



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

SUMMARY OF KEY MATTERS DISCUSSED

SUMMARY OF KEY MATTERS DISCUSSED AT THE 29TH ANNUAL GENERAL MEETING OF EMICO HOLDING BERHAD (“**EMICO**” OR “**THE COMPANY**”) CONDUCTED FULLY VIRTUAL THROUGH LIVE STREAMING AND ONLINE PARTICIPATION AND VOTING USING REMOTE PARTICIPATION AND VOTING (“**RPV**”) FACILITIES VIA THE ONLINE MEETING PLATFORM OF TIIH ONLINE WEBSITE AT [HTTPS://TIIH.ONLINE](https://tiih.online) PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (DOMAIN REGISTRATION NO. WITH MYNIC: D1A282781) IN MALAYSIA ON FRIDAY, 24 SEPTEMBER 2021 AT 11.00 A.M.

Key matters discussed at the 29th AGM are summarised as follows:-

1) How is Emico keeping up with IR4.0?

Answer 1 - Since 2018, we have initiated several projects to modernize and upgrade our warehouse and manufacturing facilities. Such as, implementation of robotic and conveyor systems in our Plastic Injection Moulding department, revamp our warehouse, assembly and production floor.

Last year, Emico has adopted a new ERP system with aims to integrate all processes from costing, sales, supply chain, manufacturing, warehousing and accounting. This allows us to cut down and streamline on all the unnecessary manual and administrative works. Once the system is fully integrated, we will be able to optimize our production planning more efficiently using the real time data available from the system integration.

In addition, we have also embarked several projects with automation solutions to replace processes that are repetitive to increase the production output, improving quality and further cut down on manual labour.

As IR4.0 is an ongoing improvement project, we are committed to continue to pursue in the direction towards IR4.0.

2) What is the company future outlook for property development division?

Answer 2 - We were supposed to launch our landed property project in our Bandar Mutiara township last year but it has been postponed due to the pandemic. Our team is currently reviewing the project and relook into the right timing and strategy to launch the project, tentatively during Q3/Q4 of next year.

3) May I know, what is the company's future outlook?

Answer 3 - To refer our responses to MSWG questions

4) How much was the impact of the company due to MCO?

Answer 4 - To refer our responses to MSWG questions

5) How much was the cost saving of this virtual AGM as compared to the physical one?

Answer 5 - Not much savings as the Company also need to incur costs for virtual AGM.

6) Will the Board consider giving door gifts, such as e-voucher or e-wallet for those that have participated in this AGM?

Answer 6 - No door gifts for this AGM, we will consider the door gifts in coming AGM if the Company is able to conduct the physical AGM

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Questions from Minority Shareholders Watch Group (MSWG) and the Company's responses during the AGM are as follows:

No.	Questions	Company's Responses
1.	<p><u>Strategy & Financial Matters</u></p> <p>The Company sank into its first loss before tax position of RM2.98 million in the last financial years for FYE2021 mainly due to the lethargic business conditions brought about by the pandemic. (Page 4 of AR 2021)</p> <p>What are the Company's plans to turn around its loss-making position in FYE 2022?</p>	<p>The loss incurred in FY2021 was due to very low demand of trophy products as a result of the pandemic.</p> <p>We are now seeing the rebound of trophy business as European and American customers are returning strongly to request for new products and replenish their stock as many developed countries have opened up. School, sports and commercial activities are starting to operate as usual. The company is expected to improve the bottom line for FY2022.</p>
2.	<p>The Company's Medical Rehabilitation Products Unit recorded higher sales during FYE 2021 due to stronger demand. (Page 10 of AR 2021)</p> <p>a) What was the revenue derived from this Unit in FYE 2021?</p> <p>b) What are the measures taken by the Company to grow this Unit's business since demand is on the rise?</p>	<p>For contract manufacturing division, the group has generated a revenue of RM18.99 million for FY2021.</p> <p>We are collaborating closely with our existing customers for more projects, while also extending our reach to other medical related distributors and manufacturers.</p>
3.	<p>During FYE 2021, the Company launched its online trophy platform (e-RTG) for the domestic markets and there are plans to expand this platform to the ASEAN market. (Page 10 of AR 2021)</p> <p>a) What was the revenue derived from this platform in FYE 2021?</p>	<p>In 2021, e-RTG played a significant role in marketing and promotion of our trophy products as our retailers were able to promote the products online via their own online storefront during lockdown. The sales revenue generated from e-RTG currently is direct to Emico trophy division as our local retailers are using this platform as their online marketing tools to promote trophy products to the end users.</p>

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No.	Questions	Company's Responses
	<p>b) It had been indicated that the sales from this platform was encouraging. What are the Company's plans to grow this platform?</p> <p>c) What was the investment incurred by the Company to develop this platform?</p>	<p>We received positive feedback from our e-RTG members and they understand the importance for our business to go online and foresee a potential growth.</p> <p>The Company is planning to increase its memberships by educating more of our distributors and customers through live webinars, periodic e-training materials and e-newsletters. In addition, the Company will continue to improve its content quality, user's experience and features.</p> <p>We have invested approximately RM150,000 in the platform, system, marketing content and people.</p>
4.	<p>During FYE 2021, the Company launched Bayan Greentech which was involved in urban farming. The Company foresees that this business would be contributing positively to the Company's profitability in the future. (Page 11 of AR 2021)</p> <p>a) What was the cost of investment for this business?</p> <p>b) What is the projected contribution of this business to the Company's profitability in FYE 2022?</p>	<p>We have invested approximately RM500,000 for the initial setup, product research and development.</p> <p>We expect the BGT to contribute marginally during the FY2022 due to the initial investment in product R&D and promotional activities. We expect the Bayan Greentech will contribute positively both revenue and profit to the company in the near future.</p>
5.	<p>Impairment losses on receivables increased significantly in FYE 2021 to RM391,430 from RM5,462 in FYE 2020. (Page 61 of AR 2021)</p> <p>a) What was the reason for the substantial increase in impairments?</p>	<p>Due to the pandemic, the overdue payments from customers have been extended to more than 120 days. Therefore, the impairment for the trade receivables have also increased accordingly.</p>

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	<p>b) How much of these impairments have been recovered to-date?</p> <p>c) What percentage of these impairments are expected to be non-recoverable?</p> <p>d) Are impairments expected to increase, going forward?</p>	<p>The impairment of the Trade Receivables was mentioned on Page 91 in the Annual Report.</p> <p>As at 31 March 2021, the total Trade Receivables was RM7.17 million.</p> <p>As at 16 September 2021, the group has reduced the total Trade Receivables to RM3.16 million.</p> <p>We expected approximately 5-10% of these overdue debts are non-recoverable.</p> <p>We are confident that the impairment would not be higher going forward as we are currently looking at gradual economy recovery and we expect our customers to be able to improve their financial position and its ability to make payment on time.</p> <p>In addition, the Company has strengthened its credit control policy to reduce the risk of possible impairment.</p>
1.	<p><u>Corporate Governance Matters</u></p> <p>The total fee for the internal audit function of the Company during FYE 2021 was RM 21,000. (Page 30 of AR 2021)</p> <p>a) Given that the fee is rather small (approximately RM1,750 per month) how does the audit committee assure itself that there would be adequate coverage and an effective audit function?</p> <p>b) What are the areas covered by the internal auditors during FYE 2021?</p>	<p>The Audit Committee reviews and approves the annual internal audit plan. It will also review the effectiveness of the audit process, resources requirement and overall performance of the Internal Auditor. The reports on findings and recommendations presented by the Internal Auditor will be reviewed by the Audit Committee to rectify any weaknesses and to recommend for further improvements. The Audit Committee is of the view that the level of work done by the Internal Auditor commensurate with the annual audit fees paid.</p> <p>The areas covered by the Internal Auditors for FYE 2021 are as follows:-</p> <ul style="list-style-type: none"> i. Q1 - Local sales and merchandising ii. Q2 - General safety and environment iii. Q3 - Anti-corruption management

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	c) How many internal audit reports were issued during FYE 2021?	3 Audit reports were issued during FYE2021 and presented to the Audit Committee during the quarterly Audit and Risk Management Committee meetings.
2.	Para 9.21(2)(b) of the MMLR requires a public listed company to publish a summary of the key matters discussed at the AGM on its website. As of 16 September 2021, the company has yet to publish the key matters discussed at its 28th AGM held on 21 September 2020. Please take note.	On 20 September 2021, we have published on our official website regarding the key matters discussed at the 28 th AGM, held on 21 September 2020. Moving forward, all the key matters discussed will be published on our Official Website on a timely manner.