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**EMICO HOLDINGS BERHAD**

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

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

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

**AND**

**INFORMATION ON ANNUAL GENERAL MEETING**

The above proposals will be tabled as ordinary and special resolutions under special businesses at the 28<sup>th</sup> Annual General Meeting of the Company. The Notice of the 28<sup>th</sup> Annual General Meeting of the Company to be held at The Conference Room of Emico Holdings Berhad at 18, Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Monday, 21 September 2020 at 11.00 a.m. together with the Proxy Form are enclosed herein. Shareholders are advised to refer to the Notice of the 28<sup>th</sup> Annual General Meeting and the Proxy Form. The Proxy Form must be lodged 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 or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

This Circular is dated 21 August 2020

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

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

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## DEFINITIONS

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In this Circular and the accompanying appendix, the following abbreviations shall have the following meaning unless otherwise stated:-

“AGM”	:	Annual General Meeting
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“BCM”	:	Beng Choo Marketing Sdn. Bhd.
“CPI”	:	Century Plas Industry Sdn. Bhd.
“Directors”	:	The Board of Directors of EMICO
“EASB”	:	Emico Asia Sdn. Bhd.
“ECD”	:	Emico Creative Design Sdn. Bhd.
“ECSB”	:	Emico Capital Sdn. Bhd.
“EDSB”	:	Emico Development Sdn. Bhd.
“EMEL”	:	Emico Melaka Sdn. Bhd. formerly known as Emico Development (Langkawi) Sdn. Bhd.
“EMICO” or “the Company”	:	Emico Holdings Berhad
“EMICO Group” or “the Group”	:	EMICO and its subsidiary companies
“EMSB”	:	Emico Marketing Sdn. Bhd.
“EMTZ”	:	Emico Metalizing Sdn. Bhd.
“ENSB”	:	Emico Newk Sdn. Bhd.
“EPSB”	:	Emico Penang Sdn. Bhd.
“ETSB”	:	Emico Tools Sdn. Bhd.
“MTL”	:	Mercu Tanah Langkawi Sdn. Bhd.
“NEB”	:	NEB Development Berhad formerly known as Northern Elevator Berhad
“NPSB”	:	NEB Pacific Sdn. Bhd. formerly known as Pacific Elevator Sdn. Bhd.
“OTSB”	:	Operasi Tembaga Sdn. Bhd.
“PKB”	:	PKB-Operasi Tembaga Sdn. Bhd.
“STAI”	:	Standard Trend Apparel Industries Sdn. Bhd.
“UCMSB”	:	U Can Marketing Sdn. Bhd.
“UNIC”	:	Unic Builders Sdn. Bhd. formerly known as Fuji Lift Components Manufacturing Sdn. Bhd.

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**DEFINITIONS**

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“EVIET”	:	Emico (Vietnam) Co. Ltd.
“ECL”	:	Emico Co. Ltd.
“Proposed Shareholders’ Mandate”	:	Proposed renewal of shareholders’ mandate, collectively
“RRPT”	:	Related Party Transaction(s) involving recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of the Group

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

**Registered Office**  
51-21-A Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

21 August 2020

**Board of Directors**

Lim Teik Hian (*Executive Chairman*)  
Lim Teck Chye (*Managing Director*)  
Dato' Jimmy Ong Chin Keng (*Executive Director*)  
Wong Sew Yun (*Independent Non-Executive Director*)  
Ng Chee Kong (*Independent Non-Executive Director*)  
Wong Thai Sun (*Independent Non-Executive Director*)  
Ng Hong Kiat @ Ng Han Kiat (*Independent Non-Executive Director*)

**To: The Shareholders of Emico Holdings Berhad**

Dear Sir/Madam,

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

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**1. INTRODUCTION**

At the Company's 27<sup>th</sup> AGM held on 16 August 2019, a mandate was granted by the shareholders' of the Company to carry out recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business of the EMICO Group. This approval shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM which has been scheduled to be held on 21 September 2020 unless the shareholders' mandate is renewed.

On 29 July 2020, the Company announced to Bursa Securities its intention to seek the shareholders' approval in respect of the Proposed Shareholders' Mandate in respect of RRPT which has been approved previously comprised in the Shareholders' Mandate, as set out in Section 2.1 of this Circular.

The purpose of this Circular is to provide the shareholders of EMICO with details of the Proposed Shareholders' Mandate and to seek the shareholders' approval on the resolutions to be tabled at the forthcoming 28<sup>th</sup> AGM.

Under Part E, Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to the following:-

- a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:-

- i) the consideration, value of the assets, capital outlay or cost of the aggregated transactions is RM 1 million or more; or
  - ii) any one of the percentage ratios of such aggregated transactions is equal or exceeds 1%,  
whichever is the higher: and
- c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Nature of Transaction Contemplated under the Mandate and Class of Related Party

EMICO is an investment holding company whilst its subsidiary companies are mainly engaged in the following:

- Manufacturing and trading of consumer products, such as trophies, souvenirs and promotional items
- Manufacturing of original equipment manufacturer products
- Trading of houseware and furniture
- Property development

The details of EMICO's subsidiaries are as follows:-

Name of Company	Effective Equity Interest	Principal Activities
<u>Subsidiary companies</u>		
EPSB	100.0%	Manufacturing of original equipment manufacturer products, awards, trophy components, medallions, souvenir, gifts items, furniture products and general trading
ETSB	100.0%	Dormant
ECSB	100.0%	Dormant
EMSB	100.0%	Dormant
EDSB	100.0%	Investment holding and property development
ENSB	100.0%	Dormant
MTL	71.0%	Investment holding
NEB	60.0%	Dormant
ECD	100.0%	Dormant
EMEL	51.0%	Dormant
EMTZ	100.0%	Dormant
<u>Subsidiary NEB</u>		
NPSB	60.0%	Dormant
UNIC	60.0%	Dormant

Name of Company	Effective Equity Interest	Principal Activities
<u>Subsidiary of EPSB</u>		
STAI	53.3%	Dormant
EASB	100.0%	Trading of household and home furnishing products
<u>Subsidiary of EASB</u>		
ECL	100.0%	Marketing of awards, trophy components, souvenir items and general trading
<u>Subsidiary of MTL</u>		
OTSB	49.7%	Investment holding
<u>Subsidiary of OTSB</u>		
PKB	39.8%	Property development

- 2.1 The Proposed Shareholders' Mandate will apply to the following transactions to be entered with the following class of related party comprising of Directors and Major Shareholders and persons connected to such Directors and Major Shareholders and the following wholly-owned subsidiaries of EMICO :

EMICO and/or subsidiaries involved	Nature of RRPT	Related Parties (#)	Interested Related Parties	Estimated value of transactions as disclosed in the last Circular to Shareholders dated 18 July 2019 (RM/-)	Actual value transacted from the previous AGM up to 30 June 2020 being the latest practicable date (RM/-)	Estimated value from 21 September 2020 to the next AGM (^) (RM/-)
EPSB	(N1)	UCMSB	Chan Lay Li	500,000	30,862	500,000
EPSB	(N2)	CPI	Chan Lay Li	15,000,000	8,343,040	15,000,000
EPSB	(N3)	CPI	Chan Lay Li	10,000,000	5,630,550	10,000,000
EPSB	(N4)	CPI	Chan Lay Li	156,000	156,000	156,000
EPSB	(N5)	CPI	Chan Lay Li	222,000	222,000	222,000
EPSB	(N6)	BCM	Chan Lay Li	600,000	600,000	600,000
EPSB	(N7)	EVIET	Lim Teik Hian	10,000,000	4,248,245	10,000,000

#) A related company means a company which has common Directors or Major Shareholders with the Group or persons connected with such Directors and Major Shareholders.

(^) The estimated value of the transactions for the period from the date of the forthcoming AGM to the date of the next AGM are based on past transactions and/or management estimates and on the assumptions that current levels of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated value disclosed above.

Notes:

- (N1) EPSB sells and purchase souvenir products from UCMSB.
- (N2) EPSB buys semi finished plastic component parts from CPI.
- (N3) EPSB sells raw materials to CPI.
- (N4) EPSB is renting a factory space to CPI.
- (N5) EPSB is renting injection moulding machine to CPI.
- (N6) EPG is renting the factory premises from BCM.
- (N7) EPSB buys trophy bases, semi finished and finished plastic trophy parts from EVIET. EPSB also sells trophy components & parts to EVIET.

There was no outstanding amount due under the RRPT which exceeded the credit term as at the end of the financial year ended 31 March 2020.

The interested related parties mentioned in Section 2.1 are interested in the transactions due to the following:

- (a) Chan Lay Li is a Major Shareholder of CPI and she holds 50% of the total issued and paid-up capital of CPI. EMICO does not hold any shares in CPI.
- (b) Chan Lay Li is a Major Shareholder of UCMSB and she holds 90% of the total issued and paid up capital of UCMSB. EMICO does not hold any shares in UCMSB.
- (c) Chan Lay Li owns 100% of BCM.
- (d) Lim Teik Hian is appointed as a director of EVIET and does not hold any shares in EVIET. EMICO does not hold any shares in EVIET.

Lim Teik Hian and Lim Teck Chye are Directors and Major Shareholders of EMICO. While Chan Lay Li, Lim Poh Hoon and Lim Poh Leng are persons connected to Directors and/or Major Shareholders of EMICO.

The family relationship between the Directors, Major Shareholders and persons connected to Directors and/or Major Shareholders of EMICO are as follows:

- (a) Lim Teik Hian, Lim Teck Chye, Lim Poh Hoon and Lim Poh Leng are siblings.
- (b) Chan Lay Li is the spouse of Lim Teik Hian.

## 2.2 Guideline on Thresholds of Authority

There are no specific thresholds for approval of Recurrent Transactions within the Group. However, all Recurrent Transactions are subject to approval of the appropriate levels of authority as determined by the Board from time to time, subject to the provisions in the Listing Requirements and/or the Act, where necessary:

<u>Approving Limit</u>	<u>Approving Authority</u>
RM1 million and above for each transaction	Audit and Risk Management Committee
Below RM1 million for each transaction	Executive Director

Where a Director has an interest (direct or indirect) in any RRPT, such Director shall abstain from deliberating over such transaction.

In compliance with Part E, Paragraph 10.09 of the Listing Requirements, EMICO will immediately announce a Recurrent Transaction(s) where:-

- i) the consideration, value of the assets, capital outlay or cost of the aggregated transactions is RM 1 million or more; or
- ii) any one of the percentage ratios of such aggregated transactions is equal or exceeds 1%, whichever is the higher.

### **2.3 Guidelines and Review Procedures in relation to recurrent related party transactions**

The Group had established and implemented the following guidelines and review procedures to ensure that recurrent related party transactions are not to the detriments of the minority shareholders and are undertaken on arm's length and are on normal commercial terms which are on terms not more favourable to the related party than those extended to third parties/public:

- (a) The scope and definition of arm's length and normal commercial terms clearly stated and the procedures and guidelines in determining the pricing, quality, reasonability, fairness and so forth for the Group's best interest together with class of related party and nature of transactions be laid out in a list and regularly updated from time to time to be circulated within Group to all Executive Directors and Department Heads with notification that all recurrent related party transactions are to be undertaken on arm's length and are on normal commercial terms which are on terms not more favourable to the related party than those extended to the third parties/public.
- (b) The transaction prices, terms and conditions are determined by current market forces under similar commercial terms and normal trade practices for transactions with third parties.
- (c) All recurrent related party transaction shall be tabled to the Audit and Risk Management Committee ("ARMC") every quarter. The ARMC shall have the right to engage independent adviser or expert, if required, for the purpose of performing an independent and balance assessment, evaluation and comparison of transaction price, terms and conditions prior into making any decision approving the recurrent related party transactions.
- (d) The management and head of finance department shall assist to monitor all recurrent related party transactions complied with the guidelines and procedures set up and to report on its findings and to update the ARMC, quarterly.
- (e) The Company shall maintain a record of all recurrent related party transactions which have been approved by shareholders and the ARMC. The purpose of the said record is to ensure that all relevant approvals have been obtained and procedures have been complied with.
- (f) The list of RRPT will be reviewed by management and ARMC every quarterly. If during the quarterly review the ARMC should be of the view that the guidelines and review procedures are no longer appropriate or adequate to ensure recurrent related party transactions will be carried out on normal commercial terms or will be prejudicial to shareholders, the Company will seek a fresh mandate from shareholders based on new guidelines and review procedures.
- (g) At least 2 other contemporaneous transactions with unrelated third parties for similar products/ services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/ services and/or quantities. In the event that the quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group in accordance with applicable industry norms, prevailing commercial rates and at rates not more favourable to the related parties than those generally available to the public and not detrimental to the Emico Group.

### **2.4 Statement by Audit and Risk Management Committee ("ARMC")**

The ARMC is satisfied that the guidelines and review procedures for related party transactions are sufficient to ensure that such transactions are undertaken on arm's length basis and will be carried out on normal commercial terms which are not prejudicial to the interests of shareholders. The ARMC will ensure that the terms of the recurrent related party transactions are no more favourable to the related party than those generally available to the public and the recurrent related party transactions are not detrimental to the minority shareholders of EMICO.

The ARMC is also of the view that the Group has in place adequate procedures and processes to monitor, track and identify Recurrent Transactions in a timely and orderly manner. The ARMC's review procedures will be conducted on a quarterly basis together with the review of quarterly results, or such frequency as the committee considers appropriate having regard to the value and frequency of RRPT.

### 3. DETAILS OF SHAREHOLDINGS

#### 3.1 Directors

The details of direct or indirect interest of Directors' as at 21 July 2020 are as follows:

Name of Directors	Direct Interest	%	Indirect Interest	%
Lim Teik Hian	52,000	0.05	26,858,959 (N1)	25.45
Lim Teck Chye	23,459,647(N2)	22.23	3,451,312 (N1)	3.27
Wong Sew Yun	895,859	0.85	-	-
Jimmy Ong Chin Keng	-	-	-	-
Ng Chee Kong	-	-	-	-
Wong Thai Sun	-	-	-	-
Ng Hong Kiat	-	-	-	-

Notes:

(N1) Deemed interested via shares held by Beng Choo Marketing Sdn. Bhd. and their family members namely, Lim Teik Hian (brother), Lim Poh Hoon (sister) and Lim Teck Chye (brother).

(N2) Inclusive of shares held by himself and through shares held by Alliancegroup Nominees (Tempatan) Sdn. Bhd., Affin Hwang Nominees (Tempatan) Sdn. Bhd., PM Nominees (Tempatan) Sdn. Bhd. and Maybank Nominees (Tempatan) Sdn. Bhd..

As interested Directors of EMICO, namely Lim Teck Chye and Lim Teik Hian will continue to abstain from all Board deliberations and voting on the Proposed Shareholders' Mandate. They will also abstain from voting in respect of their direct/indirect shareholdings on the resolutions approving the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

#### 3.2 Major Shareholders

The details of direct or indirect interest of Major Shareholders as at 21 July 2020 are as follows:

Major Shareholders	Direct Interest	%	Indirect Interest	%
Lim Teck Chye	23,459,647(N2)	22.23	3,451,312 (N1)	3.27
Lim Poh Hoon	112,000	0.11	26,798,959 (N1)	25.40
Lim Teik Hian	52,000	0.05	26,858,959 (N1)	25.45

As interested Major Shareholders, namely Lim Teik Hian, Lim Poh Hoon and Lim Teck Chye will abstain from voting in respect of their direct/indirect shareholdings on the resolutions approving on the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

#### 3.3 Person connected with Directors and/or Major Shareholders

The details of direct or indirect interest of person connected with Directors and/or Major Shareholders who is not a Director and/or Major Shareholder as at 21 July 2020 is as follow:

Person connected	Direct Interest	%	Indirect Interest	%
Chan Lay Li	310,000	0.29	52,000 (N3)	0.05

Notes:

(N3) Deemed interested by virtue of spouse's direct interest.

Chan Lay Li will abstain from voting on the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM in respect of her direct and/or indirect shareholdings in EMICO.

Save as disclosed above, none of the Directors and/or Major Shareholders and/or persons connected with them have any interest, direct or indirect in the Proposed Shareholders' Mandate.

The interested Directors and/or Major Shareholders have undertaken that they shall ensure that the persons connected with them will abstain from voting on the resolutions approving the Proposed Shareholders' Mandate at the AGM.

#### **4. RATIONALE OF THE PROPOSED SHAREHOLDERS' MANDATE**

##### **Purchase/sale of souvenirs products**

UCMSB is principally a trading company. UCMSB has been appointed as one of the Group's distributors to market souvenirs products manufactured by EPSB. The selling price of each product to the related party is based on normal selling price to existing third parties who are EPSB distributors. The sale of souvenir products to UCMSB has enhanced the Group's sales. EPSB also purchased from UCMSB some souvenirs products as it is the distributor for certain overseas suppliers which EPSB can purchase at competitive price. The transactions are conducted on normal commercial terms and on terms not more favourable to the related party than those extended to third parties/public.

##### **Rental of factory space at 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang to CPI by EPSB**

EPSB is renting its unutilized factory space of approximately 13,489 sq ft to CPI at RM13,000 per month based on current market rental rate. The transaction is conducted on normal commercial terms and on terms not more favourable to the related party than those extended to third parties/public.

##### **Purchase semi finished plastic parts and components**

EPSB is purchasing semi finished plastic parts and components from CPI to be assembled into finished goods. The transaction is conducted on normal commercial terms and on terms not more favourable to the related party than those extended to third parties/public.

##### **Purchase of plastic trophy parts and medallions from CPI**

EPSB is also purchasing plastic trophy parts and medallions from CPI to be chromed into finished goods. The transaction is conducted on normal commercial terms and on terms not more favourable to the related party than those extended to third parties/public.

##### **Purchase of raw materials for CPI**

EPSB purchased raw materials on behalf CPI in order to maintain the quality and pricing of the semi finished products produced by CPI. The transaction is conducted on normal commercial terms and on terms not more favourable to the related party than those extended to third parties/public.

##### **Rental of machinery to CPI by EPSB**

EPSB is presently renting 5 units of plastic injection moulding machines, robotic arms and conveyor systems to CPI at an estimated rental of RM18,500 per month. The transactions is conducted on normal commercial terms and on terms not more favourable to the related party than those extended to third parties/public.

### **Rental of factory premises at 93, Halaman Kg. Jawa, 11900 Bayan Lepas, Penang from BCM**

EPSB is renting the factory premises from BCM at RM50,000 per month based on current market rental rate. The said factory premises with net usable area of 28,000 square feet is used for the manufacturing of vacuum metalizing trophy parts. The transaction is conducted on normal commercial terms and on terms not more favourable to the related party than those extended to third parties/public.

### **Purchase of trophy bases, semi finished and finished plastic parts and components from EVIET**

EPSB is purchasing trophy bases, semi finished and finished plastic parts and components from EVIET. The products purchased from EVIET are labour intensive in nature and are not competitive to produce in Malaysia in view of the high labour cost content. As such, with the appointment of Lim Teik Hian as a director of EVIET, EMICO is able to ensure that the quality and specifications of EMICO orders are maintained at all times. In addition, EVIET also purchase trophy component parts from EPSB to be assembled in Vietnam and sold in domestic market. The transaction is conducted on normal commercial terms and on terms not more favourable to the related party than those extended to third parties/public.

## **5. APPROVALS REQUIRED**

The Proposed Shareholders' Mandate are subject to approval being obtained from the shareholders of EMICO at the forthcoming AGM.

## **6. DIRECTORS' RECOMMENDATION**

The Directors (save for Directors namely Lim Teik Hian and Lim Teck Chye who are deemed interested in the Proposed Shareholders Mandate as mentioned in paragraph 2.1 of this Circular and have abstained from forming an opinion), having considered all aspects of the Proposed Shareholders' Mandate, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company.

Accordingly, the Directors (with the exception of Lim Teik Hian and Lim Teck Chye who are interested in the Proposed Shareholders' Mandate as mentioned in paragraph 2.1 of this Circular and have abstained from making recommendation) recommend that you vote in favour of the Ordinary Resolutions to be tabled at the AGM.

## **7. FURTHER INFORMATION**

Shareholders are requested to refer to Appendix I for further information.

## **8. ANNUAL GENERAL MEETING**

The Notice of the 28<sup>th</sup> AGM to consider if thought fit, pass the Ordinary Resolution pertaining to the Proposed Shareholders Mandate under the agenda of Special Business as set out herein is also enclosed in the Annual Report 2020. The 28<sup>th</sup> AGM will be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Penang on Monday, 21 September 2020 at 11.00 a.m..

If you are unable to attend and vote in person at the 28<sup>th</sup> AGM of the Company and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the Proxy Form in accordance with the instructions printed therein as soon as possible and in any event must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not later than 48 hours before the time fixed for the 28<sup>th</sup> AGM or any adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The lodging of the Proxy Form will not preclude you from attending and voting in person should you subsequently wish to do so.

Yours faithfully  
For and on behalf of the Board of Directors  
**EMICO HOLDINGS BERHAD**

**WONG THAI SUN**  
Independent Non-Executive Director

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**APPENDIX I – GENERAL INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board of Directors of EMICO and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are not other material facts the omission of which would make any statement herein misleading.

**2. MATERIAL LITIGATIONS**

Neither EMICO nor its subsidiaries are engaged in any litigation, claims and/or arbitration, either as plaintiff or defendant and which has a material and adverse effect on the financial position of EMICO Group and the Directors do not have any knowledge of any proceedings, pending or threatened, or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the EMICO Group.

**3. MATERIAL CONTRACTS**

There are no other material contracts (not being contracts entered into the ordinary course of business) which have been entered into by EMICO and/or its subsidiaries within the past two (2) years preceding the date of this circular.

**4. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company during normal office hours Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the AGM:-

- I) The Constitution of EMICO;
- II) The audited consolidated accounts of EMICO Group for the financial year ended 31 March 2019 and 31 March 2020.

## **INFORMATION ON ANNUAL GENERAL MEETING**

- **NOTICE OF ANNUAL GENERAL MEETING**
- **PROXY FORM**
- **ANNUAL REPORT 2020 REQUEST FORM**



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

### **NOTICE OF ANNUAL GENERAL MEETING**

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

### **AGENDA**

#### ***As Ordinary Business:***

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

#### ***As Special Business :***

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

7. **AUTHORITY TO ALLOT AND ISSUE NEW SHARES** **Resolution 6**  
*Please refer to  
Note 11*  
“THAT, subject to the approvals of the regulatory authorities, the Board of Directors of the Company be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Board of Directors of the Company may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company.

AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.

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.”

8. **PROPOSED CONTINUATION OF MR. WONG THAI SUN IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 7**  
*Please refer to Note 12*  
“THAT authority be and is hereby given to Mr. Wong Thai Sun who had served as an Independent Director of the Company for a cumulative term of more than 9 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company.”
9. **PROPOSED CONTINUATION OF MR. WONG SEW YUN IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 8**  
*Please refer to Note 13*  
“THAT authority be and is hereby given to Mr. Wong Sew Yun who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company.”
10. **PROPOSED CONTINUATION OF MR. NG CHEE KONG IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 9**  
*Please refer to Note 13*  
“THAT authority be and is hereby given to Mr. Ng Chee Kong who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company.”
11. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Resolution 10**  
*Please refer to Note 14*  
“THAT, subject to the Companies Act 2016 (“Act”), the Company’s Constitution, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the authority be hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature (“Proposed Renewal of Shareholders’ Mandate”) as set out in the Circular to Shareholders in relation to the Proposed Renewal of Shareholders’ Mandate provided that such transactions are in the ordinary course of business which are necessary for the day-to-day operations on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders and that such authority shall continue to be in force until:
- (a) the conclusion of the next AGM of the Company following the AGM at which the Proposed Renewal of Shareholders’ Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the AGM, the authority is renewed;

- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

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

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

By Order of the Board

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

Penang

Date : 21 August 2020

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

- 1. A proxy may but need not be a member of the Company.
- 2. A member shall be entitled to appoint a maximum of 2 proxies to attend and vote at the same meeting.
- 3. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- 4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“Exempt Authorised Nominee”) which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 5. Where a member is an Exempt Authorised Nominee, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- 6. The proxy form shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, the Proxy Form must be executed under the corporation’s common seal or under the hand of an officer or attorney duly authorised.
- 7. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The completed Proxy Form transmitted by facsimile or electronic mail (e-

mail) will not be accepted.

8. Only a depositor whose name appears on the Record of Depositors on 01 September 2020 (General Meeting Record of Depositors) shall be eligible to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.

#### **NOTES ON ORDINARY BUSINESS**

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

#### **NOTES ON SPECIAL BUSINESS**

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

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

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

12. The Resolution 7, if passed, will enable the Independent Director who had served more than 9 years to be retained and continued to act as Independent Director of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the practice 4.2 of the Malaysian Code of Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 March 2020.
13. The Resolutions 8 and 9 are to seek shareholders' approval through a two tier voting process and, if passed, will enable the Independent Directors who had served more than 12 years to be retained and continued to act as Independent Directors of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the practice 4.2 of the Malaysian Code of Corporate Governance. The details of justifications are set out in the Company's Annual Report for the financial year ended 31 March 2020.
14. The Resolution 10, if passed, will enable the Company and its subsidiaries to enter into recurrent transactions involving the interests of the related parties which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company. Further information of the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 21 August 2020 which has been dispatched together with the Company's Annual Report for the financial year ended 31 March 2020.

## **NOTES ON ADMINISTRATIVE MATTERS**

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

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

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

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

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

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

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**PROXY FORM**



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

CDS Account No.

\*I/We .....  
 (\*I/C No./ Passport No. / Company No. ....) of .....  
 ..... being a \*member/members of the abovenamed  
 Company, hereby appoint .....  
 (\*I/C No. / Passport No. ....) of .....  
 ..... or failing whom, the Chairman of the meeting as  
 \*my/our proxy to vote for \*me/us on \*my/our behalf at the 28<sup>th</sup> Annual General Meeting (“AGM”) of the Company to be  
 held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on  
 Monday, 21 September 2020 at 11.00 a.m., or at any adjournment thereof.

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

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

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

No. of shares held

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies :	
No. of Shares	%
Proxy 1	
Proxy 2	
100	

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

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

**Notes**

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint a maximum of 2 proxies to attend and vote at the same meeting.
3. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“Exempt Authorised Nominee”) which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Where a member is an Exempt Authorised Nominee, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
6. The proxy form shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, the Proxy Form must be executed under the corporation’s common seal or under the hand of an officer or attorney duly authorised.
7. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time for holding the meeting or at any adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The completed Proxy Form transmitted by facsimile or electronic mail (e-mail) will not be accepted.
8. Only a depositor whose name appears on the Record of Depositors on 01 September 2020 (General Meeting Record of Depositors) shall be eligible to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.

*\*strike out whichever is not desired.*



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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)

**ANNUAL REPORT 2020 REQUEST FORM**

The Annual Report is available at Bursa Malaysia Securities Berhad's website or the Company's website. Shareholders who wish to receive the printed Annual Report 2020, may request at <https://tjih.online> by selecting "Request for Annual Report / Circular" under "Investor Services". Alternatively, you may also make your request through telephone/email to our Share Registrar at the number/email address given below.

Please do not hesitate to contact our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at 03-27839299 or email [Sakila@my.tricorglobal.com](mailto:Sakila@my.tricorglobal.com) if you have any questions or require any assistance on the above.

A printed copy of the Annual Report 2020 will be sent to you within four (4) market days from the date of receipt of your request.

**CONTACT DETAILS OF SHAREHOLDER**

FULL NAME : \_\_\_\_\_

I.C./COMPANY NO. : \_\_\_\_\_

CDS ACCOUNT NO. : \_\_\_\_\_

ADDRESS : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TELEPHONE CONTACT NO. : \_\_\_\_\_



\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Date

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STAMP

**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD**  
UNIT 32-01, LEVEL 32 TOWER A,  
VERTICAL BUSINESS SUITE,  
AVENUE 3, BANGSAR SOUTH,  
NO. 8, JALAN KERINCHI,  
59200 KUALA LUMPUR

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