

## EMICO HOLDINGS BERHAD

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

Key matters deliberated during the 32nd Annual General Meeting of the Company held at The Conference Room of Emico Holdings Berhad at 18, Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Thursday, 12 September 2024 at 11.00 a.m.

Below are the questions raised by the Minority Shareholders Watch Group (MSWG) in relation to operations & financial matters and corporate governance matters during the AGM.

| No. | Questions  | Company's response   |
|-----|--|--|
| 1   | <p><b><u>Operations &amp; Financial Matters</u></b></p> <p><b><u>Financial Performance</u></b></p> <p>Emico will be actively pursuing new potential customers for OEM both locally and internationally through direct outreach and strategic engagement. The Group has taken the initiative to improve and upgrade its facilities, opening up more possibilities for new business opportunities and sustainable success (Page 17 of AR2024).</p> |  |
|     | a) What is the update for pursuing new potential customers for OEM? What efforts are being taken to secure new customers?  | <p>To further strengthen our sales efforts, we appointed a new Business Development Executive last year to oversee the development of new sales leads in both local and international markets. In line with this, we are revamping our OEM website and promotional materials with the aim to generate more inquiries.</p> <p>Additionally, we have increased customer visits and participation in fairs and exhibitions to acquire new business opportunities.</p> |
|     | b) Has Emico managed to secure new customers for OEM? If so, who are these customers and from which markets?   | <p>We are in the final stages of negotiations with a local customer in the packaging industry.</p>   |
|     | c) What initiatives are Emico taking to improve and upgrade its facilities? How much does it cost the Group to enhance and upgrade the facilities?   | <p>Emico is currently expanding and upgrading our metallizing and coating facilities, which includes the acquisition of new machinery and a UV coating line. The total estimated cost for this project is approximately RM3,000,000.</p>   |

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|------------|---|--|
| 2          | <p><b><u>Property Development Division</u></b></p> <p>a) The property division did not generate revenue during the current financial year, compared to RM2.12 million in the preceding year. This is mainly attributable to the market sentiment in the region (Page 14 of AR2024).</p> <p>What is the outlook for the Group's property development business? Is the division expected to generate revenue in FY2025?</p> | <p>The Group is currently developing a project in Bandar Mutiara, Sungai Petani, Kedah, consisting of 21 shoplot units known as the Platinum Commercial Centre. This project is expected to be completed within the current financial year. Since its launch in May 2024, it has received favorable response and is expected to generate sales in FY2025. Additionally, we are planning to launch a new residential project in Bandar Mutiara in FY2025.</p> |
|            | <p>b) Can the inventories written down of approximately RM336K (Page 91 of AR2024) be reversed? If so, what is the prospect of reversing these written-down inventories in FY2025?</p>  | <p>We may be able to recoup the written down value if we are able to sell at a higher price.</p>   |
|            | <p>c) The Group is leveraging promotional strategies to sell the balance of unsold units (Page 17 of AR2024).</p> <p>How many units have been sold to date, and what is the targeted clearance of the unsold units for FY2025?</p>  | <p>The Group has identified a prospective buyer for one property unit. We aim to sell the remaining units, provided we can secure buyers and complete the transactions within FY2025.</p>  |
| 3          | <p><b><u>Trade Receivables</u></b></p> <p>Although the revenue was slightly lower in FY2024 (Page 12 of AR2024), as reported above, the Group recorded a higher net carrying amount of trade receivables in FY2024 compared to the previous financial year. (Page 120 of AR2024)</p>  |  |
|            | <p>a) Which customers and key markets are these receivables mainly related to?</p>  | <p>These receivables are primarily associated with local trophy customers.</p>   |

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| <b>No.</b> | <b>Questions</b>  | <b>Company's response</b>  |
|------------|---|--|
| 3          | b) Which customers and key markets are these receivables mainly related to?   | <p>To manage and collect overdue amounts effectively before they become impaired, the Group typically employ several strategies:</p> <p>i) Proactive Communication: Regular reminders and follow-ups via phone, email, or mail to remind customers of their overdue payments.</p> <p>ii) Payment Plans: Offering repayment plans to motivate customers to settle their outstanding debts.</p> <p>iii) Legal Action: As a last resort, initiating legal proceedings to recover outstanding amounts after other measures are exhausted.</p> <p>As of 31 August 2024, for past due more than 120 days, the Group has successfully collected approximately RM1.7 million.</p>  |
| 4          | <p><b><u>Dividend</u></b></p> <p>The Board of Directors does not recommend any payment of dividends for the financial year ended 31 March 2024 (Page 15 of AR2024).</p> <p>Does the Company have a plan to pay a dividend, and what is the prospect of the Company paying a dividend in the next two financial years?</p> | <p>The Company periodically reviews the possibility of dividend distribution. However, the following factors must be taken into consideration:</p> <p>i. Strategic Goals: The Company's focus on capital expenditures, business growth, long-term investments, sustainability, and debt reduction is key to its ability to pay dividends. If these efforts enhance financial performance and stability, the Company will be positioned to declare dividends.</p> <p>ii. Financial Health: The Company's financial stability, cash flow, and profitability are important considerations. If initiatives like facility upgrades and debt reduction strengthen its financial position, the Company will consider declaring dividends.</p> |

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| 5 | <p><b><u>Sustainability Matters</u></b></p> <p>There is no disclosure statement made on whether Emico has subjected the Sustainability Statement/Report (Pages 18-49 of AR2024) to:</p> <p>a) An internal review by its internal auditor; or<br/>b) independent assurance performed in accordance with recognised assurance standards</p> <p>(Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa), Practice Note 9, Paragraph 6.2 (e) (i) (ii)).</p> <p>Please comply with Bursa's MMLR in the next reporting cycle.</p> | <p>The Company has made the necessary addendum. Kindly refer to the announcement dated 12 September 2024.</p>  |
| 6 | <p><b><u>Prioritised Material Matter 4: Safety and Health Risk (Page 36 of AR2024)</u></b></p> <p>a) As reported above, there are two recordable work-related injuries. What sort of work-related injuries occurred in FY2024? What measures were taken to ensure such incidents do not recur in the future?</p>   | <p>In FY2024, the recorded work-related injuries involved:</p> <ol style="list-style-type: none"><li>1. First incident resulted in a slight injury when an employee tripped on an uneven floor.</li><li>2. Second incident resulted in a minor injury to an employee who was struck by a robotic arm in the workplace due to an operational oversight.</li></ol> <p>To prevent the recurrence of such incidents, several measures were implemented:</p> <ol style="list-style-type: none"><li>i. Increased Warning Signages: More signages and caution signs have been installed throughout the factory premises. These signs are intended to enhance safety awareness and alert employees to potential hazards.</li><li>ii. Annual Safety Training: A yearly refresher training program on health and safety has been established for all employees. This training aims to reinforce safe practices and ensure that employees are up-to-date with the latest safety protocols and procedures.</li></ol> |

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| 6          | b) The Group has more than 200 employees (Page 37 of AR2024). As highlighted above, why were only 55 employees trained in health and safety standards? Does the Group have plans to train more employees in FY2025? If so, how many employees will be trained, and what sort of training will be provided for them?  | All onboard production employees will receive training on health and safety. The Group continue to provide regular trainings on health and safety, including topics such as workplace safety practices, emergency procedures, and risk assessment and management, to all employees.  |
| 7          | <b><u>Corporate Governance Matters</u></b><br>The cost incurred for the outsourced internal audit function for the financial year ended 31 March 2024 was RM16,000 (Page 54 of AR2024).<br><br>What was the coverage of the internal audit for the last financial year?  | The areas covered by the Internal Auditors during FYE 2024 are as follows:<br>i) Q1 – Production Planning and Delivery; and<br>ii) Q2 – Warehouse Stocks Management.   |
| 8          | <b>Practice 5.9 of Malaysian Code on Corporate Governance (MCCG) states that the board comprises at least 30% women directors.</b><br><br><b>Emico's response:</b> Departure. Presently, the Board has one (1) female director out of a total of five (5) which represent 20% of the Board Composition (Page 27 of the CG Report 2024).<br><br><b>MSWG's question:</b> Does the Company plan to achieve at least one-third of women's representation? If yes, what plans and actions will the Company take to accomplish this? | All appointments to the Board are based on objective criteria, merit, skills, and experience, and are not influenced by age, cultural background, or gender. In line with our commitment to diversity, increased female representation on the Board will be considered when vacancies arise and when suitable candidates are identified, as part of selecting the best candidate to support the achievement of the Group's strategic objectives. |