



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

CELEBRATING 50 YEARS OF EXCELLENCE

ANNUAL REPORT 2023

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.



1 MOTIVATED

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

2 UNDERSTANDING

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

3 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.

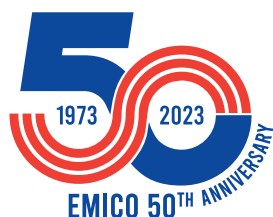
4 FLEXIBLE & FRIENDLY

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

5 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.

INSIDE THIS REPORT



CELEBRATING 50 YEARS
OF EXCELLENCE

The Emico 50th Anniversary logo symbolizes the company's remarkable journey of success and resilience. The infinity sign represents Emico's enduring commitment to excellence and innovation, while the anniversary milestone highlights the long-standing presence. It also signifies infinite possibilities, continuous growth, and an unwavering dedication to creating lasting value for customers and stakeholders.

Chapter **CORPORATE INFORMATION**

1	EMICO 50th Anniversary	002
	Corporate Information	011
	Corporate Structure	012
	Group Five-Year Financial Highlights	013
	Board of Directors' Profile	014
	Profile of Key Senior Management	018

Chapter **PERFORMANCE REVIEW**

2	Chairman's Statement	020
	Management Discussion and Analysis	021

Chapter **SUSTAINABILITY STATEMENTS**

3	Sustainability Report	027
----------	-----------------------	------------

Chapter **CORPORATE GOVERNANCE**

4	Report of Audit and Risk Management Committee	036
	Corporate Governance Overview Statement	040
	Statement of Directors' Responsibilities	047
	Statement on Risk Management and Internal Control	048
	Additional Compliance Information	050

Chapter **FINANCIAL STATEMENTS**

5	Directors' Report	051
	Statement by Directors	057
	Statutory Declaration	057
	Independent Auditors' Report	058
	Statements of Financial Position	061
	Statements of Profit or Loss and Other Comprehensive Income	063
	Statements of Changes in Equity	065
	Statements of Cash Flows	068
	Notes to the Financial Statements	072

Chapter **ADDITIONAL INFORMATION**

6	Analysis of Shareholdings	127
	List of Top 30 Shareholders	128
	List of Properties	129
	Notice of Annual General Meeting	130
	Proxy Form	Enclosed



CHAIRMAN'S 50TH ANNIVERSARY MESSAGE



Dear Shareholders,

This year marks a momentous occasion as we celebrate Emico's 50th Anniversary. It is a time of reflection, gratitude, and preparation for the future. From our humble beginnings, we have grown into one of the world's largest and leading trophy manufacturers. Furthermore, our business has also expanded to include contract manufacturing, property development and trading. This achievement is a testament to the collective efforts of our employees, suppliers, and business partners.

The vision and courage of our founders, Mr. Lim Beng Huan and Madam Loh Lay Choo, have been the cornerstone of our success. Their determination and passion have set a high standard for us to follow. We are immensely grateful for their accomplishments, which have laid a solid foundation for Emico today. Their legacy continues to inspire us as we embrace the opportunities that lie ahead.

Today, our products have reached over 50 countries, bringing joy and celebrating the accomplishments of individuals and organizations on various occasions and competitions. We are grateful to be a part of commemorating and encouraging the pursuit of excellence, and take pride in delivering exceptional trophies that symbolize success and inspiration.

Looking ahead, we remain dedicated to innovation and staying at the forefront of the industry. Our commitment to continuous improvement drives us to develop new and more exciting products that meet the evolving needs of our customers. We will continue to explore new markets and strengthen our presence in existing ones. Through strategic partnerships and collaborations, we will enhance our distribution networks and ensure that our products reach even more customers worldwide.



MR. LIM BENG HUAN
MADAM LOH LAY CHOO
Founders

I would like to express my heartfelt gratitude to our dedicated and loyal team of employees. They are truly our key assets, our growth and accomplishments would not have been possible without their commitment, tireless efforts and contributions.

As we celebrate our achievements, we acknowledge that the journey ahead may bring challenges and uncertainties. We will remain steadfast in our pursuit of excellence, sustainable growth, and creating long-term value for our shareholders.

Once again, thank you for your continued support throughout our remarkable 50-year journey. We look forward to the next 50 years of growth, innovation, and shared success!

LIM TECK CHYE
Executive Chairman



MILESTONE

1973

- Founded as a partnership in Georgetown, Penang by Mr Lim Beng Huan and Madam Loh Lay Choo.



1976

- Started a home-based cottage industry at Ayer Item, Penang.



1985

- Constructed the first integrated manufacturing plant in Bayan Lepas Industrial Area, Penang.

1986

- Commenced exporting Emico trophies to Southeast Asia & Australia.

1988

- Ventured into Contract Manufacturing.
- Appointed as the first turnkey contract manufacturer for Mattel (USA) in Southeast Asia.
- Madam Loh Lay Choo was honored with the "Iron Lady" award by Mattel.



2000

- Appointed as the key contract manufacturer for supplying medical rehabilitation products by Etac (Sweden).
- Ventured into sourcing and trading of homeware and furniture.

1998

- Appointed as Official Merchandise of XVI Commonwealth Games.



Since 1995

- Diversified into Property Development, including the construction of Taman Batik Township (1996) and Bandar Mutiara Township (2003).



1994

- Listed on Kuala Lumpur Stock Exchange.



1990

- Constructed the automated vacuum metalizing factory in Penang, the first in South East Asia.



2002

- Established a production plant in Vietnam.



2003

- Appointed as Official Sponsor of XXII SEA Games, Vietnam.



Since 2013

- Appointed as Official Medal Sponsor of Penang Bridge International Marathon.
- Launching of Taman Simfoni Project in Langkawi.



2019

- Partnered with IS Living (UK) for furniture and home furnishing products.

2021

- Incorporation of Emico Trophy Co., Ltd. in Thailand.
- Awarded The Penang Power 100.

2023

- Exported to over 50 countries worldwide.



50th Anniversary Celebration



50th Anniversary Celebration (Cont'd)



50th Anniversary Celebration (Cont'd)



50th Anniversary Celebration (Cont'd)



50th Anniversary Celebration (Cont'd)



50th Anniversary Celebration (Cont'd)

Employee Appreciation Night



50th Anniversary Celebration (Cont'd)

Employee Appreciation Night



BOARD OF DIRECTORS

Lim Teck Chye
| *Executive Chairman*

Lim Lay Khim
| *Executive Director*

Dato' Jimmy Ong Chin Keng
| *Non-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

Ng Hong Kiat @ Ng Han Kiat | *Chairman*

Kee Chei Hen

Dato' Jimmy Ong Chin Keng

NOMINATING COMMITTEE

Kee Chei Hen | *Chairman*

Ng Hong Kiat @ Ng Han Kiat

Dato' Jimmy Ong Chin Keng

REMUNERATION COMMITTEE

Kee Chei Hen | *Chairman*

Ng Hong Kiat @ Ng Han Kiat

Dato' Jimmy Ong Chin Keng

ESOS COMMITTEE

Lim Teck Chye | *Executive Chairman*

Lim Lay Khim | *Executive Director*

Tan Teong Yu | *Director of Finance and Administration*

Tan Chee Yik | *Assistant Finance Manager*

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
Email: corporatenet21@gmail.com

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
Email: is.enquiry@my.tricorglobal.com

AUDITORS

BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)

Chartered Accountants
51-21-F Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang
T: (60) 4 222 0288
F: (60) 4 222 0299

PRINCIPAL BANKERS

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





EMICO HOLDINGS BERHAD

MANUFACTURING

100%

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

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

TRADING

100%

Emico Asia Sdn Bhd
 Emico Newk Sdn Bhd *

51%

Emico Melaka Sdn Bhd *

79%

Bayan Greentech Sdn Bhd

49%

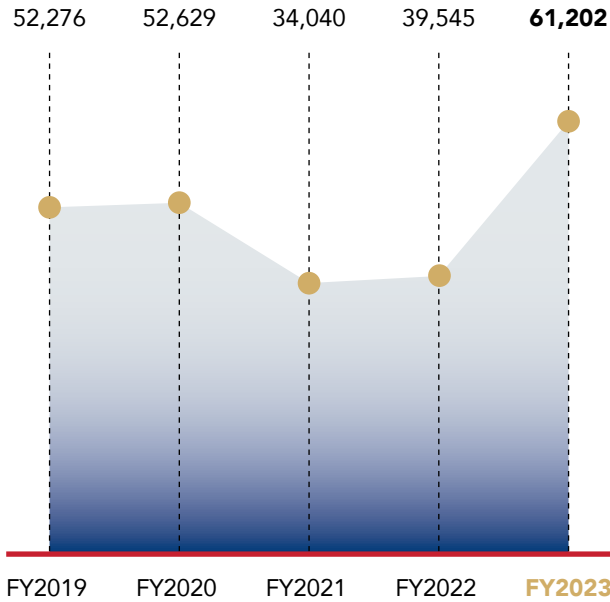
Emico Trophy Co. Ltd



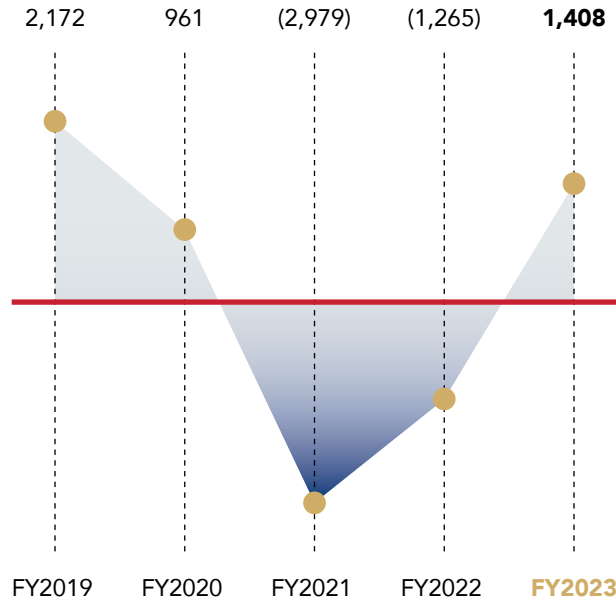
GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

	FY2019 RM'000	FY2020 RM'000	FY2021 RM'000	FY2022 RM'000	FY2023 RM'000
Revenue	52,276	52,629	34,040	39,545	61,202
Profit/(Loss) Before Tax	2,172	961	(2,979)	(1,265)	1,408
Share Capital	18,144	18,801	20,555	23,218	23,524
Net Assets	43,860	45,186	44,379	46,159	49,457
Net Assets Per Share (SEN)	0.43	0.43	0.39	0.38	0.40
Net Earnings/(Loss) Per Share (SEN)	0.56	0.57	(2.29)	(0.70)	0.30

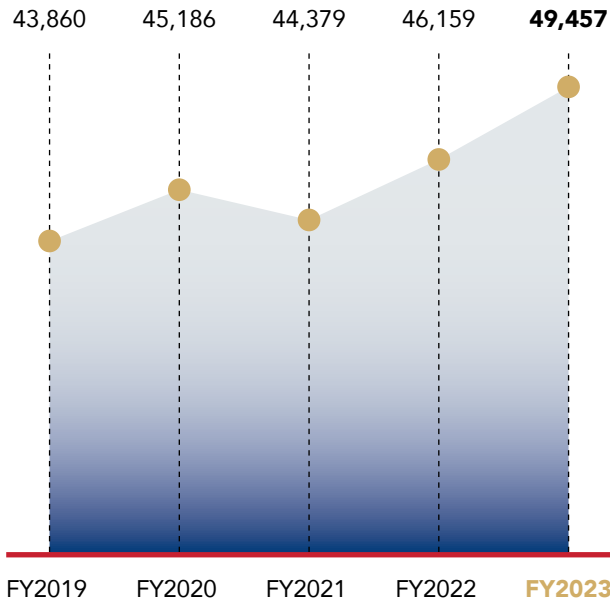
Revenue (RM'000) **61,202**



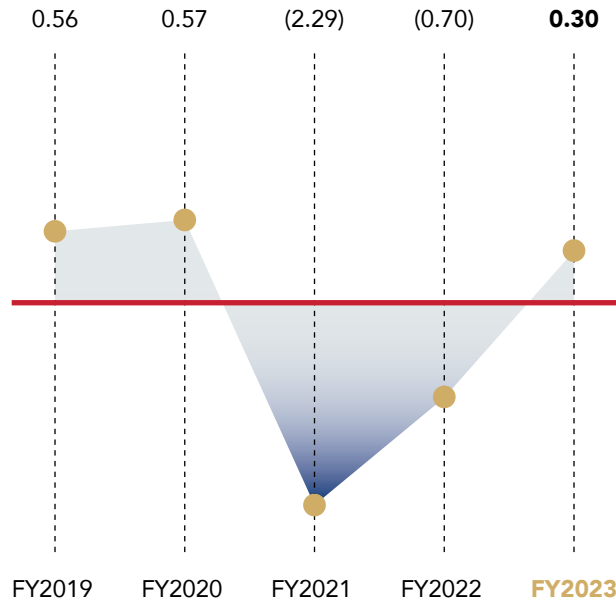
Profit/(Loss) Before Tax (RM'000) **1,408**



Net Assets (RM'000) **49,457**



Net Earnings/(Loss) Per Share (SEN) **0.30**



LIM TECK CHYE

Executive Chairman

Malaysian | Aged 49 | Male

Lim Teck Chye was appointed to the Board of the Company on 11 May 2004, and is currently the Executive Chairman of the Company.

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 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 30 of the Financial Statements, he has no conflict of interest with the Company. Mr Lim has not been convicted of any offence within the past 5 years and had attended all five (5) Board meetings held during the financial year.

LIM LAY KHYM

Executive Director

Malaysian | Aged 58 | Female

Lim Lay Khim was appointed to the Board on 25 September 2022, and is currently the Executive Director of the Company. She graduated with a Diploma in PSC, Pitman from Stamford College, Penang and attended Purchasing and Supply Management courses at Strategic 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. She is not a director of any other public company. She is a member of the ESOS Committee. Other than as disclosed in the related party transactions in Note 30 of the Financial Statements, she has no conflict of interest with the company.



Ms Lim 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. She had attended two (2) Board meetings held during the financial year since her appointment.



DATO' JIMMY ONG CHIN KENG

*Non Independent and Non-Executive Director
Malaysian | Aged 60 | Male*

Dato' Jimmy Ong Chin Keng 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. He was redesignated as Non-Independent Non-Executive Director on 25 September 2022. He is also appointed as a member of Audit and Risk Management, Nominating and Remuneration Committees on 25 September 2022.

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.



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.

Dato' Ong 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.

Dato' Ong 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.

NG HONG KIAT @ NG HAN KIAT

*Independent and Non-Executive Director
Malaysian | Aged 72 | Male*

Mr Ng Hong Kiat @ Ng Han Kiat 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 was appointed as Chairman of the Audit and Risk Management Committee on 1 April 2023.

He is also a member of 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.



KEE CHEI HEN

Independent and Non-Executive Director
Malaysian | Aged 63 | Male

Mr Kee Chei Hen, 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 was appointed as Chairman of the Nominating and Remuneration Committees on 1 April 2023.

He is also a member of Audit and Risk Management Committee.



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 and had attended four (4) Board meetings held during the financial year since his appointment.

WONG SEW YUN

Independent and Non-Executive Director
Malaysian | Aged 67 | Male

Mr Wong Sew Yun, 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.

Mr Wong Sew Yun resigned from the Board on 1 April 2023.



WONG THAI SUN

Independent and Non-Executive Director
Malaysian | Aged 68 | Male

Mr Wong Thai Sun, 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.

Mr Wong Thai Sun resigned from the Board on 1 April 2023.



PROFILE OF KEY SENIOR MANAGEMENT



FROM LEFT TO RIGHT:

LIEW KONG WANG, TAN TEONG YU, DARREN LIM YAN DA, LIM TECK CHYE, LIM LAY KHIM, JULIE ONG LYE IM

LIM TECK CHYE

Executive Chairman

Malaysian | Aged 49 | Male

His profile is set out in Profile of Directors on Page 14.

LIM LAY KHIM

Executive Director

Malaysian | Aged 58 | Female

Her profile is set out in Profile of Directors on Page 14.



DARREN LIM YAN DA

Director of Operation
Malaysian | Aged 26 | Male

Darren Lim Yan Da started his career in the food and beverages industry, managing a team of establishments during his studies in Los Angeles in 2015. He pursued a degree in Business Administration at Pasadena City College in 2018, specializing in Entrepreneurship at California State University of Fullerton. Throughout his studies, he led two consultancy teams, focusing on marketing strategies for new products and production management consultancy for Pendarvis Manufacturing, the sole manufacturer of running boards for Toyota worldwide. He joined Emico group as Production Controller on 1 September 2019. Mr Lim was subsequently promoted to Production Manager on 26 September 2022 and promoted to Director of Operation on 26 March 2023. He is not a director of any public company.

Mr Lim is the son of Mr Lim Teik Hian, who is the major shareholder of the Company.

Other than as disclosed in the related party transactions in Note 30 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.

LIEW KONG WANG

Director of Supply Chain
Malaysian | Aged 48 | 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 30 of the Financial Statements. He is not a director of any public company.

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

TAN TEONG YU

Director of Finance and Administration
Malaysian | Aged 36 | 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 was 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 30 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.

JULIE ONG LYE IM

Director of Warehouse
Malaysian | Aged 56 | 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. On 10 October 2022, she has been redesignated as Director of Warehouse.

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 30 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.





Letter from the Chairman

Dear Valued Shareholders,

We are delighted to announce that this year marks the 50th anniversary of Emico since its establishment in 1973 in Penang, Malaysia. As we celebrate this significant milestone, we would like to extend our heartfelt gratitude to each and every one of you for your unwavering support throughout the years.

During the FY2023, Malaysia as well as most countries have finally transitioned into the endemic phase after two arduous years of struggle, which has affected every aspect of human life and posed significant challenges to the global business community. However, the recovery during the endemic phase was further complicated by geopolitical tensions, which had led to the current inflationary environment with the rising costs across many areas, especially operations and materials.

Despite these challenging circumstances, I am pleased to announce that our team has accomplished a remarkable 54.8% increase in revenue, reaching RM61.20 million, compared to RM39.54 million in the previous year. Moreover, we achieved a profit before tax of RM1.41 million from the loss before tax of RM1.27 million in the previous year. These achievements reflect the dedication and resilience of our team and organization.

As we move into FY2024, our focus remains on operational excellence and cost optimization to ensure our competitiveness in the market. We will continue to prioritize design

excellence and quality in both our products and services to meet the evolving needs of our customers worldwide. By embracing innovation and maintaining our customer-centric approach, we aim to further strengthen our position as a leading player in the industry.

I would like to take this opportunity to extend a warm welcome to Ms. Lim Lay Khim on her appointment as our Group Executive Director on 25 September 2022. Her expertise and insights will undoubtedly contribute to our future growth and success.

Furthermore, I would like to express my sincere appreciation to Mr. Wong Thai Sun and Mr. Wong Sew Yun, our board members who have served as independent non-executive directors for over 15 years. Their guidance, support, and contributions have been invaluable to the Group's journey.

On behalf of the Board of Directors, I would like to extend my deepest gratitude to the management and all Emico employees for their unwavering commitment, relentless efforts and hard work. I am profoundly grateful to our shareholders for their continued trust and support throughout the

years. Additionally, I personally would like to thank my fellow board members for their invaluable advice, guidance and support.

To our esteemed customers, suppliers, business associates, financial institutions, government agencies, and authorities, I extend my heartfelt gratitude for being integral to our journey of growth and value creation. Your unwavering support has been the backbone of our success, and we look forward to continuing this fruitful partnership in the years to come.

“

Thank you for being an essential part of the Emico family and sharing this remarkable journey with us.

”

LIM TECK CHYE
Executive Chairman



Dear Valued Shareholders,

This Management Discussion and Analysis (MD&A) provides an overview of Emico Holdings Berhad's (referred to as "Emico" or "The Group") financial and operational performance for the fiscal year ended on March 31, 2023 (FY2023). It also offers guidance on upcoming activities and outlines Management's expectations for the Group's prospects in the current fiscal year. It is essential to read this MD&A in conjunction with the audited financial statements of the Group and the accompanying notes for FY2023.

OPERATION AND BUSINESS REVIEW

Since April 6, 1994, Emico Holdings Berhad has been listed on Bursa Malaysia Securities Berhad as an investment holding company. The Group's subsidiaries are engaged in four principal business activities:

- Manufacturing and distribution 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 stands as one of the largest plastic trophy manufacturers worldwide, with a strong distribution network and customer base in Malaysia and Southeast Asia. Our products are exported to over 50 countries globally. With a dedicated design team, experienced merchandisers, and integrated manufacturing facilities, we possess the capability to develop and deliver an extensive range of exciting and unique trophies and award products to our customers.

Emico also provides contract manufacturing services to various industries, including Medical Rehabilitation Products, Marine Engineering, and Lighting Components. Over the years, Emico has earned a reputation as a reliable and reputable company, boasting an experienced and committed team of engineers, designers, and product development professionals who consistently deliver world-class quality products.

With over 20 years of expertise in sourcing and trading furniture and household products, Emico has cultivated an experienced team dedicated to providing comprehensive professional services. These services encompass product sourcing, factory auditing, order administration, quality control, and logistical arrangements, ensuring customer satisfaction. Our strong supplier network and professional business approach have positioned Emico as a trusted agent for esteemed customers in Europe.

Since 1996, Emico has also been involved in Property Development, embarking on two major projects in Taman Batik Township and Bandar Mutiara Township, which encompass mixed developments in Sungai Petani, Kedah. Additionally, 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 situated in Sungai Petani and Langkawi, Kedah.

HIGHLIGHTS OF GROUP FINANCIAL PERFORMANCE FOR THE PAST 5 YEARS

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	52,276	52,629	34,040	39,545	61,202
Profit/(Loss) Before Interest & Tax	2,678	1,504	(2,659)	(790)	1,977
Finance Cost	506	543	320	475	569
Profit/(Loss) Before Tax	2,172	961	(2,979)	(1,265)	1,408
Net Profit/(Loss)	1,472	244	(2,379)	(1,166)	587



MARKET OVERVIEW

The global market has shown significant signs of recovery as social distancing restrictions have been lifted in most regions, and countries have transitioned into an endemic phase. This positive shift has revitalized the trophy market, with sports and commercial activities resuming their normal pace. Wholesalers, buoyed by this resurgence, have displayed increased confidence by placing orders and restocking inventory in anticipation of market recovery. Furthermore, the reopening of borders has allowed our labour force to operate at full capacity, enabling the Group to meet customer demands and expand its distribution network.

Nevertheless, it is crucial to acknowledge the presence of external risks that could hinder the market's recovery. Ongoing geopolitical tensions, such as the Russia-Ukraine war and the US-China trade war, pose potential threats to the market's stability. Additionally, the costs of plastic resin, metal, and chemicals remain volatile due to global inflation, necessitating diligent monitoring. Furthermore, the Group's production costs have been affected by inflation and an increase in the government's legislative minimum labour and energy costs. These factors have the potential to impact the Group's production costs and operating margins.

Despite these challenges, the Group will continue to embrace automation and implementing lean manufacturing in our production processes remain our key priorities as it promises to boost productivity and overall cost efficiency. Our optimism and confidence for the future remain unwavering, driven by a surge in orders from both existing and new customers observed towards the end of FY2023. Looking ahead to FY2024, we anticipate a year of growth and improved performance.

Group Revenue

In the current financial year, the Group recorded a revenue of RM61.20 million, representing a substantial increase of RM21.66 million compared to the preceding financial year. The 54.8% surge in sales was primarily driven by the rising demand for trophy and award products, as well as contract manufacturing.

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

Segmental Revenue by Division	2019		2020		2021		2022		2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Consumer Products Division										
- Trophy	28,183	54	26,512	50	5,415	16	10,147	26	23,997	40
- Contract Manufacturing	18,557	35	16,262	31	18,992	56	21,937	55	29,678	48
- Trading	2,424	5	3,982	8	4,656	14	6,314	16	5,409	9
Property Division	3,112	6	5,873	11	4,977	14	1,147	3	2,118	3
Total Group Revenue	52,276	100	52,629	100	34,040	100	39,545	100	61,202	100

Revenue Distribution by Key Market	2019		2020		2021		2022		2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Europe	28,831	55	26,603	51	25,011	73	31,648	8	43,543	71
Other countries	10,803	21	10,948	21	2,040	6	3,501	9	8,041	13
Total Exports	39,634	76	37,551	72	27,051	79	35,149	89	51,584	84
Malaysia	12,642	24	15,078	28	6,989	21	4,396	11	9,618	16
Total Group Revenue	52,276	100	52,629	100	34,040	100	39,545	100	61,202	100



Consumable Products Division

i. Trophy

For the financial year ended 31 March 2023, the trophy division achieved a sales revenue of RM24.00 million, representing a substantial growth compared to RM10.15 million in FY2022. The increase in revenue was attributed primarily to the lifting of COVID-19 restrictions in developed countries such as the United Kingdom, Italy, USA, and Australia. As a result, our overseas customers have gained confidence in placing orders and expanding their stock holdings. Additionally, the domestic market has displayed signs of rebound as the government has resumed all school and commercial activities.



ii. Contract Manufacturing

In FY2023, the contract manufacturing division achieved higher revenue of RM29.68 million, compared to RM21.94 million in the preceding year. The increase was attributed to customers increasing their inventory levels as they plan to transition some of their outsourced production from Asia back to their local facilities. Furthermore, the rise in revenue is also a result of significant price increases in metal and plastic resin, influenced by the ongoing Russia-Ukraine conflict, as well as higher labour costs.

iii. Trading

The trading division's revenue declined from RM6.31 million in FY2022 to RM5.41 million in FY2023. The reduction was mainly due to the unexpected outbreak of COVID-19 in several industrial areas in China, leading to production and delivery delays. Despite this, the group continued to engage in new product development projects with wholesalers in the United Kingdom. However, due to the instability of the British Pound and sluggish economy, many projects took longer time to conclude.



MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

Property Development

The property division posted a higher revenue of RM2.12 million as compared to RM1.15 million in the preceding year. This growth can be attributed to the government's proactive policy changes aimed at strengthening the housing market, which have improved buyer confidence.

Group Profit/(Loss) Before Tax

The Group posted a profit before tax ("PBT") of RM1.41 million for FY2023 as compared to a loss before tax ("LBT") of RM1.27 million in the preceding year. The increase in PBT was primarily attributed to the higher sales revenue of the trophy and contract manufacturing division, which amounted to RM53.68 million in FY2023, as compared to RM32.08 million in FY2022.

FINANCIAL POSITION

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Shareholders' Equity	43,860	45,186	44,379	46,159	49,457
Total Assets	82,847	81,104	74,588	79,129	86,602
Borrowings	9,453	7,894*	8,680*	9,729*	12,071*
Share Capital	18,144	18,801	20,555	23,218	23,524
Net Assets	43,860	45,186	44,379	46,159	49,457
Debts/Equity (%)	21.55	17.47	19.56	21.08	24.41
Net Assets Per Share (Sen)	0.43	0.43	0.39	0.38	0.40
Earnings/(Loss) Per Share (Sen)	0.56	0.57	(2.29)	(0.70)	0.30

* Including hire purchase creditors of approximately RM2.06 million and RM1.09 million for FY2023 and FY2022 respectively which were classified as lease liabilities due to adoption of MFRS 16

EQUITY AND LIABILITY**Capital Structure**

With a total of 845,000 shares being issued under the Employees' Share Option Scheme ("ESOS"), the total share capital of the Company increased to 123,592,721 shares, which amounted to RM23,523,647.

Borrowings

The borrowings (including hire purchase creditors which were classified as lease liabilities due to adoption of MFRS 16) of the Group in FY2023 were RM12.07 million as compared to RM9.73 million in FY2022. The increase is due to the drawdown of loans during the financial year.

In FY2023, the debt/equity ratio increased to 24.41% from 21.08% in FY2022. Despite the slight increase, the ratio still indicates a healthy cashflow management with a relatively low gearing ratio. The Group remains committed to maintaining a sound financial position that will facilitate the execution of strategic objectives and the creation of long-term value in the years ahead.

Dividend

The Board of Directors does not recommend any payment of dividend for the financial year ended 31 March 2023.



REVIEW OF OPERATING ACTIVITIES

Manufacturing of Consumable Products

a. Trophy and OEM Products

The trophy market has made a remarkable recovery in developed countries, nearing pre-Covid levels, and we are confident that this trend will continue worldwide. The surge in wholesales replenishing their stock levels is a promising indicator of market recovery.

To enhance our services for domestic customers, we have established a dedicated service and distribution centre in the Klang Valley. Furthermore, to streamline our operations and serve trophy wholesalers in Thailand more effectively and efficiently, the Group has formed a partnership with an established local trophy wholesaler to distribute our Emico trophy products.

Despite the challenges posed by the increase in material prices due to the Russia-Ukraine war and the rise in labour costs following government legislation, our OEM business remains stable. We are actively focused on enhancing productivity through automation, upgrading manufacturing facilities and implementing lean manufacturing to meet the growing demand and maintain our competitiveness.

The installation of new machinery has proven to be effective in improving efficiency and reducing energy costs, which have become particularly important in mitigating the significant rise in electricity costs.



b. Trading of Home Furnishing and Household Products

The Trading Division successfully materialized its new product development projects for United Kingdom customers during the last quarter of the financial year. Additionally, the division completed a product development project for an Irish customer, with orders received and shipments made.

Moreover, the trading of trophies and medals has demonstrated significant growth over the year, with our Swedish customer consistently placing monthly orders for both customized and standard product ranges.

c. Property Development Division

The Group sold two units of double-storey terrace houses in Bandar Mutiara Township and one unit of double-storey terrace house in Taman Batik Sungai Petani, Kedah. In addition, we have successfully sold 4 units of Belize Apartments in Taman Simfoni, Langkawi. We will continue to actively promote our remaining unsold completed units throughout the year.



ANTICIPATED AND KNOWN RISKS

Business Risk

The Group is exposed to external risks such as adverse economic and market conditions, as well as internal risks related to the Group's operations and financial management. It is important to recognize that the Group's actions to manage and mitigate external economic risks are limited. However, the Group has implemented a risk management framework to identify, manage, and mitigate internal operational risks. Procurement and operational procedures are in place and constantly reviewed to manage operational costs through improved efficiency and innovation. Additionally, continuous training and development strengthen the capabilities of the Group's human resources. Financial and cash flow risks are mitigated by maintaining sufficient cash reserves and ensuring the availability of credit facilities from financial institutions.



FORWARD LOOKING STATEMENT

The Group remains committed to expanding its market share and client base by venturing into new regions and diversifying our product range. This strategic approach allows us to enhance our value proposition and cater to a broader spectrum of potential customers. Notably, the ongoing US-China trade war has presented opportunities for the Group, as customers from the United States have redirected their orders and initiated new projects with us. This positive development has further contributed to our growth and success in the market.

Consumable Products Segment**a. Manufacturing of Consumable Products**

The market outlook for trophy and consumable products remains positive, with consistent demand from existing and new customers. Our main objective is to mitigate cost increases and maintain our competitiveness. Additionally, we aim to expand our manufacturing capacity and reduce production lead time.

We will focus on improving our distribution channels in Malaysia and Thailand to provide better service and shorter delivery times to our valued customers.

b. Trading of Home Furnishing and Household Products

The division's primary market segment, which is the furniture and home finishing market in the United Kingdom, is currently experiencing a promising rebound after a period of slow business activities. This presents abundant opportunities for the division to expand its business cooperation with both existing and new customers.

**c. Property Development Segment**

The property market in Malaysia poses ongoing challenges due to factors such as the high cost of living, oversupply of properties, affordability concerns, and the potential for interest rate hikes, which may hinder the growth in demand.

In response, the Group remains committed to conducting promotion activities to facilitate the sale of unsold completed units in both Bandar Mutiara, Sungai Petani, and Taman Simfoni in Langkawi, Kedah.

Furthermore, the Group will carefully evaluate the launch of new property projects, considering market conditions. Proactive measures will be implemented to enhance revenue and profitability within the property development division, ensuring a strategic approach to navigate the market landscape.



ABOUT THIS REPORT

Emico Group (“the Group”) acknowledges sustainability as one of the drivers of the Group’s continuous and long-term business activities. The Group is committed to continuously improving 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 distributing 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 the economic, environmental and social impact that are most material to both our organisation and stakeholders for the financial year ended 31 March 2023.

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 fulfill their expectations 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

A list of potential sustainability matters was 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:

MATERIALITY MATRIX



Aspects	Material Matters for FY2023	
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



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 a direct economic value of RM61.2 million and distributed a total economic value of RM60.6 million in the areas of operating cost, employees' wages and benefits, interests, and taxes. The following table provides the breakdown of this summary:

	FY2023 RM'000	FY2022 RM'000
Economic value distributed	61,202	39,545
Our Supplier: Operating Costs	47,872	32,484
Our Employees: Wages & Benefits	11,353	7,851
Our Lenders: Payment to Lenders	569	475
The Government: Payment to/ (Refund from) Government	821	(99)
Total	60,615	40,711

Certification

The Group places high importance on product quality to increase customer 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 is 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 the 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 the plastic moulding process to produce all our plastic trophy components.

	FY2023	FY2022
Usage of Recycle ABS (tons per annum)	132	110
Assumed Saving in barrels of petroleum	660 barrels	550 barrels
Assumed Saving in CO ₂	211 barrels	176 barrels

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, and 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 FY2023, Emico is able to save 660 barrels of petroleum and 211 tonnes of CO₂, with the usage of 132 tonnes of Recycled ABS resin.



SOCIAL SUSTAINABILITY: SOCIAL ACCOUNTABILITY

Occupational Health & Safety

The Group is committed to ensure a safe and healthy workplace for all our employees. Since 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 the Ministry of Health and the 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 the 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

	FY2023	FY2022
Annual Staff Hiring Rate	57.47%	35.98%
Annual Staff Turnover Rate	31.67%	32.93%
No. of staff at beginning of the year	164	159
No. of staff recruited during the year	127	59
No. of staff left during the year	70	54
No. of staff at the end of the year	221	164

Employee Gender Composition by Level

	FY2023				FY2022			
	Female	Male	Total	% Female	Female	Male	Total	% Female
Managerial	13	12	25	52.00	12	15	27	44.44
Executives	14	12	26	53.85	14	10	24	58.33
Non-executives	30	140	170	17.65	27	86	113	23.89
Total	57	164	221	25.79	53	111	164	32.32

	FY2023		FY2022	
	No of Staff	%	No of Staff	%
Under 30	107	48.41	59	35.98
30 to 50	83	37.56	74	45.12
Above 50	31	14.03	31	18.90
Total employees	221	100.00	164	100.00



DIVERSITY & EQUAL OPPORTUNITY (Cont'd)

Employee Nationality Composition

	FY2023		FY2022	
	No of Staff	%	No of Staff	%
Malaysian	115	52.04	111	67.68
Non-Malaysian	106	47.96	53	32.32
Total	221	100.00	164	100.00

Employment



The Group believes that a 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 employees;
- Creating a safe and conducive working environment for our employees to cultivate a sense of belonging and 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 advertisements via online platform to encourage the local communities to be part of the Group;
- Same career progression opportunity for everyone who is competent and contributes 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 on time.

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



Penang Bridge International Marathon 2023



Malaysia Gifts Fair



50th Anniversary Promotional Event



Futsal Friendly Match



Training & Development Program



Environment Aspect - Impact Identification



Basic First Aid PCR Training



Lean Manufacturing Training



Fire Fighting Training



Charity Fundraising Event - Food Fair



Donation to School



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 the 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 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 is appointed by the Board from among its members, comprises of two (2) members of which are Independent Non-Executive Directors and one (1) member of which is a non-independent non-executive director.

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.



MEMBERSHIP AND MEETINGS (Cont'd)

Membership (Cont'd)

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

Meetings

During the financial year ended 31 March 2023, the Committee held meetings on 24 May 2022, 21 June 2022, 18 August 2022, 23 November 2022 and 23 February 2023 respectively, making a total of five (5) meetings.

Name	Designation	Independence Status	Attendance of meetings
Ng Hong Kiat @ Ng Han Kiat##	Member	Independent Non-Executive Director	5/5
Kee Chei Hen*	Member	Independent Non-Executive Director	4/4
Dato' Jimmy Ong Chin Keng**	Member	Non-Independent Non-Executive Director	2/2
Ng Chee Kong#	Member	Independent Non-Executive Director	1/1
Wong Sew Yun^	Member	Independent Non-Executive Director	5/5
Wong Thai Sun^	Chairman	Independent Non-Executive Director	5/5

* Appointed as Independent Non-Executive Director on 24 May 2022

** Appointed as Non-Independent Non-Executive Director on 25 September 2022

Appointed as Chairman on 1 April 2023

Resigned as Independent Non-Executive Director on 24 May 2022

^ Resigned as Independent Non-Executive Director on 1 April 2023

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 the 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 cooperation given by the Company's officers to the external and internal auditors.



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 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.
- to review any related party transactions that may arise within the Company or the Group.
- to consider the 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 2023, the Committee held meetings on 24 May 2022, 21 June 2022, 18 August 2022, 23 November 2022 and 23 February 2023 respectively, making a total of five (5) 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, a summary of work undertaken by the Committee included the following:

1. Financial reporting

- Reviewed the quarterly financial results and announcements as well as annual financial statements of the Group prior to recommending the same for approval by the Board;
- Reviewed 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 the 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;
- Discussed and reviewed the audit findings and opinions, the Auditors' 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 audit were discussed with Management and resolved, wherever possible, or held for further monitoring and resolution in the future;



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

3. External Audit (Cont'd)

- Held a private session with external auditors without the presence of Executive Directors and Management of the Group; and
- 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 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 complied 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 2023 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 2023, audit visits were conducted in all active subsidiaries of the Group.

The audit activities were as follows:

- a) ascertaining the extent of compliance with the established policies, procedures and statutory requirements;
- b) reviewing new systems and modified systems to ensure that proper controls exist in the systems or where certain necessary controls were absent, prescribe controls before implementation; and
- c) 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 ensuring 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 48 Practices of the Malaysian Code on Corporate Governance ("Code" or "MCCG") for the financial year ended 31 March 2023 ("FY2023") 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 the Group are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organisation and significant policies of the Group. The Board also sets the Group's core values, adopts proper standards to ensure that the Group 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 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 Group'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.
- **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.



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)

- **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 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 the Board on 23 May 2023 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**
The Group is advocates openness and transparency in its commitment to the highest standard of integrity and accountability. The Integrity Hotline has 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. The 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**
The 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.

II. Board Composition

There are currently five (5) Directors on the Board. Two (2) are Independent Non-Executive Directors, one (1) is Non-Independent Non-Executive Director 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. 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 14 to 17 of this Annual Report.

The Non-Executive 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.



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

II. Board Composition (Cont'd)

Directorate	Name of Director	No. of Attendance during the year			
		Board	ARMC	NC	RC
Executive Chairman	Lim Teck Chye	5/5			
Executive Director	Lim Lay Khim#	2/2			
Non-Independent Non-Executive Director	Dato' Jimmy Ong Chin Keng*	5/5	2/2	1/1	1/1
Independent Non-Executive Director	Ng Hong Kiat @ Ng Han Kiat	5/5	5/5	3/3	1/1
Independent Non-Executive Director	Kee Chei Hen##	4/4	4/4	2/2	1/1
Independent Non-Executive Director	Ng Chee Kong^	1/1	1/1	1/1	
Independent Non-Executive Director	Wong Sew Yun**	5/5	5/5	3/3	
Independent Non-Executive Director	Wong Thai Sun**	5/5	5/5	3/3	1/1

Appointed as Independent Non-Executive Director on 24 May 2022

Appointed as Executive Director on 25 September 2022

* Redesignated as Non-Independent Non-Executive Director on 25 September 2022

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

** Resigned as Independent Non-Executive Director on 1 April 2023

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 two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director on the Board, there is a balance of power and authority in the Board.

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 three (3) 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.
- Reviewed the term of office and performance of the ARMC.
- Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees. The assessment is conducted via the Assessment Sheet for each member of the Board and the Independent Directors of the Company. The assessment of independence serves as a form of attestation by the Independent Directors that they are able to exercise independent judgement, impartiality and objectivity in the best interest of the Company.
- 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.
- Noted the training attended by Directors for disclosure in the CG Overview Statement for publication in the Annual Report.



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)

- g) Recommended for Directors to attend training or seminars.
- h) 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.

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 FY2023 encompassed various topics as outlined below:

Lim Teck Chye

- Excel Advance – 21 April 2022
- Lean Manufacturing Training – 28 & 29 July 2022
- Lean Manufacturing - 5S Training – 14 & 15 September 2022

Lim Lay Khim

- Bursa Malaysia Mandatory Accreditation Programme (MAP) – 21 & 22 November 2022

Dato' Jimmy Ong Chin Keng

- Audit Committee - Audit Oversight Board conversation with Audit committee – 7 April 2022
- Unlocking ESG program – 17 May 2022
- Industry 4.0 Technology adoption in Malaysia briefing – 10 February 2023

Wong Sew Yun

- Risk Management: How To Analyse & Manage Risks In Business Processes & Decisions – 28 March 2023

Wong Thai Sun

- MIA Webinar Series: Detecting & Deterring Financial Statement Fraud – 24 June 2022
- MIA Webinar Series: Modified Auditors Opinion Vs Modified Audit Report – 26 October 2022
- MIA Webinar Series; ISQM Implementation Part 1 - Risk Assessment: Determining Quality Risks for SOQM – 3 & 4 November 2022
- MIA Webinar Series: ISQM Implementation Part 2 - formulating the Firm's ISQM Manual-Policies and Procedures – 24 & 25 November 2022
- MIA Webinar Series : ISQM Implementation Part 3 - Forms and Other Documentation – 1 December 2022

Ng Hong Kiat @ Ng Han Kiat

- AOB's conversation with Audit Committee – 7 April 2022
- MIRA Webinar - Everything Investor Relations Managers Need To Know About ESG Reporting – 26 April 2022
- MIRA Webinar - What Should Investor Relations Know About Section 17A-MACC Act 2009 – 17 August 2022

Kee Chei Hen

- Bursa Malaysia Mandatory Accreditation Programme (MAP) – 23, 24 & 25 August 2022



CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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 Directors 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 Non-Executive Directors, for the financial year ended 31 March 2023 is as follows:

	Fee (RM)	Salaries & Bonus (RM)	Other Emoluments (RM)	Total (RM)
<u>Executive Directors</u>				
Lim Teck Chye (<i>Executive Chairman</i>)	24,000	537,500	177,081	738,581
Lim Lay Khim @ Appointed on 25 September 2022 (<i>Executive Director</i>)	12,000	84,500	25,242	121,742
Dato' Jimmy Ong Chin Keng @ Resigned on 25 September 2022 (<i>Executive Director</i>)	12,000	120,000	91,104	223,104
<u>Non-Executive Directors</u>				
Ng Hong Kiat @ Ng Han Kiat (<i>Independent Non-Executive Director</i>)	24,000	-	9,000	33,000
Kee Chei Hen @ Appointed on 24 May 2022 (<i>Independent Non-Executive Director</i>)	24,000	-	7,500	31,500
Dato' Jimmy Ong Chin Keng @ Redesignated on 25 September 2022 (<i>Non-Independent Non-Executive Director</i>)	12,000	-	9,000	21,000
Ng Chee Kong @ Resigned on 24 May 2022 (<i>Independent Non-Executive Director</i>)	-	-	1,500	1,500
Wong Sew Yun @ Resigned on 1 April 2023 (<i>Independent Non-Executive Director</i>)	24,000	-	10,500	34,500
Wong Thai Sun @ Resigned on 1 April 2023 (<i>Independent Non-Executive Director</i>)	24,000	-	14,000	38,000
Total	156,000	742,000	344,927	1,242,927

The Remuneration (including salary, bonus, allowances, benefit-in-kind and other emoluments) of top four (4) 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	Julie Ong Lye Im	Director of Warehouse
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
RM50,000 to RM100,000	Darren Lim Yan Da	Director of Operation

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



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 has one (1) female Director which complies with Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Notwithstanding that, the Board will remain mindful of the gender diversity practice advocated by the MCCG.

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 5 times during the year under review, are summarised in the Audit and Risk Management Committee Report and its Terms of Reference as stated on page 36 of this Annual Report. Members of the ARMC are as indicated on page 37 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 48 to 49 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

The Group'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 the Group's performance.

Group Corporate Website

The 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 the Group's corporate profile, individual profiles of directors, financial results, annual reports, corporate news and the Group'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 the Group to Bursa Malaysia on the latter's website (www.bursamalaysia.com).



PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)**I. Communication with Stakeholders (Cont'd)****Annual Report**

The 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 the Group'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 28 June 2023.



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 2023 set out on pages 61 to 126, 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, information technology 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.



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;
- 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 28 June 2023.



ADDITIONAL COMPLIANCE INFORMATION

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

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 March 2023.

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 2023 are as follows:

- a) Audit fees incurred on a group basis is RM127,500.
- b) The amount of non-audit fees incurred on a group basis is RM7,200.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

Other than those related party transactions disclosed in Note 30 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.

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 a duration of five years commencing from the date of implementation on 10 January 2020, unless extended further.

During FY2023, the total number of ESOS granted, exercised, forfeited and outstanding are set out below:

Description	Number of options
Outstanding options as at 1 April 2022	11,214,458
Exercised during the financial year	(845,000)
Forfeited during the financial year	(452,000)
Outstanding options as at 31 March 2023	9,917,458

The total number of options granted to the Directors, Senior Management and other eligible employees, and outstanding options as at 31 March 2023 was set out in the table below:

For the financial year ended 31 March 2023	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	(1,760,000)	(1,813,000)	(3,900,600)	(7,473,600)
Number of options forfeited	-	-	(759,100)	(759,100)
Number of options outstanding	781,215	2,560,000	6,576,243	9,917,458

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

The number of options granted to Independent Non-Executive and Non-Independent Non-Executive Directors in respect of the financial year ended 31 March 2023 was as follows:

Director	Number of options granted
Ng Hong Kiat @ Ng Han Kiat	-
Kee Chei Hen	-
Dato' Jimmy Ong Chin Keng	-



DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are mainly manufacturing and trading of consumable products, property development and investment holding. Further details of the subsidiaries are disclosed in Note 9 to the financial year.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	<u>586,652</u>	<u>(462,614)</u>
Profit/(Loss) attributable to:		
Owners of the parent	367,665	(462,614)
Non-controlling interests	<u>218,987</u>	<u>0</u>
	<u>586,652</u>	<u>(462,614)</u>

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 122,747,721 to 123,592,721 by way of 845,000 options exercised under Employees' Share Option Scheme ('ESOS') at an exercise price of RM0.2298 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.

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;



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

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

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

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

Grant date	Option price	Number of options over ordinary shares				
		Balance as at 1.4.2022	Exercised	Forfeited*	Balance as at 31.3.2023 [^]	Exercisable as at 31.3.2023
25 March 2020	RM0.0765	802,300	0	(82,000)	720,300	720,300
23 March 2022	RM0.2298	10,412,158	(845,000)	(370,000)	9,197,158	1,763,040
		<u>11,214,458</u>	<u>(845,000)</u>	<u>(452,000)</u>	<u>9,917,458</u>	<u>2,483,340</u>

* Due to resignation

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

DIRECTORS

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

Emico Holdings Berhad

Lim Teck Chye*

Ng Hong Kiat @ Ng Han Kiat

Dato' Jimmy Ong Chin Keng

Kee Chei Hen

(Appointed on 24 May 2022)

Lim Lay Khim*

(Appointed on 25 September 2022)

Ng Chee Kong

(Resigned on 24 May 2022)

Wong Thai Sun

(Resigned on 1 April 2023)

Wong Sew Yun

(Resigned on 1 April 2023)



DIRECTORS' REPORT (Cont'd)

DIRECTORS (Cont'd)

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

Abdul Rahman Bin Haji Din
Darren Lim Yan Da (Appointed on 25 September 2022)
Tan Chin Peng (Resigned on 26 September 2022)

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 2023 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 1-4-2022	Bought	Sold	Balance as at 31-3-2023
Shares in the Company				
<u>Direct interests:</u>				
Dato' Jimmy Ong Chin Keng	500,000	500,000	0	1,000,000
Lim Teck Chye	24,948,647	1,409,600	0	26,358,247
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 1-4-2022	Bought	Sold	Balance as at 31-3-2023
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



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

	[----- Number of options over ordinary shares -----]			Balance as at 31-3-2023
	Balance as at 1-4-2022	Granted	Exercised	

Share options in the Company

Dato' Jimmy Ong Chin Keng	500,000	0	(500,000)	0
Lim Teck Chye	1,041,215	0	(260,000)	781,215

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

- 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
- certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

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 above.

DIRECTORS' REMUNERATION

The fees and other benefits of the Directors who held office during the financial year ended 31 March 2023 are as follows:

	Group RM	Company RM
Director's fee	156,000	156,000
Salaries, bonuses and allowances	742,000	537,500
Contribution to defined contribution plans	91,345	63,175
Social security contribution	2,882	1,441
Share options vested under ESOS	163,035	0
Other emoluments	87,665	56,375
	<u>1,242,927</u>	<u>814,491</u>

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 RM15,313.

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.

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

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

(III) AS AT THE DATE OF THIS REPORT

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 8 January 2023, there was a fire incident happened at manufacturing plants of Emico Penang Sdn. Bhd., a wholly-owned subsidiary of the Company. This has resulted in property, plant and equipment with carrying amount of RM63,103 and inventories of RM1,134,779 being written off during the financial year. These property, plant and equipment and inventories were fully insured and the Group expects a full recovery from the insurance compensation in the next financial year. This incident has no other material impact to the financial statements of the Group.



DIRECTORS' REPORT (Cont'd)**SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR**

On 3 May 2023, Emico Development Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement with Permodalan Kedah Berhad for the purchase of additional 20% equity interest in PKB-Operasi Tembaga Sdn. Bhd. for a total consideration of RM3,605,829.44. As at the date of this report, the proposed acquisition of equity interest is pending fulfilment of the salient terms of the Share Sale Agreement.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 March 2023 were as follows:

	Group RM	Company RM
Statutory Audit	129,457	48,500
Other services	2,500	2,500
	<u>131,957</u>	<u>51,000</u>

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

Lim Teck Chye
Director

Lim Lay Khim
Director

Penang
28 June 2023



STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 61 to 126 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 2023 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
28 June 2023

Lim Lay Khim
Director

STATUTORY DECLARATION

I, Tan Teong Yu (CA 41361), being the Officer primarily responsible for the financial management of Emico Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 126 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 28 June 2023

Tan Teong Yu
Director of Finance and Administration

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 2023 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 61 to 126.

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 2023, 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.

Impairment of trade receivables

The carrying amount of trade receivables of RM7,438,865 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.

We have determined that there are no key audit matters to communicate in our report of the audit of the financial statements of the Company.





INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF EMICO HOLDINGS BERHAD
(Registration No. 199101020015 (230326-D))
(Incorporated in Malaysia)

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.

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.

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 (Cont'd)

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: (Cont'd)

- (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.

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
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Penang
28 June 2023

Tan Chee Hean
03661/04/2024 J
Chartered Accountant



STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		Group		Company	
Note	2023 RM	2022 RM	2023 RM	2022 RM	
ASSETS					
Non-current assets					
Property, plant and equipment	5	14,489,190	13,759,227	0	0
Right-of-use assets	6	11,414,545	9,042,111	0	0
Investment property	7	138,667	145,167	0	0
Intangible assets	8	575,552	599,552	0	0
Investments in subsidiaries	9	0	0	31,168,648	30,217,813
Investments in an associate	10	173,004	32,957	0	0
Deferred tax assets	11	335,500	280,400	0	0
Other receivables	13	25,478	26,900	4,839,769	4,524,184
		27,151,936	23,886,314	36,008,417	34,741,997
Current assets					
Inventories	12	37,073,679	39,319,955	0	0
Trade and other receivables	13	12,472,979	11,677,171	1,514,344	2,318,337
Current tax assets		683,879	473,735	0	0
Cash and bank balances	14	9,219,723	3,771,738	29,395	7,940
		59,450,260	55,242,599	1,543,739	2,326,277
TOTAL ASSETS		86,602,196	79,128,913	37,552,156	37,068,274
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	23,523,647	23,217,757	23,523,647	23,217,757
Reserves	16	16,003,766	13,388,192	880,255	49,523
Retained earnings		9,929,260	9,553,201	2,859,546	3,313,766
		49,456,673	46,159,150	27,263,448	26,581,046
Non-controlling interests	9(e)	8,619,085	8,400,098	0	0
TOTAL EQUITY		58,075,758	54,559,248	27,263,448	26,581,046



STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT 31 MARCH 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
LIABILITIES					
Non-current liabilities					
Borrowings	17	4,100,674	3,978,875	0	0
Lease liabilities	6	2,041,268	910,692	0	0
Deferred tax liabilities	11	4,850,399	4,169,900	0	0
Other payables	18	0	0	8,662,013	8,820,044
		10,992,341	9,059,467	8,662,013	8,820,044
Current liabilities					
Trade and other payables	18	10,348,474	9,117,713	1,500,595	1,541,084
Contract liability	19	0	390,000	0	0
Borrowings	17	5,914,719	4,658,251	0	0
Lease liabilities	6	1,144,483	1,211,624	0	0
Current tax liabilities		126,421	132,610	126,100	126,100
		17,534,097	15,510,198	1,626,695	1,667,184
TOTAL LIABILITIES		28,526,438	24,569,665	10,288,708	10,487,228
TOTAL EQUITY AND LIABILITIES		86,602,196	79,128,913	37,552,156	37,068,274



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	22	61,201,870	39,544,963	492,000	456,000
Other income	23	735,368	2,145,962	153,984	0
Property development expenditure recognised		(856,543)	(939,906)	0	0
Changes in inventories of finished goods and work-in-progress		(473,409)	90,401	0	0
Purchase of finished goods		(12,950,110)	(9,203,396)	0	0
Raw materials and consumables used		(25,717,662)	(18,278,526)	0	0
Employee benefits expense	24	(11,352,810)	(7,851,010)	(814,491)	(822,906)
Depreciation of property, plant and equipment	5	(991,964)	(1,037,327)	0	0
Depreciation of right-of-use assets	6	(1,685,471)	(1,459,369)	0	0
Amortisation of investment property	7	(6,500)	(6,500)	0	0
Amortisation of intangible assets	8	(24,000)	(6,000)	0	0
Finance costs	27	(569,091)	(475,133)	0	0
Net losses on impairment of trade and other receivables		(171,828)	(48,006)	(76,415)	(225,419)
Share of result of an associate, net of tax	10(f)	70,768	(226)	0	0
Other expenses		(5,800,539)	(3,740,997)	(217,692)	(648,136)
Profit/(Loss) before tax		1,408,079	(1,265,070)	(462,614)	(1,240,461)
Taxation	28	(821,427)	99,167	0	0
Profit/(Loss) for the financial year		586,652	(1,165,903)	(462,614)	(1,240,461)
Other comprehensive income/ (loss), net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		17,891	(8,589)	0	0
Item that will not be reclassified subsequently to profit or loss					
Revaluation surplus on property, plant and equipment and right-of-use assets		1,766,951	0	0	0
Total comprehensive income/ (loss)		2,371,494	(1,174,492)	(462,614)	(1,240,461)



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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) attributable to:					
Owners of the parent		367,665	(862,472)	(462,614)	(1,240,461)
Non-controlling interests	9(e)	218,987	(303,431)	0	0
		586,652	(1,165,903)	(462,614)	(1,240,461)
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		2,152,507	(871,061)	(462,614)	(1,240,461)
Non-controlling interests	9(e)	218,987	(303,431)	0	0
		2,371,494	(1,174,492)	(462,614)	(1,240,461)
Profit/(Loss) per ordinary share attributable to equity holders of the Company (Sen):					
Basic	29(a)	0.2985	(0.7031)		
Diluted	29(b)	0.2930	*		

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



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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	2,637,000	0	0	0	0	2,637,000	0	2,637,000
Issuance of ordinary shares pursuant to ESOS exercised	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 2023

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 2022	23,217,757	13,313,087	49,523	25,582	9,553,201	46,159,150	8,400,098	54,559,248
Profit for the financial year	0	0	0	0	367,665	367,665	218,987	586,652
Foreign currency translations	0	0	0	17,891	0	17,891	0	17,891
Revaluation surplus on property, plant and equipment and right-of-use assets	0	1,766,951	0	0	0	1,766,951	0	1,766,951
Total comprehensive income	0	1,766,951	0	17,891	367,665	2,152,507	218,987	2,371,494
Transactions with owners								
Issuance of ordinary shares pursuant to ESOS exercised	305,890	0	(111,709)	0	0	194,181	0	194,181
Share options vested under ESOS	0	0	950,835	0	0	950,835	0	950,835
Transfer of share options reserve to retained earnings upon lapse of ESOS	0	0	(8,394)	0	8,394	0	0	0
Total transactions with owners	305,890	0	830,732	0	8,394	1,145,016	0	1,145,016
Balance as at 31 March 2023	23,523,647	15,080,038	880,255	43,473	9,929,260	49,456,673	8,619,085	58,075,758

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Company	Note	Share capital RM	Share options reserve RM	Retained earnings RM	Total equity RM
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 income, 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
Balance as at 1 April 2022		23,217,757	49,523	3,313,766	26,581,046
Loss for the financial year		0	0	(462,614)	(462,614)
Other comprehensive loss, net of tax		0	0	0	0
Total comprehensive loss		0	0	(462,614)	(462,614)
Transactions with owners					
Issuance of ordinary shares pursuant to ESOS exercised	15	305,890	(111,709)	0	194,181
Share options vested under ESOS		0	950,835	0	950,835
Transfer of share options reserve to retained earnings upon lapse of ESOS		0	(8,394)	8,394	0
Total transactions with owners		305,890	830,732	8,394	1,145,016
Balance as at 31 March 2023		23,523,647	880,255	2,859,546	27,263,448

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		1,408,079	(1,265,070)	(462,614)	(1,240,461)
Adjustments for:					
Amortisation of:					
- Investment property	7	6,500	6,500	0	0
- Intangible assets	8	24,000	6,000	0	0
Depreciation of:					
- Property, plant and equipment	5	991,964	1,037,327	0	0
- Right-of-use assets	6	1,685,471	1,459,369	0	0
Fair value adjustment on non-current amounts owing to subsidiaries	23	0	0	(153,984)	0
Gain on disposal of property, plant and equipment	23	0	(6,500)	0	0
Gain on lease termination	6(h)	0	(2,657)	0	0
Impairment losses on:					
- Trade receivables	13(l)	366,013	113,824	0	0
- Other receivables	13(m)	3,353	4,487	76,415	225,419
Interest expense	27	569,091	475,133	0	0
Interest income	23	(97,295)	(6,039)	0	0
Property, plant and equipment written off	5	63,103	0	0	0
Inventories written off	12(f)	1,134,779	0	0	0
Reversal of foreseeable loss on properties under development	23	0	(1,661,000)	0	0
Balance carried forward		6,155,058	161,374	(540,183)	(1,015,042)



STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Adjustments for (Cont'd):					
Balance brought forward		6,155,058	161,374	(540,183)	(1,015,042)
Reversal of impairment losses on trade receivables	13(l)	(197,538)	(70,305)	0	0
Share of result of an associate	10(f)	(70,768)	226	0	0
Share options vested under ESOS	24	950,835	0	0	0
Net of unrealised (gain)/loss on foreign exchange		(97,146)	35,666	0	0
Operating profit/(loss) before changes in working capital		6,740,441	126,961	(540,183)	(1,015,042)
Changes in working capital:					
- Inventories		1,111,497	92,635	0	0
- Trade and other receivables		(884,092)	(2,639,223)	411,993	(1,423,692)
- Trade and other payables		1,233,208	1,307,733	(44,536)	(227,585)
- Contract liability		(390,000)	390,000	0	0
Cash from/(used in) operations		7,811,054	(721,894)	(172,726)	(2,666,319)
Interest received		97,295	6,039	0	0
Tax paid		(988,174)	(223,373)	0	0
Tax refunded		16,196	45,229	0	0
Net cash from/(used in) operating activities		6,936,371	(893,999)	(172,726)	(2,666,319)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment					
		0	6,500	0	0
Purchase of:					
- Property, plant and equipment	5	(634,615)	(215,197)	0	0
- Right-of-use assets	6(i)	(246,192)	0	0	0
Acquisition of an associate	10(d)	0	(33,183)	0	0
Additional interest acquired in an associate	10(c)	(69,279)	0	0	0
Net cash used in investing activities		(950,086)	(241,880)	0	0



STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		16,811,220	12,115,931	0	0
Interest paid		(422,707)	(357,940)	0	0
Proceeds from issuance of ordinary shares pursuant to:					
- Private placement	15	0	2,637,000	0	2,637,000
- ESOS		194,181	14,505	194,181	14,505
Repayments of:					
- Borrowings		(15,328,693)	(10,699,670)	0	0
- Lease liabilities	6	(1,720,160)	(1,421,269)	0	0
Net cash (used in)/from financing activities		(466,159)	2,288,557	194,181	2,651,505
Net increase/(decrease) in cash and cash equivalents		5,520,126	1,152,678	21,455	(14,814)
Effects of exchange rate changes		32,119	(17,696)	0	0
Cash and cash equivalents at beginning of financial year		3,572,675	2,437,693	7,940	22,754
Cash and cash equivalents at end of financial year	14(d)	9,124,920	3,572,675	29,395	7,940



STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6) RM	Banker's acceptance (Note 17) RM	Term loans (Note 17) RM
Group			
Balance as at 1 April 2022	2,122,316	3,762,000	4,770,866
Cash flows	(1,720,160)	1,275,000	207,527
Non-cash flows:			
- Addition of right-of-use assets (Note 6)	2,637,211	0	0
- Unwinding of interest (Note 6)	146,384	0	0
Balance as at 31 March 2023	<u>3,185,751</u>	<u>5,037,000</u>	<u>4,978,393</u>
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 (Note 6)	117,193	0	0
- Lease termination (Note 6)	(51,690)	0	0
Balance as at 31 March 2022	<u>2,122,316</u>	<u>3,762,000</u>	<u>4,770,866</u>

The accompanying notes form an integral part of the financial statements



31 MARCH 2023

1. CORPORATE INFORMATION

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

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

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

The consolidated financial statements for the financial year ended 31 March 2023 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 28 June 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are mainly manufacturing and trading of consumable products, property development and investment holding. Further details of the subsidiaries are disclosed in Note 9 to the financial year.

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 32.1 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 2023

4. OPERATING SEGMENTS (Cont'd)

(a) Business segments

	Consumable products RM	Property development RM	Investment holding RM	Group RM
2023				
Revenue				
Total revenue	59,167,401	2,118,100	492,000	61,777,501
Inter/Intra-segment revenue	(83,631)	0	(492,000)	(575,631)
Revenue from external customers	59,083,770	2,118,100	0	61,201,870
Interest income	89,492	7,803	0	97,295
Finance costs	(531,599)	(37,492)	0	(569,091)
Net finance expense	(442,107)	(29,689)	0	(471,796)
Depreciation and amortisation	(2,594,123)	(113,812)	0	(2,707,935)
Segment profit/(loss) before tax	1,400,510	487,236	(479,667)	1,408,079
Tax Expenses	(690,032)	(131,395)	0	(821,427)
Other non-cash items:				
- impairment loss on trade and other receivables	(368,589)	(777)	0	(369,366)
- inventories written off	(1,134,779)	0	0	(1,134,779)
- property, plant and equipment written off	(63,103)	0	0	(63,103)
- reversal of impairment loss on trade and other receivables	197,538	0	0	197,538
- net of unrealised gain on foreign exchange	97,146	0	0	97,146
Additions to non-current assets other than financial instruments and deferred tax assets	3,518,018	0	0	3,518,018
Segment assets	54,637,100	30,344,054	601,663	85,582,817
Segment liabilities	20,391,433	2,610,421	547,764	23,549,618



31 MARCH 2023

4. OPERATING SEGMENTS (Cont'd)

(a) Business segments (Cont'd)

	Consumable products RM	Property development RM	Investment holding RM	Group RM
2022				
Revenue				
Total revenue	38,475,198	1,147,016	456,000	40,078,214
Inter/Intra-segment revenue	(77,251)	0	(456,000)	(533,251)
Revenue from external customers	<u>38,397,947</u>	<u>1,147,016</u>	<u>0</u>	<u>39,544,963</u>
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	<u>47,021,066</u>	<u>30,773,394</u>	<u>580,318</u>	<u>78,374,778</u>
Segment liabilities	<u>16,417,042</u>	<u>3,261,460</u>	<u>588,653</u>	<u>20,267,155</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

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:

	2023 RM	2022 RM
Revenue		
Total revenue for reportable segments	61,777,501	40,078,214
Elimination of inter/intra-segment revenue	<u>(575,631)</u>	<u>(533,251)</u>
Revenue of the Group per statements of profit or loss and other comprehensive income	<u>61,201,870</u>	<u>39,544,963</u>
Profit/(Loss) for the financial year		
Total profit/(loss) before tax for reportable segments	1,408,079	(1,265,070)
Taxation	<u>(821,427)</u>	<u>99,167</u>
Profit/(Loss) for the financial year	<u>586,652</u>	<u>(1,165,903)</u>
Asset		
Total assets for reportable segments	85,582,817	78,374,778
Tax assets	<u>1,019,379</u>	<u>754,135</u>
Assets of the Group per statements of financial position	<u>86,602,196</u>	<u>79,128,913</u>
Liabilities		
Total liabilities for reportable segments	23,549,618	20,267,155
Tax liabilities	<u>4,976,820</u>	<u>4,302,510</u>
Liabilities of the Group per statements of financial position	<u>28,526,438</u>	<u>24,569,665</u>

(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.

	2023 RM	2022 RM
Revenue from external customers		
Malaysia	9,617,971	4,395,909
Europe	43,543,303	31,647,761
Other countries	<u>8,040,596</u>	<u>3,501,293</u>
	<u>61,201,870</u>	<u>39,544,963</u>
Non-current assets		
Malaysia	<u>26,816,436</u>	<u>23,605,914</u>

(d) Major customers

Revenue from one (1) (2022: one (1)) major customer in the consumable products segment amounted to RM28,519,808 (2022: RM19,341,965) with revenue more than 10% of the Group's revenue.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.4.2022 RM	Revaluation RM	Additions RM	Written off RM	Depreciation charge for the financial year RM	Transfer from right-of-use assets (Note 6) RM	Translation adjustments RM	Balance as at 31.3.2023 RM
Carrying amount								
Buildings at 2023 valuation	10,615,006	1,150,432	0	0	(315,438)	0	0	11,450,000
Plant and machinery	409,407	0	446,064	(56,100)	(110,432)	0	(7)	688,932
Moulds	1,818,655	0	58,149	0	(363,324)	0	0	1,513,480
Motor vehicles	17,270	0	0	0	0	1	0	17,271
Office equipment, furniture and fittings	830,294	0	101,428	(7,001)	(174,498)	0	(12)	750,211
Tools, implements and equipment	1,591	0	0	0	(188)	0	0	1,403
Electrical installation and renovation	67,004	0	28,974	(2)	(28,084)	0	1	67,893
	13,759,227	1,150,432	634,615	(63,103)	(991,964)	1	(18)	14,489,190

	[-----At 31.3.2023-----]			
	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM
Buildings at 2023 valuation	0	11,450,000	0	11,450,000
Plant and machinery	2,297,540	0	(1,608,608)	688,932
Moulds	5,559,203	0	(4,045,723)	1,513,480
Motor vehicles	1,444,880	0	(1,427,609)	17,271
Office equipment, furniture and fittings	2,970,007	0	(2,219,796)	750,211
Tools, implements and equipment	1,871	0	(468)	1,403
Electrical installation and renovation	633,391	0	(565,498)	67,893
	12,906,892	11,450,000	(9,867,702)	14,489,190

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

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

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-----]				Carrying amount RM
	At cost RM	At valuation RM	Accumulated depreciation RM		
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

31 MARCH 2023

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

Company	[-----At 31.3.2023-----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment, furniture and fittings	<u>10,450</u>	<u>(10,450)</u>	<u>0</u>

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

- (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. 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 periods and rates are as follows:

Buildings	23 - 50 years
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%

- (c) The buildings of the Group were revalued on 31 March 2023 by the Directors based on valuation exercises carried out in March 2023 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	
	2023 RM	2022 RM
Buildings	<u>7,061,890</u>	<u>7,351,024</u>

- (d) As at the end of the reporting period, the buildings with carrying amounts of RM11,450,000 (2022: RM10,615,006) of the Group are charged to local banks as securities for banking facilities as disclosed in Note 17 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

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

(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 comparison method.

The comparison method of valuation entails separate valuations of the 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.





6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

Group	Balance as at 1.4.2022 RM	Revaluation RM	Additions RM	Depreciation charge for the financial year RM	Transfer to property, plant and equipment (Note 5) RM	Balance as at 31.3.2023 RM
Carrying amount						
Leasehold land at 2023 valuation	7,127,034	1,174,503	0	(301,537)	0	8,000,000
Plant and machinery	505,141	0	1,125,526	(209,663)	0	1,421,004
Office equipment	317,296	0	194,049	(132,100)	0	379,245
Motor vehicles	86,460	0	557,666	(116,420)	(1)	527,705
Rented premises	1,006,180	0	1,006,162	(925,751)	0	1,086,591
	9,042,111	1,174,503	2,883,403	(1,685,471)	(1)	11,414,545

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							
Leasehold land at 2019 valuation	7,428,572	0	0	(301,538)	0	0	7,127,034
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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities

Group	Balance as at 1.4.2022 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.3.2023 RM
Carrying amount					
Plant and machinery	325,092	921,000	(383,319)	38,228	901,001
Office equipment	327,531	194,049	(177,977)	19,645	363,248
Motor vehicles	438,993	516,000	(195,115)	31,670	791,548
Rented premises	1,030,700	1,006,162	(963,749)	56,841	1,129,954
	<u>2,122,316</u>	<u>2,637,211</u>	<u>(1,720,160)</u>	<u>146,384</u>	<u>3,185,751</u>

Group	Balance as at 1.4.2021 RM	Additions RM	Lease termination 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
	<u>2,079,787</u>	<u>1,398,295</u>	<u>(51,690)</u>	<u>(1,421,269)</u>	<u>117,193</u>	<u>2,122,316</u>

31 MARCH 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

	Group	
	2023 RM	2022 RM
Represented by:		
Current liabilities	1,144,483	1,211,624
Non-current liabilities	2,041,268	910,692
	<u>3,185,751</u>	<u>2,122,316</u>
Lease liabilities owing to financial institutions	2,055,797	764,085
Lease liabilities owing to non-financial institutions	1,129,954	1,358,231
	<u>3,185,751</u>	<u>2,122,316</u>

- (a) The Group leases a number of properties, plant and machinery, office equipment and motor vehicles in the location which it operates. The leases of properties, plant and machinery, office equipment and motor vehicles comprise only fixed payments over the lease terms.
- (b) 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 are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. 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	23 - 24 years
Plant and machinery	5 years
Motor vehicles	5 - 9 years
Rented premises	1 - 3 years
Office equipment	3 - 5 years

- (c) The leasehold land of the Group was revalued on 31 March 2023 by the Directors based on valuation exercises carried out in March 2023 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	
	2023 RM	2022 RM
Leasehold land	<u>3,107,217</u>	<u>3,241,008</u>

- (d) The leasehold land with carrying amount of RM8,000,000 (2022: RM7,127,034) of the Group is charged to a local bank as securities for banking facilities as disclosed in Note 17 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

- (e) 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.
- (f) As at 31 March 2023, certain motor vehicles of the Group with carrying amount of RM17,276 (2022: RM86,379) are registered in the names of certain Directors of the Group and third parties who hold them in trust for the subsidiaries.
- (g) 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.
- (h) The following are the amounts recognised in profit or loss:

	Group	
	2023 RM	2022 RM
Depreciation charge of right-of-use assets	1,685,471	1,459,369
Interest expense on lease liabilities (included in finance costs)	146,384	117,193
Gain on lease termination (included in other income)	0	(2,657)
Expense relating to short-term leases and leases of low-value assets (included in other expenses)	35,896	54,705
	1,867,751	1,628,610

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

	Group	
	2023 RM	2022 RM
Included in net cash from operating activities:		
Payment relating to short-term leases and leases of low-value assets	35,896	54,705
Included in net cash used in investing activities:		
Purchase of right-of-use assets	246,192	0
Included in net cash used in financing activities:		
Payment of lease liabilities	1,720,160	1,421,269
Total cash outflows for leases	2,002,248	1,475,974



31 MARCH 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)**The Group as lessee (Cont'd)****Lease liabilities (Cont'd)**

- (j) 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:

	Within five (5) years RM
Group	
2023	
Extension options expected not to be exercised	<u>30,000</u>
2022	
Extension options expected not to be exercised	<u>11,400</u>

- (k) Information on financial risks of lease liabilities is disclosed in Note 31 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	
	2023 RM	2022 RM
Less than one (1) year	156,000	156,000
One (1) to two (2) years	65,000	156,000
Two (2) to three (3) years	<u>0</u>	<u>65,000</u>
	<u>221,000</u>	<u>377,000</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

7. INVESTMENT PROPERTY

	Group	
	2023 RM	2022 RM
Building		
Carrying amount		
Balance as at 1 April 2022/2021	145,167	151,667
Amortisation charge for the financial year	<u>(6,500)</u>	<u>(6,500)</u>
Balance as at 31 March	<u>138,667</u>	<u>145,167</u>
As at 31 March		
Cost	325,000	325,000
Accumulated amortisation	<u>(186,333)</u>	<u>(179,833)</u>
Carrying amount	<u>138,667</u>	<u>145,167</u>

- (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	
	2023 RM	2022 RM
Building	<u>380,000</u>	<u>380,000</u>

- (c) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2023 and 31 March 2022.

- (d) Direct operating expenses arising from investment property during the financial year are as follows:

	Group	
	2023 RM	2022 RM
Maintenance fee	5,822	4,558
Quit rent and assessment	<u>2,196</u>	<u>735</u>



31 MARCH 2023

8. INTANGIBLE ASSETS

	Balance as at 1.4.2022 RM	Amortisation charge for the financial year RM	Balance as at 31.3.2023 RM
Group			
Carrying amount			
Goodwill on consolidation	551,552	0	551,552
Development of hydroponic system	48,000	(24,000)	24,000
	<u>599,552</u>	<u>(24,000)</u>	<u>575,552</u>

	<-----As at 31.3.2023----->		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Goodwill on consolidation	551,552	0	551,552
Development of hydroponic system	60,000	(36,000)	24,000
	<u>611,552</u>	<u>(36,000)</u>	<u>575,552</u>

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

- (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.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

8. INTANGIBLE ASSETS (Cont'd)

- (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	
	2023 RM	2022 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.

The recoverable amount of the goodwill are based on fair value less cost of disposal of the underlying assets, which are categorised as level 3 in the fair value hierarchy.

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 2023 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.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted shares		
At cost	44,441,162	44,441,162
Share options granted to employees of a subsidiary	1,378,851	428,016
	45,820,013	44,869,178
Less: Impairment losses	(14,651,365)	(14,651,365)
	31,168,648	30,217,813

- (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.



31 MARCH 2023

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(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		
		2023 %	2022 %	2023 %	2022 %	
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
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	79	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 2023

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		
		2023 %	2022 %	2023 %	2022 %	
<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) During the financial year, Emico Penang Sdn. Bhd. ('EPG') has increased its equity stake to 79% following its acquisition of additional 325,000 ordinary shares at an issue price of RM1.00 per share in the capital of Bayan Greentech Sdn. Bhd. ('BGSB') for a total consideration of RM325,000 by the way of conversion of debt.
- (d) In the previous financial year, the Group considers that it controls BGSB even though it owns 45% of the voting rights as 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.
- (e) 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
2023				
NCI percentage of ownership interest and voting interest	60.24%	40.00%		
Carrying amount of NCI (RM)	1,007,038	7,505,622	106,425	8,619,085
Profit/(Loss) allocated to NCI (RM)	420,987	(3,006)	(198,994)	218,987
Total comprehensive income/ (loss) allocated to NCI (RM)	420,987	(3,006)	(198,994)	218,987



31 MARCH 2023

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (e) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows: (Cont'd)

	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)

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

- (f) 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:

	2023 RM	2022 RM
PKB-Operasi Tembaga Sdn. Bhd.		
Assets and liabilities		
Non-current assets	90	776
Current assets	4,549,764	5,037,044
Non-current liabilities	(31,054)	(47,699)
Current liabilities	(2,847,091)	(4,017,259)
Net assets	1,671,709	972,862
Results		
Revenue	1,350,000	0
Profit/(Loss) for the financial year	698,849	(161,812)
Total comprehensive income/(loss)	698,849	(161,812)
Cash flows from operating activities	71,326	22,314
Cash flows used in financing activities	(18,397)	(18,396)
Net increase in cash and cash equivalents	52,929	3,918



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (f) 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: (Cont'd)

	2023 RM	2022 RM
NEB Development Berhad		
Assets and liabilities		
Non-current assets	326,027	333,304
Current assets	18,560,206	18,560,458
Current liabilities	<u>(122,179)</u>	<u>(122,194)</u>
Net assets	<u>18,764,054</u>	<u>18,771,568</u>
Results		
Revenue	0	0
Loss for the financial year	(7,514)	(27,551)
Total comprehensive loss	<u>(7,514)</u>	<u>(27,551)</u>
Cash flows from operating activities	<u>1,749</u>	<u>6,076</u>
Net increase in cash and cash equivalents	<u>1,749</u>	<u>6,076</u>

10. INVESTMENT IN AN ASSOCIATE

	2023 RM	Group 2022 RM
At cost		
Unquoted equity shares outside Malaysia	102,462	33,183
Share of post acquisition reserves	<u>70,542</u>	<u>(226)</u>
	<u>173,004</u>	<u>32,957</u>

- (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		Principal activity
		2023 %	2022 %	
<u>Associate of Emico Penang Sdn. Bhd.</u>				
Emico Trophy Co. Ltd. (‘ETC’)*	Thailand	49%	49%	Marketing of awards, trophy components, souvenir items and general trading

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



31 MARCH 2023

10. INVESTMENT IN AN ASSOCIATE (Cont'd)

- (c) During the financial year, Emico Penang Sdn. Bhd., a wholly owned subsidiary, completed additional capital injection into ETC for a total consideration of RM69,279.
- (d) 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.
- (e) Summarised financial information of the associate are as follow:

	2023 RM	2022 RM
Assets and liabilities		
Non-current assets	2,711	3,404
Current assets	609,715	453,592
Current liabilities	<u>(259,357)</u>	<u>(389,737)</u>
Net assets	<u>353,069</u>	<u>67,259</u>
Results		
Revenue	703,939	187,617
Profit/(Loss) for the financial year	144,425	(461)
Total comprehensive income/(loss)	<u>144,425</u>	<u>(461)</u>
Cash flow from/(used in) operating activities	40,447	(25,292)
Cash flow from financing activities	141,004	0
Cash flow used in investing activities	<u>0</u>	<u>(3,763)</u>
Net increase/(decrease) in cash and cash equivalents	<u>181,451</u>	<u>(29,055)</u>

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

	2023 RM	2022 RM
Carrying amount in the statement of financial position	<u>173,004</u>	<u>32,957</u>
Share of result of the Group		
Share of income/(loss) of the Group	70,768	(226)
Share of total comprehensive income/(loss) of the Group	<u>70,768</u>	<u>(226)</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

11. DEFERRED TAX

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

	2023 RM	Group 2022 RM
Balance as at 1 April 2022/2021	(3,889,500)	(4,040,485)
Recognised in profit or loss (Note 28)	(67,415)	150,985
Recognised in other comprehensive income	(557,984)	0
Balance as at 31 March	<u>(4,514,899)</u>	<u>(3,889,500)</u>
Presented after appropriate offsetting:		
Deferred tax assets	335,500	280,400
Deferred tax liabilities	<u>(4,850,399)</u>	<u>(4,169,900)</u>
	<u>(4,514,899)</u>	<u>(3,889,500)</u>

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

Deferred tax liabilities of the Group

	Property plant and equipment RM	Revaluation surplus of revalued properties RM	Total RM
Balance as at 1 April 2022	613,201	3,556,699	4,169,900
Recognised in profit or loss	250,300	(127,785)	122,515
Recognised in other comprehensive income	0	557,984	557,984
Balance as at 31 March 2023	<u>863,501</u>	<u>3,986,898</u>	<u>4,850,399</u>
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	<u>613,201</u>	<u>3,556,699</u>	<u>4,169,900</u>

Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances RM
Balance as at 1 April 2022	280,400
Recognised in profit or loss	55,100
Balance as at 31 March 2023	<u>335,500</u>
Balance as at 1 April 2021	178,500
Recognised in profit or loss	101,900
Balance as at 31 March 2022	<u>280,400</u>



31 MARCH 2023

11. DEFERRED TAX (Cont'd)

- (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	
	2023 RM	2022 RM	2023 RM	2022 RM
Unabsorbed capital allowances	272,555	280,010	1,352	1,352
Unused tax losses expiring on:				
- 31 March 2028	11,715,049	11,715,049	6,501,700	6,501,700
- 31 March 2029	751,211	751,211	751,211	751,211
- 31 March 2030	747,445	747,445	747,445	747,445
- 31 March 2031	182,816	182,816	168,522	168,522
- 31 March 2032	435,869	534,732	435,869	435,869
- 31 March 2033	446,003	0	362,965	0
	14,550,948	14,211,263	8,969,064	8,606,099

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 (10) consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of period of ten (10) years of assessment shall be disregarded.

12. INVENTORIES

	Group	
	2023 RM	2022 RM
At cost		
Raw materials	1,826,509	3,001,674
Work-in-progress	2,652,562	2,801,340
Finished goods	6,739,013	7,079,199
Developed properties	618,961	1,398,699
Properties under development	17,344,509	17,159,105
Land held for property development	7,502,125	7,409,938
	36,683,679	38,849,955
At net realisable value		
Developed properties	390,000	470,000
	37,073,679	39,319,955



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

12. INVENTORIES (Cont'd)

	Group	
	2023 RM	2022 RM

Included in properties under development are:

- Freehold land	385,996	385,996
- Leasehold land	1,754,480	1,754,480
- Development expenditure	15,204,033	15,018,629
	17,344,509	17,159,105

Included in land held for property development are:

- Freehold land	2,645,182	2,645,182
- Development expenditure	4,856,943	4,764,756
	7,502,125	7,409,938

- (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.
- (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) As at the end of each reporting period, the following are the amounts recognised as cost of sales:

	Group	
	2023 RM	2022 RM
Cost of inventories	32,694,853	27,237,179
Inventories written off	1,134,779	0



31 MARCH 2023

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Other receivables				
Amount owing by				
- a subsidiary	0	0	5,506,511	5,114,511
- a related party	30,000	30,000	0	0
	30,000	30,000	5,506,511	5,114,511
Less: Impairment losses				
Amount owing by				
- a subsidiary	0	0	(666,742)	(590,327)
- a related party	(4,522)	(3,100)	0	0
	(4,522)	(3,100)	(666,742)	(590,327)
Total non-current receivables	25,478	26,900	4,839,769	4,524,184
Current				
Trade receivables				
Third parties	5,044,940	5,716,268	0	0
Amounts owing by:				
- related parties	3,288,929	3,350,204	0	0
- an associate	100,575	230,095	0	0
	8,434,444	9,296,567	0	0
Less: Impairment losses on:				
- Third parties	(733,529)	(557,772)	0	0
- Related parties	(262,050)	(269,332)	0	0
	(995,579)	(827,104)	0	0
Total current trade receivables	7,438,865	8,469,463	0	0



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

13. TRADE AND OTHER RECEIVABLES (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current (Cont'd)				
Other receivables				
Other receivables	1,103,319	1,255,862	0	0
Amounts owing by:				
- subsidiaries	0	0	1,498,344	2,302,337
- related parties	1,010,372	728,854	0	0
Deposits	1,381,798	353,648	1,000	1,000
	3,495,489	2,338,364	1,499,344	2,303,337
Less: Impairment losses on:				
- Other receivables	(463,142)	(463,142)	0	0
- Amounts owing by related parties	(5,623)	(3,692)	0	0
	(468,765)	(466,834)	0	0
Total other receivables	3,026,724	1,871,530	1,499,344	2,303,337
Total current receivables	10,465,589	10,340,993	1,499,344	2,303,337
Prepayments	2,007,390	1,336,178	15,000	15,000
Total current trade and other receivables	12,472,979	11,677,171	1,514,344	2,318,337

- (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 (2022: 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 (2022: 120 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 amount 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.
- (g) Included in trade receivables is stakeholders' retention sum amounting to RM5,000 (2022: 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.



31 MARCH 2023

13. TRADE AND OTHER RECEIVABLES (Cont'd)

- (h) The currency exposure profile of total non-current and current receivables (excluding prepayments) is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	6,691,829	6,811,602	6,339,113	6,827,521
United States Dollar	3,415,644	3,267,644	0	0
Chinese Yuan	383,594	288,647	0	0
	10,491,067	10,367,893	6,339,113	6,827,521

- (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 2023

13. TRADE AND OTHER RECEIVABLES (Cont'd)

- (j) Lifetime expected loss provision for trade receivables as at 31 March 2023 and 31 March 2022 are as follows:

Group	Expected loss rate %	Gross carrying amount RM	Impairment RM
31 March 2023			
Current	2.67	4,011,903	107,227
Past due			
- 1 to 30 days	5.20	1,726,986	89,725
- 31 to 60 days	7.89	299,761	23,646
- 61 to 90 days	12.05	386,375	46,562
- 91 to 120 days	17.39	313,777	54,578
- More than 120 days	18.06	1,246,944	225,143
Credit impaired	100.00	448,698	448,698
		<u>8,434,444</u>	<u>995,579</u>
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
		<u>9,296,567</u>	<u>827,104</u>

- (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.

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.



31 MARCH 2023

13. TRADE AND OTHER RECEIVABLES (Cont'd)

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

Group	Lifetime ECL		Total allowance RM
	- not credit impaired RM	- credit impaired RM	
Balance as at 1 April 2022	488,952	338,152	827,104
Charge for the financial year	254,467	111,546	366,013
Reversal of impairment losses	(196,538)	(1,000)	(197,538)
Balance as at 31 March 2023	<u>546,881</u>	<u>448,698</u>	<u>995,579</u>
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	<u>488,952</u>	<u>338,152</u>	<u>827,104</u>

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

Group	Lifetime ECL - not credit impaired	
	2023 RM	2022 RM
Balance as at 1 April 2022/2021	469,934	465,447
Charge for the financial year	<u>3,353</u>	<u>4,487</u>
Balance as at 31 March	<u>473,287</u>	<u>469,934</u>
Company		
Balance as at 1 April 2022/2021	590,327	364,908
Charge for the financial year	<u>76,415</u>	<u>225,419</u>
Balance as at 31 March	<u>666,742</u>	<u>590,327</u>

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) Included in deposit is an amount of RM1,000,000 (2022: RM NIL), which relates to the consideration received on proposed acquisition of additional 20% equity interest in PKB-Operasi Tembaga Sdn. Bhd..
- (o) Information on financial risks of trade and other receivables is disclosed in Note 31 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

14. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	9,124,920	3,676,935	29,395	7,940
Deposits with licensed banks	94,803	94,803	0	0
	9,219,723	3,771,738	29,395	7,940

- (a) Included in the Group's cash and bank balances is an amount of RM708,444 (2022: RM700,974) 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 (2022: RM94,803) pledged as security for bank guarantees granted to subsidiaries.
- (c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	5,145,341	2,655,549	29,395	7,940
United States Dollar	3,925,809	1,051,624	0	0
Chinese Yuan	81,668	62,198	0	0
Thai Baht	1,147	1,121	0	0
Euro	65,401	886	0	0
Sterling Pound	357	360	0	0
	9,219,723	3,771,738	29,395	7,940

- (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	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	9,124,920	3,676,935	29,395	7,940
Deposits with licensed banks	94,803	94,803	0	0
Bank overdrafts included in borrowings (Note 17)	0	(104,260)	0	0
	9,219,723	3,667,478	29,395	7,940
Less: Deposits pledged to licensed banks	(94,803)	(94,803)	0	0
As per statements of cash flows	9,124,920	3,572,675	29,395	7,940



31 MARCH 2023

14. CASH AND BANK BALANCES (Cont'd)

- (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 31 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid with no par value:				
Balance as at 1 April 2022/2021	122,747,721	23,217,757	114,958,121	20,555,426
Issuance of ordinary shares pursuant to private placement	0	0	7,600,000	2,637,000
Issuance of ordinary shares pursuant to ESOS exercised	845,000	305,890	189,600	25,331
Balance as at 31 March	123,592,721	23,523,647	122,747,721	23,217,757

- (a) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 122,747,721 to 123,592,721 by way of 845,000 options exercised under Employees' Share Option Scheme ('ESOS') at an exercise price of RM0.2298 per ordinary share for cash.

In the previous 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 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 189,600 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.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

16. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable:				
Revaluation reserve	15,080,038	13,313,087	0	0
Share options reserve	880,255	49,523	880,255	49,523
Exchange translation reserve	43,473	25,582	0	0
	16,003,766	13,388,192	880,255	49,523

(a) Revaluation reserve

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

(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.



31 MARCH 2023

17. BORROWINGS

	Group	
	2023 RM	2022 RM
Current liabilities		
Secured:		
Bank overdrafts (Note 14)	0	104,260
Banker's acceptance	5,037,000	3,762,000
Term loans	877,719	791,991
	<u>5,914,719</u>	<u>4,658,251</u>
Non-current liabilities		
Secured:		
Term loans	4,100,674	3,978,875
Total borrowings		
Bank overdrafts (Note 14)	0	104,260
Banker's acceptance	5,037,000	3,762,000
Term loans	4,978,393	4,770,866
	<u>10,015,393</u>	<u>8,637,126</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) The borrowings of the Group are secured over by:
- (i) a legal charge over leasehold land and buildings as disclosed in Notes 6 and 5 to the financial statements; and
 - (ii) a corporate guarantee by the Company.
- (d) Fair value of the borrowings of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (e) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 31 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Non-current</u>				
Other payables				
Amounts owing to subsidiaries	<u>0</u>	<u>0</u>	<u>8,662,013</u>	<u>8,820,044</u>
<u>Current</u>				
Trade payables				
Third parties	5,153,426	4,492,179	0	0
Amounts owing to related parties	13,985	13,317	0	0
	5,167,411	4,505,496	0	0
Other payables				
Amounts owing to:				
- a subsidiary	0	0	1,000,000	1,000,000
- related parties	15,000	113,102	0	0
Other payables	1,554,736	1,658,066	19,596	57,685
Deposit received	1,016,655	300,000	0	0
Accruals	2,594,672	2,541,049	480,999	483,399
	5,181,063	4,612,217	1,500,595	1,541,084
Total current trade and other payables	10,348,474	9,117,713	1,500,595	1,541,084

- Trade and other payables are classified as financial liabilities measured at amortised cost.
- Trade payables (include amounts owing to related parties) are non-interest bearing and the normal trade terms granted to the Group comprise cash term and credit limit of up to 90 days (2022: cash term and credit limit of up to 90 days).
- Amounts owing to a subsidiary 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.
- Amounts owing to a subsidiary 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.
- The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.
- Included in accruals of the Group is retention sum on contracts amounting to RM315,602 (2022: RM316,252).



31 MARCH 2023

18. TRADE AND OTHER PAYABLES (Cont'd)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	8,734,258	6,815,385	10,162,608	10,361,128
United States Dollar	582,855	1,139,489	0	0
Chinese Yuan	1,029,121	1,128,548	0	0
Euro	2,240	34,291	0	0
	10,348,474	9,117,713	10,162,608	10,361,128

(h) Information on financial risks of trade and other payables is disclosed in Note 31 to the financial statements.

19. CONTRACT LIABILITY

	Group 2022 RM
Deferred revenue	390,000

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) The amount of RM390,000 (2022: RM nil) recognised in contract liability at the beginning of the financial year had been recognised as revenue during the financial year.
- (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 previous financial reporting period, are as follows:

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

20. CONTINGENT LIABILITIES

The Company provides corporate guarantees up to a total amount of RM18,474,051 (2022: RM18,177,007) to licensed banks for banking facilities granted to certain subsidiaries. The amount of the banking facilities utilised by the said subsidiaries totalled RM10,686,104 as at 31 March 2023 (2022: RM8,764,793).

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.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

20. CONTINGENT LIABILITIES (Cont'd)

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 2023 to be insignificant.

21. CAPITAL COMMITMENT

	Group	
	2023 RM	2022 RM
Capital expenditure for property, plant and equipment		
- Contracted but not provided for	251,132	1,125,526

22. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers:				
Transferred at a point in time:				
- Sale of goods	59,083,770	38,397,947	0	0
- Sale of completed properties	2,118,100	1,147,016	0	0
Other revenue:				
- Management services rendered	0	0	492,000	456,000
	61,201,870	39,544,963	492,000	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.



31 MARCH 2023

22. 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.

23. OTHER INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fair value adjustment on non-current amount owing to subsidiaries	0	0	153,984	0
Gain on disposal of property, plant and equipment	0	6,500	0	0
Gain on lease termination	0	2,657	0	0
Interest income	97,295	6,039	0	0
Realised gain on foreign exchange	89,705	0	0	0
Rental received from:				
- machinery	228,000	222,000	0	0
- premises	185,650	156,000	0	0
Reversal of foreseeable loss on properties under development	0	1,661,000	0	0
Unrealised gain on foreign exchange	97,146	50,389	0	0
Waiver of debts	1,074	4,438	0	0
Sundry income	36,498	36,939	0	0
	735,368	2,145,962	153,984	0

(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 2023

24. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fee	156,000	144,000	156,000	144,000
Wages, salaries, overtime and bonuses	7,918,444	6,473,216	589,000	603,848
Contributions to defined contribution plan	749,537	705,020	63,175	69,942
Social security contributions	128,266	97,220	1,441	1,255
Share options vested under ESOS	950,835	0	0	0
Other benefits	1,449,728	431,554	4,875	3,861
	11,352,810	7,851,010	814,491	822,906

25. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company				
Executive Directors				
Directors' fee	48,000	48,000	48,000	48,000
Salaries and other emoluments	726,047	824,020	501,316	554,964
Bonus	55,000	53,000	42,500	33,000
Share options vested under ESOS	163,035	0	0	0
Contributions to defined contribution plan	91,345	101,042	63,175	69,942
Total Executive Directors' remuneration	1,083,427	1,026,062	654,991	705,906
Non-executive Directors				
Directors' fee	108,000	96,000	108,000	96,000
Other emoluments	51,500	21,000	51,500	21,000
Total Non-executive Directors' remuneration	159,500	117,000	159,500	117,000
Total Directors' remuneration				
- fee	156,000	144,000	156,000	144,000
- other emoluments	1,086,927	999,062	658,491	678,906
	1,242,927	1,143,062	814,491	822,906
Directors of the subsidiaries				
Executive Directors				
- other emoluments	0	500	0	0



26. 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 2023

26. 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----->				
	Balance as at 1.4.2022	Exercised	Forfeited*	Balance as at 31.3.2023 [^]	Exercisable as at 31.3.2023
Grant date					
25 March 2022	802,300	0	(82,000)	720,300	720,300
23 March 2023	10,412,158	(845,000)	(370,000)	9,197,158	1,763,040
	<u>11,214,458</u>	<u>(845,000)</u>	<u>(452,000)</u>	<u>9,917,458</u>	<u>2,483,340</u>
Weighted average exercise price (RM)	<u>0.2180</u>	<u>0.2298</u>	<u>0.2020</u>	<u>0.2187</u>	<u>0.1853</u>
Weighted average remaining contractual life (months)	<u>33</u>				<u>21</u>

	<-----Number of options over ordinary shares----->					
	Balance as at 1.4.2021	Granted	Exercised	Forfeited*	Balance as at 31.3.2022 [^]	Exercisable as at 31.3.2022
25 March 2022	1,056,900	0	(189,600)	(65,000)	802,300	802,300
23 March 2023	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>

* 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 845,000 (2022: 189,600) ordinary shares at RM0.2298 (2022: RM0.0765) each. The related weighted average ordinary share price at the date of exercise was RM0.2961 (2022: 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



31 MARCH 2023

26. 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

27. FINANCE COSTS

	2023 RM	Group 2022 RM
Interest expense on:		
- bank overdrafts	1,757	134,315
- banker's acceptance	196,817	67,265
- lease liabilities	146,384	117,193
- term loans	224,063	152,451
- others	70	3,909
	<u>569,091</u>	<u>475,133</u>

28. TAXATION

	2023 RM	Group 2022 RM
Current tax expense based on profit/(loss) for the financial year	753,139	0
Underprovision of tax expense in prior years	873	51,818
	<u>754,012</u>	<u>51,818</u>
Deferred tax (Note 11):		
- relating to origination and reversal of temporary differences	90,400	(84,800)
- crystallisation of deferred tax liability on revaluation surplus	(127,785)	(127,785)
- underprovision in prior years	104,800	61,600
	<u>67,415</u>	<u>(150,985)</u>
	<u>821,427</u>	<u>(99,167)</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

28. TAXATION (Cont'd)

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 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 profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	<u>1,408,079</u>	<u>(1,265,070)</u>	<u>(462,614)</u>	<u>(1,240,461)</u>
Tax at the applicable tax rate of 24% (2022: 24%)	337,900	(303,600)	(111,000)	(297,700)
Tax effects in respect of:				
- expenses not deductible for tax purpose	470,336	560,477	60,900	200,800
- income not subject to tax	(46,297)	(496,477)	(37,000)	0
Annual crystallisation of deferred tax on revaluation surplus	(127,785)	(127,785)	0	0
Deferred tax assets not recognised during the financial year	110,100	154,800	87,100	96,900
Utilisation of deferred tax assets not recognised in prior year	(28,500)	0	0	0
Underprovision in prior years				
- income tax expense	873	51,818	0	0
- deferred tax expense	<u>104,800</u>	<u>61,600</u>	<u>0</u>	<u>0</u>
Total taxation for the financial year	<u>821,427</u>	<u>(99,167)</u>	<u>0</u>	<u>0</u>



31 MARCH 2023

28. 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			
2023			
Item that will not be reclassified subsequently to profit or loss			
Revaluation surplus on property, plant and equipment and right-of-use assets	<u>2,324,935</u>	<u>(557,984)</u>	<u>1,766,951</u>
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>17,891</u>	<u>0</u>	<u>17,891</u>
2022			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>(8,589)</u>	<u>0</u>	<u>(8,589)</u>

29. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(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	
	2023	2022
Profit/(Loss) for the financial year attributable to equity holders of the parent (RM)	<u>367,665</u>	<u>(862,472)</u>
Weighted average number of ordinary shares in issue	122,747,721	122,558,121
Effect of exercise of ESOS	<u>440,712</u>	106,091
Adjusted weighted average number of ordinary shares	<u>123,188,433</u>	122,664,212
Basic earnings/(loss) per ordinary share (sen)	<u>0.2985</u>	<u>(0.7031)</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

29. EARNINGS/(LOSS) PER SHARE (Cont'd)

(b) Diluted

Diluted earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(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.

	Group	
	2023	2022
Profit/(Loss) for the financial year attributable to equity holders of the parent (RM)	<u>367,665</u>	<u>(862,472)</u>
Weighted average number of ordinary shares in issue	<u>123,188,433</u>	<u>122,664,212</u>
Effect of exercise of ESOS	<u>2,301,958</u>	<u>299,500</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (unit)	<u>125,490,391</u>	<u>122,963,712</u>
Diluted earnings/(loss) per ordinary share (sen)	<u>0.2930</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.

30. 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 statements;
- (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.



31 MARCH 2023

30. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Subsidiaries				
Management fee received				
- Emico Development Sdn. Bhd.	0	0	84,000	228,000
- Emico Penang Sdn. Bhd.	0	0	348,000	228,000
- PKB-Operasi Tembaga Sdn. Bhd.	0	0	60,000	0
Associate				
Sales:				
- Emico Trophy Co. Ltd.	410,096	282,596	0	0
Related parties				
Purchases:				
- Century Plas Industry Sdn. Bhd.	3,252,846	3,264,101	0	0
- U-Can Marketing Sdn. Bhd.	7,500	1,275	0	0
- Emico (Vietnam) Co. Ltd.	5,181,061	1,641,876	0	0
Sales:				
- U-Can Marketing Sdn. Bhd.	5,420	11,202	0	0
- Emico (Vietnam) Co. Ltd.	485,997	248,103	0	0
Rental of machinery received:				
- Century Plas Industry Sdn. Bhd.	228,000	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



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

30. RELATED PARTY DISCLOSURES (Cont'd)

(b) (Cont'd)

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 2023 are disclosed in Notes 13 and 18 to the financial statements.

(c) Compensation of key management personnel

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

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short term employee benefits	1,613,022	1,684,456	751,316	752,964
Contributions to defined contribution plans	151,465	204,835	63,175	69,942
	<u>1,764,487</u>	<u>1,889,291</u>	<u>814,491</u>	<u>822,906</u>

31. 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.



31 MARCH 2023

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

(a) Capital management (Cont'd)

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 2023 and 31 March 2022 were as follows:

	Group	
	2023 RM	2022 RM
Borrowings	10,015,393	8,637,126
Lease liabilities	3,185,751	2,122,316
Less:		
Cash and bank balances	(9,124,920)	(3,676,935)
Deposits with licensed banks	(94,803)	(94,803)
Net debt	<u>3,981,421</u>	<u>6,987,704</u>
Total capital	49,456,673	46,159,150
Net debt	<u>3,981,421</u>	<u>6,987,704</u>
Equity	<u>53,438,094</u>	<u>53,146,854</u>
Gearing ratio	<u>7%</u>	<u>13%</u>

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 million. 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.



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

(b) Financial risk management (Cont'd)

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

(i) Credit risk

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

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

Exposure to credit risk

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

Credit risk concentration profile

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

	Group			
	2023		2022	
	RM	% of total	RM	% of total
By country:				
Malaysia	4,415,876	60%	4,533,762	54%
Sweden	915,715	12%	1,630,320	19%
United Kingdom	61,054	1%	643,835	8%
Vietnam	109,522	1%	395,715	5%
Italy	403,416	5%	314,398	4%
Poland	0	0%	262,033	3%
Thailand	102,128	1%	231,648	3%
Ireland	170,955	2%	186,098	2%
United States of America	930,145	13%	119,704	1%
France	201,189	3%	0	0%
Others	128,865	2%	151,950	1%
	7,438,865	100%	8,469,463	100%

At the end of the reporting period, approximately:

24.5% (2022: 19.0%) of the Group's trade receivables were due from major customers who are multi-industry conglomerates located in Sweden and United States of America (2022: Sweden and Italy).

40.7% (2022: 36.4%) of the Group's trade receivables were due from related parties.

99.9% (2022: 99.9%) of the Company's other receivables were due from subsidiaries.



31 MARCH 2023

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

(b) Financial risk management (Cont'd)

(ii) Liquidity and cash flow risk

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

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

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

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

	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
As at 31 March 2023				
Group				
Financial liabilities:				
Trade and other payables	10,348,474	0	0	10,348,474
Borrowings	6,102,693	3,991,001	533,904	10,627,598
Lease liabilities	1,307,913	2,152,850	85,804	3,546,567
Total undiscounted financial liabilities	17,759,080	6,143,851	619,708	24,522,639
Company				
Financial liabilities:				
Trade and other payables	1,500,595	10,638,034	0	12,138,629
Total undiscounted financial liabilities	1,500,595	10,638,034	0	12,138,629



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

31. 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. (Cont'd)

	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
As at 31 March 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	<u>15,244,613</u>	<u>4,766,086</u>	<u>603,347</u>	<u>20,614,046</u>
Company				
Financial liabilities:				
Trade and other payables	1,541,084	10,642,081	0	12,183,165
Total undiscounted financial liabilities	<u>1,541,084</u>	<u>10,642,081</u>	<u>0</u>	<u>12,183,165</u>

(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.



31 MARCH 2023

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

(b) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax and equity to a reasonably possible change in interest rates, with all other variables held constant.

	Profit/(Loss) after tax		Equity	
	2023 RM	2022 RM	2023 RM	2022 RM
Increased by 50 basis points (2022: 50 basis points)	38,058	32,821	0	0
Decreased by 50 basis points (2022: 50 basis points)	(38,058)	(32,821)	0	0

The sensitivity is higher in 2023 than in 2022 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.



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

- (b) Financial risk management (Cont'd)
- (iii) Interest rate risk (Cont'd)

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

Group	Note	Weighted average effective interest rates/incremental borrowing rate* %	Within					Total RM
			1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	
At 31 March 2023								
Fixed rates								
Deposits with licensed banks	14	3.35	94,803	0	0	0	0	94,803
Lease liabilities	6	3.82*	(1,144,483)	(739,011)	(580,596)	(467,977)	(170,642)	(3,185,751)
Floating rates								
Banker's acceptance	17	4.49	(5,037,000)	0	0	0	0	(5,037,000)
Term loans	17	4.24	(877,719)	(1,298,520)	(1,342,055)	(937,807)	(71,709)	(4,978,393)



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

31. 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)

Group	Note	Weighted average effective interest rates/incremental borrowing rate* %	Within						Total RM
			1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	
At 31 March 2022									
Fixed rates									
Deposits with licensed banks	14	3.35	94,803	0	0	0	0	0	94,803
Lease liabilities	6	4.24*	(1,211,624)	(552,456)	(197,618)	(89,566)	(40,224)	(30,828)	(2,122,316)
Floating rates									
Bank overdrafts	17	5.95	(104,260)	0	0	0	0	0	(104,260)
Banker's acceptance	17	2.88	(3,762,000)	0	0	0	0	0	(3,762,000)
Term loans	17	4.05	(791,991)	(815,121)	(849,548)	(885,434)	(922,882)	(505,890)	(4,770,866)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 MARCH 2023

31. 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 (USD), Chinese Yuan (CNY), Thai Baht, Euro and Sterling Pound) amounted to RM4,074,382 (2022: RM1,116,189) 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 USD, CNY and Euro.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's profit/(loss) net of tax and equity to reasonable possible change in the USD, CNY and Euro exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Profit/(Loss) after tax	
	2023 RM	2022 RM
USD/RM		
- Strengthened by 5%	256,827	(120,832)
- Weakened by 5%	(256,827)	120,832
CNY/RM		
- Strengthened by 5%	(21,427)	(29,553)
- Weakened by 5%	21,427	29,553
Euro/RM		
- Strengthened by 5%	2,400	1,269
- Weakened by 5%	(2,400)	(1,269)

Sensitivity analysis of other currencies to the Group's profit/(loss) net of tax are not disclosed as the fluctuation of those foreign exchange rates against the Group's functional currency are not significant.

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



32. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**32.1 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
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

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.

32.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</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 112 <i>International Tax Reform - Pillar Two Model Rules</i>	See MFRS 112 paragraph 98M
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
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 the future financial years.

33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 8 January 2023, there was a fire incident happened at manufacturing plants of Emico Penang Sdn. Bhd., a wholly-owned subsidiary of the Company. This has resulted in property, plant and equipment with carrying amount of RM63,103 and inventories of RM1,134,779 being written off during the financial year. These property, plant and equipment and inventories were fully insured and the Group expects a full recovery from the insurance compensation in the next financial year. This incident has no other material impact to the financial statements of the Group.

34. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

On 3 May 2023, Emico Development Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement with Permodalan Kedah Berhad for the purchase of additional 20% equity interest in PKB-Operasi Tembaga Sdn. Bhd. for a total consideration of RM3,605,829.44. As at the date of this report, the proposed acquisition of equity interest is pending fulfilment of the salient terms of the Share Sale Agreement.



ANALYSIS OF SHAREHOLDINGS

AS AT 7 JULY 2023

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	27	0.898	1,009	0.000
100 - 1,000	745	24.783	611,600	0.490
1,001 - 10,000	1,458	48.502	7,204,194	5.782
10,001 - 100,000	680	22.621	22,300,200	17.898
100,001 - 6,229,635 (*)	95	3.160	69,632,571	55.888
6,229,636 And Above (**)	1	0.033	24,843,147	19.939
TOTAL:	3,006	100.000	124,592,721	100.000

Remark : * - Less Than 5% Of Issued Shares
 ** - 5% And Above Of Issued Shares

SUBSTANTIAL SHAREHOLDINGS

Name	No. of Shares Held			
	Direct	%	Indirect	%
Lim Teck Chye	26,828,247	21.53	2,962,312 [^]	2.38
Lim Poh Hoon	112,000	0.09	29,678,559 [^]	23.82
Lim Teik Hian	-	-	29,790,559 [^]	23.91
Darren Lim Yan Da	-	-	29,790,559 [^]	23.91

[^] Deemed interested via shares held by Beng Choo Marketing Sdn. Bhd. and their family member namely, Lim Poh Hoon.

DIRECTORS' SHAREHOLDINGS

Name	No. of Shares Held			
	Direct	%	Indirect	%
Lim Teck Chye	26,828,247	21.53	2,962,312 [^]	2.38
Lim Lay Khim	412,000	0.33	-	-
Dato' Jimmy Ong Chin Keng	1,000,000	0.80	-	-
Kee Chei Hen	2,000	#	-	-

Note:

Negligible



LIST OF TOP 30 SHAREHOLDERS

AS AT 7 JULY 2023

NO.	NAME	HOLDINGS	%
1	LIM TECK CHYE	24,843,147	19.939
2	GAN PEI JOO	6,000,000	4.815
3	NEOH BOON TOE	6,000,000	4.815
4	LIEW KIT	5,849,300	4.694
5	LIEW CHOON	5,629,600	4.518
6	TAN KEAN AIK	2,388,500	1.917
7	LIM TECK CHYE	1,985,100	1.593
8	NEOH BOON YEW	1,982,800	1.591
9	CHAN SWEE SIANG	1,975,000	1.585
10	BENG CHOO MARKETING SDN. BHD.	1,964,212	1.576
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI</i>	1,960,000	1.573
12	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN HUI LUN (SMART)</i>	1,800,000	1.444
13	CHUAH CHOON BIN	1,600,000	1.284
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHAN MEI CHENG (E-BMM)</i>	1,436,500	1.152
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR FONG KOK SANG</i>	1,292,700	1.037
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)</i>	1,272,000	1.020
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEH BOON CHIEW</i>	1,264,700	1.015
18	TAN CHIN PENG	1,095,000	0.878
19	JIMMY ONG CHIN KENG	1,000,000	0.802
20	NEOH BOON YEW	949,600	0.762
21	CHUAH GUAN LEONG	942,500	0.756
22	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN KING TAI @ TAN KHOON HAI (SMART)</i>	903,100	0.724
23	WONG SEW YUN	895,859	0.719
24	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AWAN TRAVEL SDN.BHD. (SMART)</i>	890,600	0.714
25	VIP SERVICE SUITE SDN BHD	784,500	0.629
26	MERCSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR BENG CHOO MARKETING SDN BHD</i>	692,600	0.555
27	PANG LAN YIN	631,000	0.506
28	CHOW YING CHOON	600,000	0.481
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YAP KOK WEE</i>	575,000	0.461
30	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>RAKUTEN TRADE SDN BHD FOR NORHASLINA BINTI MOHD HANAFI</i>	539,000	0.432

TOTAL**79,742,318****64.002**

LIST OF PROPERTIES

AS AT 31 MARCH 2023

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	31 to 38	18,000	2023*
Unit 2-5-9 Harbour Trade Centre, Lebuh Macallum, Pulau Pinang	99-years Leasehold Expiring 2089	Office unit for rental	-	2,031	28	139	1992
Geran 127391 & 127392 Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	3 storey office building	2,800	7,394	15	1,450	2023*
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 31st Annual General Meeting (“**AGM**”) of Emico Holdings Berhad (“**Emico**” or “**the Company**”) will be held at The Conference Room of Emico, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Thursday, 14 September 2023 at 11.00 a.m. for the following purposes :-

AGENDA

ORDINARY BUSINESS

- | | | |
|----|--|------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon. | Please refer to Note 9 |
| 2. | To re-elect Mr. Ng Hong Kiat @ Ng Han Kiat, 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 Ms. Lim Lay Khim, a Director who retires pursuant with Article 110 of the Company’s Constitution and who, being eligible, offers herself for re-election. | Resolution 2 |
| 4. | To approve the payment of Directors’ fees of not exceeding RM100,000 to the Executive Directors of the Company for the financial year ending 31 March 2024. | Resolution 3 |
| 5. | To approve the payment of Directors’ fees of not exceeding RM150,000 to the Non-Executive Directors of the Company for the financial year ending 31 March 2024. | Resolution 4 |
| 6. | To approve the payment of Directors’ benefits up to an amount not exceeding RM100,000 payable to the Non-Executive Directors of the Company from the conclusion of the 31 st AGM until the conclusion of the next AGM of the Company. | Resolution 5 |
| 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 |

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications the following ordinary resolutions:-

- | | | |
|----|---|---------------------|
| 8. | AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | Resolution 7 |
|----|---|---------------------|

“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.

THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Article 64 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016.

THAT any one of the Executive Directors and/or Secretary of the Company be hereby 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.

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.”



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

Resolution 8

"THAT, subject to the Companies Act 2016 ("**CA 2016**"), 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."

10. 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: 31 July 2023

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 up to a maximum of 2 proxies to attend and vote at the same meeting.
- (3) Where a member appoints 2 proxies to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion 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 ("**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.
- (5) 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.



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES ON APPOINTMENT OF PROXY (Cont'd)

- (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, either 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 25 August 2023 (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) **Agenda 1 – Audited Financial Statements**

The Audited Financial Statements for the financial year ended 31 March 2023 will be laid to shareholders at the forthcoming 31st AGM of the Company pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, the Agenda 1 is not put forward for voting.

(10) **Agenda 2 and Agenda 3 – Re-election of Directors**

The Nominating Committee had assessed the performance and contribution of each of the retiring Directors seeking for re-election and was satisfied therewith. The Board had endorsed the Nominating Committee's recommendation to seek shareholders' approval for the re-election of the retiring Directors at the forthcoming 31st AGM of the Company. The retiring Directors had abstained from deliberations and decisions on their respective re-election at the Nominating Committee and Board meetings. The details and profiles of the Directors who are standing for re-election at the forthcoming 31st AGM are provided in the Company's Annual Report 2023.

(11) **Agenda 4 and Agenda 5 – Directors' Fees**

The Resolution 3 and 4, if passed, will enable the Company to pay Directors' fees to the Executive Directors and Non-Executive Directors of the Company for the financial year ending 31 March 2024 in accordance with Section 230(1) of the Companies Act 2016.

(12) **Agenda 6 – Directors' Benefits**

The Resolution 5, if passed, will enable the Company to pay 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; and these benefits may comprised of meeting allowances, trainings, accommodations, insurance and other emoluments and benefits-in-kinds.

(13) **Agenda 7 – Re-appointment of Auditors**

The Audit & Risk Management Committee and the Board had considered the re-appointment of Messrs. BDO PLT as Auditors of the Company. The Audit & Risk Management Committee and the Board collectively agreed and are satisfied that Messrs. BDO PLT meets the relevant criteria prescribed in Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTES ON SPECIAL BUSINESS

(14) **Agenda 8 - Authority to issue shares pursuant to Companies Act 2016**

The Resolution 7, if passed, will enable the Directors to allot and issue new 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.



NOTES ON SPECIAL BUSINESS (Cont'd)

(14) **Agenda 8 - Authority to issue shares pursuant to Companies Act 2016 (Cont'd)**

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, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

(15) **Agenda 9 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The Resolution 8, 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 31 July 2023, 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 31st 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 31st Annual General Meeting of the Company are set out in the Board of Directors' Profile section of this Annual Report 2023.
- 3) The details of the Directors' interests in the securities of the Company as at 7 July 2023 are set out in the Analysis of Shareholdings section of this Annual Report 2023.
- 4) The Resolution 7 tabled under Special Business as per the Notice of 31st Annual General Meeting of the Company dated 31 July 2023 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 22 September 2022.

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, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.



This page has been intentionally left blank.



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

PROXY FORM

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 31st 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 Thursday, 14 September 2023 at 11.00 a.m., and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Mr. Ng Hong Kiat @ Ng Han Kiat as a Director of the Company.		
2.	To re-elect Ms. Lim Lay Khim as a Director of the Company.		
3.	To approve the payment of Directors' Fees to Executive Directors.		
4.	To approve the payment of Directors' Fees to Non-Executive Directors.		
5.	To approve the payment of Directors' Benefits to Non-Executive Directors.		
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 obtain a renewal of 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....., 2023.

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

Notes:

1. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint up to a maximum of 2 proxies to attend and vote at the same meeting.
3. Where a member appoints 2 proxies to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion 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 ("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.
5. 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 Authorized Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
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, either 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 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.
8. Only a Depositor whose name appears on the Record of Depositors on 25 August 2023 (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

1st fold here



EMICO HOLDINGS BERHAD

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





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

Tel: 604-6438 501 Fax: 604-6448 198
E-mail: info@emico.com.my

www.emico.com.my