total borrowings</u>		
Bank overdrafts (Note 18)	104,260	153,406
Short term bank loans (Note 19)	3,762,000	3,310,000
Term loans (Note 20)	4,770,866	3,806,605
	<u>8,637,126</u>	<u>7,270,011</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) 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.
- (d) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 33 to the financial statements.

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

31 MARCH 2022

18. 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.

19. SHORT TERM BANK LOANS

	2022 RM	Group 2021 RM
Short term bank loans:		
- banker's acceptance	3,762,000	3,310,000

The 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.

20. TERM LOANS

The term 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 2022

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current				
Other payables				
Amounts owing to subsidiaries	<u>0</u>	<u>0</u>	<u>8,820,044</u>	<u>9,019,333</u>
Current				
Trade payables				
Third parties	<u>4,492,179</u>	<u>4,440,418</u>	<u>0</u>	<u>0</u>
Amounts owing to related parties	<u>13,317</u>	<u>16,257</u>	<u>0</u>	<u>0</u>
	4,505,496	4,456,675	0	0
Other payables				
Amounts owing to:				
- subsidiary	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>
- related parties	<u>113,102</u>	<u>139,885</u>	<u>0</u>	<u>0</u>
Other payables	<u>1,658,066</u>	<u>902,496</u>	<u>57,685</u>	<u>30,381</u>
Deposit received	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
Accruals	<u>2,541,049</u>	<u>2,001,283</u>	<u>483,399</u>	<u>538,999</u>
	<u>4,612,217</u>	<u>3,343,664</u>	<u>1,541,084</u>	<u>1,569,380</u>
Total current trade and other payables	9,117,713	7,800,339	1,541,084	1,569,380

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) 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 (2021: cash term and credit limit of up to 90 days).
- (c) Amounts owing to subsidiaries for non-current portion represent advances and payments on behalf which are non-trade in nature, unsecured, interest-free and not payable within the next twelve (12) months.
- (d) Amounts owing to subsidiaries and related parties for current portion represent advances and payments on behalf which are non-trade in nature, unsecured, interest-free and payable within the next twelve (12) months.
- (e) The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.
- (f) Included in accruals of the Group is retention sum on contracts amounting to RM316,252 (2021: RM381,252).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

21. TRADE AND OTHER PAYABLES (Cont'd)

(g) The currency exposure profile of total non-current and current payables are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	6,815,385	7,312,054	10,361,128	10,588,713
United States Dollar	1,139,489	440,674	0	0
Chinese Renminbi	1,128,548	39,339	0	0
Euro	34,291	0	0	0
Swedish Krona	0	8,272	0	0
	9,117,713	7,800,339	10,361,128	10,588,713

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

22. CONTRACT LIABILITY

	Group 2022 RM
Deferred revenue	390,000

(a) Contract liability represents the timing differences in revenue recognition and milestone billings. Contract liability is recognised as revenue when performance obligations are satisfied.

(b) Movement in deferred revenue:

	Group 2022 RM
Balance as at 1 April 2021	0
Addition during the financial year	390,000
Balance as at 31 March	390,000

(c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	Group 2023 RM	Total RM
31 March 2022		
Deferred revenue	390,000	390,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

23. CONTINGENT LIABILITIES

The Company provides corporate guarantees up to a total amount of RM18,177,007 (2021: RM13,549,340) to licensed banks for banking facilities granted to certain subsidiaries. The amount of the banking facilities utilised by the said subsidiaries totalled RM8,764,793 as at 31 March 2022 (2021: RM7,520,011).

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. Accordingly, the Directors have estimated the financial impact of the guarantees as at 31 March 2022 to be insignificant.

24. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers:				
Transferred at a point in time:				
- Sale of goods	38,397,947	29,063,791	0	0
- Sale of completed properties	1,147,016	4,976,524	0	0
Other revenue:				
- Management services rendered	0	0	456,000	456,000
	39,544,963	34,040,315	456,000	456,000

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 goods 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

24. REVENUE (Cont'd)

(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.

25. OTHER INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fair value adjustment on non-current amount owing to subsidiaries	0	0	0	2,246,530
Gain on disposal of property, plant and equipment	6,500	25,698	0	0
Gain on lease termination	2,657	911	0	0
Interest income	6,039	9,819	0	0
Lease concessions	0	57,810	0	0
Realised gain on foreign exchange	0	195,222	0	0
Rental received from:				
- machinery	222,000	222,000	0	0
- premises	156,000	156,000	0	0
Reversal of foreseeable loss on properties under development	1,661,000	0	0	0
Unrealised gain on foreign exchange	50,389	78,950	0	0
Waiver of debts	4,438	0	0	0
Sundry income	36,939	20,974	0	0
	2,145,962	767,384	0	2,246,530

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

26. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Wages, salaries, overtime and bonuses	6,617,216	6,036,932	747,848	511,750
Contributions to defined contribution plan	705,020	568,839	69,942	38,480
Social security contributions	97,220	93,604	1,255	1,883
Share options vested under ESOS	0	358,423	0	0
Other benefits	431,554	560,722	3,861	1,315
	7,851,010	7,618,520	822,906	553,428

27. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Executive Directors				
Directors' fee	48,000	72,000	48,000	72,000
Salaries and other emoluments	824,020	853,716	554,964	319,698
Bonus	53,000	0	33,000	0
Share options vested under ESOS	0	72,159	0	0
Contributions to defined contribution plan	101,042	93,458	69,942	38,480
Total Executive Directors' remuneration	1,026,062	1,091,333	705,906	430,178
Non-executive Directors				
Directors' fee	96,000	96,000	96,000	96,000
Other emoluments	21,000	27,250	21,000	27,250
Total Non-executive Directors' remuneration	117,000	123,250	117,000	123,250
Total Directors' remuneration				
- fee	144,000	168,000	144,000	168,000
- other emoluments	999,062	1,046,583	678,906	385,428
	1,143,062	1,214,583	822,906	553,428
Directors of the subsidiaries				
Executive Directors				
- other emoluments	500	0	0	0

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

28. 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:

- (a) Executive Directors and confirmed employees of the Group who have served at least one (1) year of continuous services are eligible under the ESOS;
- (b) 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;
- (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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

28. EMPLOYEES' SHARE OPTION SCHEME ('ESOS') (Cont'd)

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

	[-----Number of options over ordinary shares-----]					Exercisable as at 31.3.2022
	Balance as at 1.4.2021	Granted	Exercised	Forfeited*	Balance as at 31.3.2022^	
Grant date						
25 March 2020	1,056,900	0	(189,600)	(65,000)	802,300	802,300
23 March 2022	0	10,412,158	0	0	10,412,158	0
	<u>1,056,900</u>	<u>10,412,158</u>	<u>(189,600)</u>	<u>(65,000)</u>	<u>11,214,458</u>	<u>802,300</u>
Weighted average exercise price (RM)	<u>0.0765</u>	<u>0.2298</u>	<u>0.0765</u>	<u>0.0765</u>	<u>0.2180</u>	<u>0.0765</u>
Weighted average remaining contractual life (months)	<u>45</u>					<u>33</u>

	[-----Number of options over ordinary shares-----]				Exercisable as at 31.3.2021
	Balance as at 1.4.2020	Exercised	Forfeited*	Balance as at 31.3.2021^	
Grant date					
25 March 2020	7,738,000	(6,439,000)	(242,100)	1,056,900	1,056,900
Weighted average exercise price (RM)	<u>0.0765</u>	<u>0.0765</u>	<u>0.0765</u>	<u>0.0765</u>	<u>0.0765</u>
Weighted average remaining contractual life (months)	<u>57</u>				<u>45</u>

* Due to resignation

^ Exercisable by the grantee upon achieving the vesting conditions set by ESOS Committee

Share options exercised during the financial year resulted in the issuance of 189,600 (2021: 6,439,000) ordinary shares at RM0.0765 (2021: RM0.0765) each. The related weighted average ordinary share price at the date of exercise was RM0.3532 (2021: RM0.3532).

Grant date	Exercise price RM	Exercise period
25 March 2020	0.0765	25 March 2020 - 9 January 2025
23 March 2022	0.2298	23 March 2022 - 9 January 2025

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

28. EMPLOYEES' SHARE OPTION SCHEME ('ESOS') (Cont'd)

The fair value of share options granted 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:

	23 March 2022	25 March 2020
Fair value of share options (RM)	0.13	0.06
Weighted average share price (RM)	0.26	0.08
Weighted average exercise price (RM)	0.23	0.08
Expected volatility (%)	74.75	81.49
Expected life (years)	2.80	4.80
Risk free rate (%)	2.99	3.16
Expected dividend yield (%)	0	0

On 23 March 2022, the Company has offered 10,412,158 options to its eligible Directors and employees at an option price of RM0.2298. The market price of share at the offer date was RM0.265.

29. FINANCE COSTS

	2022 RM	Group 2021 RM
Interest expense on:		
- bank overdrafts	134,315	41,157
- short term bank loans	67,265	110,068
- lease liabilities	117,193	113,201
- term loans	152,451	55,784
- others	3,909	151
	475,133	320,361

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

30. TAXATION

	Group	
	2022 RM	2021 RM
Current tax expense based on loss for the financial year	0	56,500
Underprovision of tax expense in prior years	51,818	57,594
	51,818	114,094
Deferred tax (Note 11)		
- relating to origination and reversal of temporary differences	(84,800)	(307,100)
- crystallisation of deferred tax liability on revaluation surplus	(127,785)	(127,786)
- under/(over)provision in prior years	61,600	(279,300)
	(150,985)	(714,186)
	(99,167)	(600,092)

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between the taxation and the product of accounting (loss)/profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before tax	(1,265,070)	(2,978,812)	(1,240,461)	2,421,525
Tax at the applicable tax rate of 24% (2021: 24%)	(303,600)	(714,900)	(297,700)	581,200
Tax effects in respect of:				
- expenses not deductible for tax purpose	560,477	572,730	200,800	50,400
- income not subject to tax	(496,477)	(112,430)	0	(666,000)
Annual crystallisation of deferred tax on revaluation surplus	(127,785)	(127,786)	0	0
Deferred tax assets not recognised during the financial year	154,800	4,000	96,900	34,400
Under/(Over)provision in prior years				
- income tax	51,818	57,594	0	0
- deferred tax	61,600	(279,300)	0	0
	(99,167)	(600,092)	0	0

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

31 MARCH 2022

30. TAXATION (Cont'd)

(d) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
Group			
2022			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(8,589)	0	(8,589)
2021			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(4,241)	0	(4,241)

31. LOSS PER SHARE

(a) Basic

Basic loss per ordinary share for the financial year is calculated by dividing the loss 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	
	2022 RM	2021 RM
Loss for the financial year attributable to equity holders of the parent (RM)	(862,472)	(2,548,070)
Weighted average number of ordinary shares in issue	122,558,121	108,519,121
Effect of exercise of ESOS	106,091	2,777,456
Adjusted weighted average number of ordinary shares	122,664,212	111,296,577
Basic loss per ordinary share (sen)	(0.70)	(2.29)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

31. LOSS PER SHARE (Cont'd)

(b) Diluted

Diluted loss per ordinary share for the financial year is calculated by dividing the loss 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.

	2022 RM	Group 2021 RM
Loss for the financial year attributable to equity holders of the parent (RM)	(862,472)	(2,548,070)
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	122,664,212	111,296,577
Diluted loss per ordinary share (sen)	*	*

* Diluted loss per ordinary share equal basic loss per ordinary share as the effect on the basic loss per ordinary share is anti-dilutive.

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) An associate as disclosed in Note 10 to the financial statement;
- (iii) 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
- (iv) Century Plas Industry Sdn. Bhd., U-Can Marketing Sdn. Bhd., Beng Choo Marketing Sdn. Bhd., Emico (Vietnam) Co. Ltd. and Bayan Greentech Capital Sdn. Bhd., 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

32. RELATED PARTY DISCLOSURES (Cont'd)

- (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	
	2022 RM	2021 RM	2022 RM	2021 RM
Subsidiaries				
Management fee received				
- Emico Development Sdn. Bhd.	0	0	228,000	228,000
- Emico Penang Sdn. Bhd.	0	0	228,000	228,000
Associates				
Sales:				
- Emico Trophy Co. Ltd.	282,596	0	0	0
Related parties				
Purchases:				
- Century Plas Industry Sdn. Bhd.	3,264,101	6,991,703	0	0
- U-Can Marketing Sdn. Bhd.	1,275	4,678	0	0
- Emico (Vietnam) Co. Ltd.	1,641,876	495,234	0	0
Sales:				
- Century Plas Industry Sdn. Bhd.	0	4,300,164	0	0
- U-Can Marketing Sdn. Bhd.	11,202	6,569	0	0
- Emico (Vietnam) Co. Ltd.	248,103	210,409	0	0
Rental of machinery received:				
- Century Plas Industry Sdn. Bhd.	222,000	222,000	0	0
Rental of premises received:				
- Century Plas Industry Sdn. Bhd.	156,000	156,000	0	0
Rental of premises paid and payable:				
- Beng Choo Marketing Sdn. Bhd.	600,000	600,000	0	0

The related party transactions described above were undertaken 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 2022 are disclosed in Notes 13 and 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

32. RELATED PARTY DISCLOSURES (Cont'd)

(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 of the Company.

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short term employee benefits	1,684,456	1,962,398	752,964	514,948
Contributions to defined contribution plans	204,835	181,481	69,942	38,480
	1,889,291	2,143,879	822,906	553,428

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 non-controlling interests) and borrowings (including lease liabilities) to be the key components in the Group's 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 2022 and 31 March 2021 were as follows:

	Group	
	2022 RM	2021 RM
Borrowings	8,637,126	7,270,011
Lease liabilities	2,122,316	2,079,787
Less:		
Cash and bank balances	(3,676,935)	(2,591,099)
Deposits with licensed banks	(94,803)	(94,803)
Net debt	6,987,704	6,663,896
Total capital	46,159,150	44,378,706
Net debt	6,987,704	6,663,896
Equity	53,146,854	51,042,602
Gearing ratio	13%	13%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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

(a) Capital management (Cont'd)

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 of more 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.

As at the respective reporting dates, the Company did not have any borrowings. As such, no gearing ratio was presented.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

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			
	2022		2021	
	RM	% of total	RM	% of total
By country:				
Malaysia	4,533,762	54%	4,183,673	66%
Sweden	1,630,320	19%	1,411,300	22%
United Kingdom	643,835	8%	538,462	8%
Vietnam	395,715	4%	100,478	2%
Italy	314,398	4%	114,057	2%
Poland	262,033	3%	0	0%
Thailand	231,648	3%	2,045	0%
Ireland	186,098	2%	0	0%
United States of America	119,704	1%	3,071	0%
Others	151,950	2%	32,213	0%
	8,469,463	100%	6,385,299	100%

At the end of the reporting period, approximately:

19.0% (2021: 29.6%) of the Group's trade receivables were due from major customers who are multi-industry conglomerates located in Sweden and Italy (2021: Sweden, United Kingdom and Italy).

36.4% (2021: 53.9%) of the Group's trade receivables were due from related parties.

99.9% (2021: 99.9%) of the Company's other receivables were due from subsidiaries.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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

(b) Financial risk management (Cont'd)

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

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
As at 31 March 2022				
Group				
Financial liabilities:				
Trade and other payables	9,117,713	0	0	9,117,713
Borrowings	4,836,426	3,840,944	575,232	9,252,602
Lease liabilities	1,290,474	925,142	28,115	2,243,731
Total undiscounted financial liabilities	15,244,613	4,766,086	603,347	20,614,046
Company				
Financial liabilities:				
Trade and other payables	1,541,084	10,642,081	0	12,183,165
Total undiscounted financial liabilities	1,541,084	10,642,081	0	12,183,165
As at 31 March 2021				
Group				
Financial liabilities:				
Trade and other payables	7,800,339	0	0	7,800,339
Borrowings	4,594,808	2,434,551	749,000	7,778,359
Lease liabilities	1,016,134	1,152,443	70,391	2,238,968
Total undiscounted financial liabilities	13,411,281	3,586,994	819,391	17,817,666
Company				
Financial liabilities:				
Trade and other payables	1,569,380	11,265,863	0	12,835,243
Total undiscounted financial liabilities	1,569,380	11,265,863	0	12,835,243

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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

(b) Financial risk management (Cont'd)

(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 loss net of tax to a reasonably possible change in interest rates, with all other variables held constant.

	Group	
	2022	2021
	Loss after tax RM	Loss after tax RM
Increased by 50 basis points (2021: 50 basis points)	32,821	27,626
Decreased by 50 basis points (2021: 50 basis points)	(32,821)	(27,626)

The sensitivity is higher in 2022 than in 2021 because of an increase 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.

The Group does not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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:

Weighted average effective interest rates/incremental borrowing rate* %										
Note	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			
Group										
At 31 March 2022										
Fixed rates										
Deposits with licensed banks										
14	94,803	0	0	0	0	0	94,803			
Lease liabilities										
6	(1,211,624)	(552,456)	(197,618)	(89,566)	(40,224)	(30,828)	(2,122,316)			
Floating rates										
Bank overdrafts										
17	(104,260)	0	0	0	0	0	(104,260)			
Short term bank loans										
- banker's acceptance										
17	(3,762,000)	0	0	0	0	0	(3,762,000)			
Term loans										
17	(791,991)	(815,121)	(849,548)	(885,434)	(922,882)	(505,890)	(4,770,866)			

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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 (Cont'd):

Weighted average effective interest rates/incremental borrowing rate* %										
Note	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			
Group										
At 31 March 2021										
Fixed rates										
Deposits with licensed banks	14	1.85	94,803	0	0	0	0	0	94,803	
Lease liabilities	6	3.85 *	(933,957)	(916,178)	(51,787)	(54,244)	(52,003)	(71,618)	(2,079,787)	
Floating rates										
Bank overdrafts	17	7.09	(153,406)	0	0	0	0	0	(153,406)	
Short term bank loans										
- banker's acceptance	17	1.92	(3,310,000)	0	0	0	0	0	(3,310,000)	
Term loans	17	4.13	(993,756)	(1,051,635)	(1,097,875)	(50,972)	(52,664)	(559,703)	(3,806,605)	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2022

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 RM1,116,189 (2021: RM1,281,096) 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, Chinese Renminbi and Euro.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's loss 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	
		Loss net of tax	
		2022	2021
		RM	RM
United States Dollar/RM	- Strengthened by 5%	(120,832)	(104,716)
	- Weakened by 5%	120,832	104,716
Chinese Renminbi/RM	- Strengthened by 5%	(29,553)	(37,855)
	- Weakened by 5%	29,553	37,855
Euro/RM	- Strengthened by 5%	1,269	(38)
	- Weakened by 5%	(1,269)	38

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 2022

34. ADOPTION OF NEW MFRSs AND AMENDMENTS 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
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021

Adoption of the above Amendments to the Standards did not have any material effect on the financial performance or position of the Group and of the Company.

34.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for future financial years.

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

31 MARCH 2022

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The World Health Organisation declared the novel coronavirus ('Covid-19') a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has entered into the various phases of the MCO, followed by the announcement of the National Recovery Plan ('NRP') in June 2021, which details a roadmap to control the Covid-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. Subsequently, in March 2022, the Government of Malaysia announced that Malaysia will enter the "Transition to Endemic" phase of Covid-19 and reopen its borders from 1 April 2022.

Consequently, effective from 1 April 2022, the restrictions on business operating hours and the capacity limit imposed on the number of employees allowed in the workplace based on the employees' vaccination status are removed.

The implementation of the MCO/NRP and the Covid-19 pandemic have not resulted in any material impact to the Group's business and operations. The Group was able to operate during the MCO/NRP period upon obtained approval from Ministry of International Trade and Industry ('MITI'). It had also not negatively impacted the liquidity position of the Group. In addition, the Group had not observed any material impairments of the assets or a significant change in the fair value of assets due to the Covid-19 pandemic.

Based on the assessment and information available at the date of authorisation of the financial statements, the management is of the opinion that there is no material financial impact arising from the pandemic at this juncture. The Group is actively monitoring and managing the operations of the Group to minimise any impact arising from the Covid-19 pandemic. The Group does not anticipate significant supply disruptions and would continue monitor its fund and operational needs.

- (b) The rise of Russia-Ukraine conflicts in February 2022 and consequently various sanctions introduced by the United States of America and European countries on Russia had introduced an element of uncertainty to the global economy. Prices of commodity, energy and freight had risen and disruption in the global supply chain had been reported.

The Group does not has counterparty in these two countries and management are of the opinion that there was no direct impact arising from the crisis. As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still ongoing and remains unpredictable. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2022

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	27	0.738	1,009	0.000
100 - 1,000	791	21.623	647,076	0.527
1,001 - 10,000	1,793	49.015	9,334,518	7.604
10,001 - 100,000	939	25.669	31,100,300	25.336
100,001 - 6,137,385 (*)	107	2.925	69,014,418	56.224
6,137,386 and above (**)	1	0.027	12,650,400	10.306
TOTAL:	3,658	100.000	122,747,721	100.000

REMARK: * - LESS THAN 5% OF ISSUED SHARES
 ** - 5% AND ABOVE OF ISSUED SHARES

SUBSTANTIAL SHAREHOLDINGS

Name	Direct	No of Shares Held		
		%	Indirect	%
Lim Teck Chye*	24,948,647	20.33	2,962,312 ^	2.41
Lim Poh Hoon	112,000	0.09	27,798,959 ^	22.65
Lim Teik Hian	-	-	27,910,959 ^	22.74

* 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 interest via shares held by Beng Choo Marketing Sdn Bhd and family members namely Lim Teik Hian (brother),
 Lim Poh Hoon (sister)

DIRECTOR SHAREHOLDINGS

Name	Direct	No of Shares Held		
		%	Indirect	%
Lim Teck Chye	24,948,647	20.33	2,962,312 ^	2.41
Dato' Jimmy Ong Chin Keng	500,000	0.41	-	-
Wong Sew Yun	895,859	0.73	-	-
Kee Chei Hen	2,000	#		

Note:
 # Negligible

LIST OF TOP 30 SHAREHOLDERS

AS AT 30 JUNE 2022

NO.	NAME	HOLDINGS	%
1	LIM TECK CHYE	12,650,400	10.306
2	GAN PEI JOO	6,000,000	4.888
3	NEOH BOON TOE	6,000,000	4.888
4	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TECK CHYE (D)	4,683,300	3.815
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TECK CHYE (8019259)	2,630,000	2.142
6	TAN KEAN AIK	2,388,500	1.945
7	NEOH BOON YEW	1,982,800	1.615
8	BENG CHOO MARKETING SDN. BHD.	1,964,212	1.600
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI	1,960,000	1.596
10	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN HUI LUN (SMART)	1,800,000	1.466
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KOK SANG	1,764,900	1.437
12	LIM TECK CHYE	1,725,100	1.405
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH BOON CHIEW	1,674,500	1.364
14	CHUAH CHOON BIN	1,600,000	1.303
15	LIM CHOON LENG	1,500,000	1.222
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN MEI CHENG (E-BMM)	1,436,500	1.170
17	LIM TECK CHYE	1,211,030	0.986
18	NEOH BOON YEW	949,600	0.773
19	CHUAH GUAN LEONG	942,500	0.767
20	CHAN SWEE SIANG	925,000	0.753
21	RHB NOMINEES (TEMPATAN)SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG HONG BOON	920,700	0.750
22	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN KING TAI @ TAN KHOON HAI (SMART)	903,100	0.735
23	WONG SEW YUN	895,859	0.729
24	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AWAN TRAVEL SDN.BHD. (SMART)	890,600	0.725
25	LIM TECK CHYE	850,900	0.693
26	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BENG CHOO MARKETING SDN BHD	692,600	0.564
27	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM TECK CHYE (M01)	684,000	0.557
28	CHOW YING CHOON	600,000	0.488
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KOK WEE	575,000	0.468
30	LENG KEAN YONG	560,000	0.456
TOTAL		63,361,101	51.618

LIST OF PROPERTIES

AS AT 31 MARCH 2022

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	30 to 37	16,379	2019*
Unit 2-5-9 Harbour Trade Centre, Lebuh Macallum, Pulau Pinang	99-years Leasehold Expiring 2089	Office unit for rental	-	2,031	27	145	1992
Geran 127391 & 127392 Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	3 storey office building	2,800	7,394	14	1,363	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 30th 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 Thursday, 22 September 2022 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 2022 together with the Reports of the Directors and Auditors thereon. | Please refer to Note 9 |
| 2. | To re-elect Mr. Lim Teck Chye, 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. | Resolution 1 |
| 3. | To re-elect Dato' Jimmy Ong Chin Keng, 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. | Resolution 2 |
| 4. | To re-elect Mr. Kee Chei Hen, a Director who retires pursuant with Article 110 of the Company's Constitution and who, being eligible, offers himself for re-election. | Resolution 3 |
| 5. | To approve the payment of Directors' Fees amounting to RM144,000.00 for the financial year ending 31 March 2023. | Resolution 4 |
| 6. | To approve the payment of Directors' Benefits up to an amount not exceeding RM100,000.00 payable to non-executive directors of the Company from the conclusion of the 30 th AGM until the conclusion of the next AGM of the Company. | Resolution 5
Please refer to Note 10 |
| 7. | To re-appoint Messrs. BDO PLT as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |

As Special Business:

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

- | | | |
|----|---|---|
| 8. | <p>AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016</p> <p>"THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be hereby authorised to allot and issue new shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company.</p> <p>THAT any one of the Executive Directors and/or Secretary of the Company be empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.</p> <p>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."</p> | <p>Resolution 7</p> <p>Please refer to Note 11</p> |
| 9. | <p>PROPOSED CONTINUATION OF MR. WONG THAI SUN IN OFFICE AS INDEPENDENT DIRECTOR</p> <p>"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 12 years to continue to act as an Independent Director of the Company and to hold office until the conclusion of the next AGM of the Company or by 01 June 2023 whichever is the earlier."</p> | <p>Resolution 8</p> <p>Please refer to Note 12</p> |

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

10. **PROPOSED CONTINUATION OF MR. WONG SEW YUN IN OFFICE AS INDEPENDENT DIRECTOR**
"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 conclusion of the next AGM of the Company or by 01 June 2023 whichever is the earlier."
Resolution 9
Please refer to Note 12
11. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
"THAT, subject to the Companies Act 2016 (the "Act") the Company's Constitution, the Main LR 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)
SSM PC NO. 201908002340

P'NG CHIEW KEEM (MAICSA 7026443)
SSM PC NO. 201908002334
Company Secretaries

Penang
Date: 29 July 2022

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.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES ON APPOINTMENT OF PROXY (Cont'd)

4. Where a member is an Exempt Authorised Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), 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 1 September 2022 (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 Audited Financial Statements will be laid to shareholders at the AGM pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, the Agenda 1 is not put forward for voting.
10. The Resolution 5, if passed, will enable the Company to pay meeting allowances and other benefits to Non-Executive 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 scheduled meetings of the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

NOTES ON SPECIAL BUSINESS

11. The Resolution 7, 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 (excluding treasury 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 placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice, a total of 4,600,000 ordinary shares were issued and allotted pursuant to the general mandate granted at the last AGM of the Company. The total proceeds of RM1,794,000.00 had been fully utilized for the working capital of the Company and its subsidiaries as well as to defray expenses relating to the placement of shares.

12. The Resolutions 8 and 9 are to seek shareholders' approval through a two tier voting process and, if passed, will enable Mr. Wong Thai Sun and Mr. Wong Sew Yun, the Independent Directors of the Company who had served more than 12 years to be retained and continued to act as Independent Directors of the Company until the conclusion of the next AGM of the Company or by 01 June 2023, whichever is earlier. The Nominating Committee had assessed the Independence of Mr. Wong Thai Sun and Mr. Wong Sew Yun and recommended them to continue in office as they have demonstrated complete independence in character and judgement. The Directors having considered the recommendation of the Nominating Committee proposed that Mr. Wong Thai Sun and Mr. Wong Sew Yun be remained as Independent Directors of the Company until the conclusion of the next AGM of the Company or by 01 June 2023, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES ON SPECIAL BUSINESS (Cont'd)

13. 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 29 July 2022, a copy of which can be downloaded from the Company's website <https://emico.com.my/agm-event/>

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 30th Annual General Meeting of the Company.
- 2) The profiles of the Directors who are standing for re-election as in Agenda 2, 3 and 4 of the Notice of the 30th 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 30 June 2022 are set out in the Analysis of Shareholdings section of this Annual Report.
- 4) The Resolution 7 tabled under Special Business as per the Notice of 30th Annual General Meeting of the Company dated 29 July 2022 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 24 September 2021.

The proposed renewal of general mandate for issuance of new 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, a total of 4,600,000 ordinary shares were issued and allotted pursuant to the general mandate granted at the last Annual General Meeting of the Company. The total proceeds of RM1,794,000.00 had been fully utilized for the working capital of the Company and its subsidiaries as well as to defray expenses relating to the placement of shares.



PROXY FORM



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

Number of Shares Held	CDS ACCOUNT NO.											
			-			-						

*I /We..... (*I/C No./Passport No./Company No.)
(Full Name in Block Letters)

of(Address)
being a * member / members of the abovenamed Company, hereby appoint

Full Name in Block Letters	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

* and/or (*delete if not applicable)

Full Name in Block Letters	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 30th Annual General Meeting ("AGM") of the Company to be held at The Conference Room of Emico Holdings Berhad, 18 Lebuh raya Kampung Jawa, 11900 Bayan Lepas, Penang on Thursday, 22 September 2022 at 11.00 a.m., and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Mr. Lim Teck Chye as a Director of the Company.		
2.	To re-elect Dato' Jimmy Ong Chin Keng as a Director of the Company.		
3.	To re-elect Mr. Kee Chei Hen as a Director of the Company.		
4.	To approve the payment of Directors' Fees.		
5.	To approve the payment of Directors' Benefits.		
6.	To re-appoint BDO PLT as auditors of the Company.		
7.	To authorise the directors to allot and issue new shares in the Company.		
8.	To retain Mr. Wong Thai Sun as an Independent Non-Executive Director.		
9.	To retain Mr. Wong Sew Yun 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....., 2022.

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

Notes:

- A proxy may but need not be a member of the Company.
- A member shall be entitled to appoint a maximum of 2 proxies to attend and vote at the same meeting.
- 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.
- Where a member is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), 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.
- 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.
- 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 AGM 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.
- Only a depositor whose name appears on the Record of Depositors on 01 September 2022 (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.

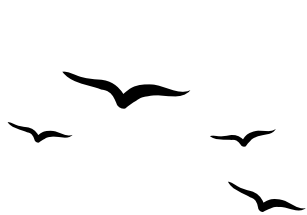
Fold this flag sealing

2nd fold here

Stamp

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

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





EMICO HOLDINGS BERHAD

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

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

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