



SUMMARY OF KEY MATTERS DISCUSSED

SUMMARY OF KEY MATTERS DISCUSSED AT THE 30TH ANNUAL GENERAL MEETING (“**AGM**”) OF EMICO HOLDINGS BERHAD (“**EMICO**” OR “**THE COMPANY**”) HELD AT THE CONFERENCE ROOM OF EMICO, 18 LEBUHRAYA KAMPUNG JAWA, 11900 BAYAN LEPAS, PENANG ON THURSDAY, 22 SEPTEMBER 2022 AT 11.00 A.M.

Key matters discussed at the 30th AGM are summarised as follows:-

No.	Questions	Company’s response
1.	<p><u>Operations & Financial Matters</u></p> <p>The Company narrowed its net loss position of RM2.4 million in FYE 2021 to RM1.2 million in FYE 2022. The Company’s business was adversely affected by the pandemic, but it has seen an uptick in demand since the pandemic entered an endemic stage in April 2022. (Page 13 of AR 2022)</p> <p>a) What are the Company’s strategies to enhance its business in FYE 2023?</p>	<p>To enhance our business in FYE 2023, the following strategies have been implemented and in progress:</p> <ul style="list-style-type: none"> i. Reconnecting ties with existing customers to increase exposures of Emico products in customers’ range; ii. Increasing production capacity and shorten production leadtime; iii. Continue cost reduction exercise via better procurement and improve efficiency through lean manufacturing systems; and iv. To promote more export sales with strong USD revenue
	<p>b) When does the Company expect to turnaround its loss-making position?</p>	<p>We expect to turnaround to positive position in FYE2023.</p>



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2.	<p>The demand for the trophy business of the Company from Europe is on the uptrend as restrictions were lifted in European countries post COVID-19. However, demand from Malaysia remains subdued as the Government only recently allowed sporting events to be held hence the lower demand for trophies. (Page 17 of AR 2022)</p> <p>Does the Company foresee strong demand from Malaysia as more sporting events will be allowed as the pandemic abates? How does the Company plan to tap into the growing demand for trophies locally?</p>	<p>We foresee strong demand from Malaysia as all events are resumed. Our plans are as follows:</p> <ul style="list-style-type: none"> i. We are actively participating in relevant exhibitions to gain more customer base and to promote our products; ii. We have revived service centre in Petaling Jaya, Selangor to provide better service to our dealers to promote sales activities; iii. We have set up warehouse in Sabah to shorten delivery time and provide better services to East Malaysia market; iv. Constantly launch promotion activities in websites and via social media marketing to promote sales; and v. Introducing easy payment plan to promote sales and assist dealers to purchase in bulk.
3.	<p>The Company is aggressively promoting the sales of its home furnishing brand 'IS LIVING'. (Page 17 of AR 2022)</p> <p>a) How much has been spent on the promotion of the brand to date?</p> <p>b) What are the Company's plans to grow the brand further?</p>	<p>The spending on brand awareness is quite minimal as the focus is business to business. To more effectively promote our products and services, we have recently rented a showroom in UK to showcase our products to ease wholesalers reaching out to new market audience.</p> <p>We will continue focusing IS Living name among trades in UK by developing new product ranges to our wholesalers and attracting new customers. The sourcing team will continue to source for new innovative products with competitive prices and good quality to satisfy customers.</p>



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4.	<p>Other Income increased significantly from RM767.3k in FYE 2021 to RM2.1 million.</p> <p>In FYE 2022. (Page 56 of AR 2022)</p> <p>What were the reasons for the increase and is this income expected to be recurring?</p>	<p>The significant increase in other income is mainly from the Property Division due to the reversal of the provision for foreseeable loss recognised in the previous years amounting to RM1.7 million. The reversal was due to the higher net realizable value (NRV) based on the independent valuation report.</p> <p>This income is not recurring.</p>
5.	<p><u>Corporate Governance</u></p> <p>The total fee for the internal audit function of the Company during FYE 2022 was RM 21,000. (Page 31 of AR 2022)</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 2022?</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 and area of coverage on rotation basis is adequate which commensurate with the annual audit fees paid.</p> <p>The areas covered by the Internal Auditors for FYE 2022 are as follows:-</p> <ul style="list-style-type: none"> i) Q1 - Risk Management ii) Q2 - Production iii) Q3 - Human Resources



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	c) How many internal audit reports were issued during FYE 2022?	A total of 3 (three) Audit reports were issued during FYE2022 and presented to the Audit Committee during the quarterly Audit and Risk Management Committee meetings.
6.	<p>Practice 5.9 of the Malaysian Code on Corporate Governance stipulates that at least 30% of the Board should be made up of women directors.</p> <p>MSWG Comment: As of 31st March 2022, there were no women directors on the Board of the Company.</p> <p>Emico's comment: Departure (Page 28 of CG Report FYE 2022)</p> <p>Does the Company plan to apply Practice 5.9, and if yes, by when?</p>	<p>The Board endeavours to continuously identify potential women Director for nomination and shall appoint additional women Director when suitable candidates are identified.</p> <p>The Board is aware of the gender diversity promoted under the Malaysia Code on Corporate Governance. The Nomination Committee has identified a female Director candidate who has the relevant skills and experience to meet Board Composition and shall be part of the Board member soon.</p>