



# ANNUAL REPORT 2019



WELLCALL  
HOLDINGS  
BERHAD

Registration No:  
200501025213 (707346-W)



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## BOARD OF DIRECTORS

Group Independent Non-Executive Chairman  
**Datuk Ng Peng Hong @ Ng Peng Hay**

Group Non-Independent Managing Director  
**Huang Sha**

Non-Independent Executive Director  
**Leong Hon Chong**  
**Huang Yu Fen**

Alternate Director to Leong Hon Chong  
**Huang Kai Lin**

Non-Independent Non-Executive Director  
**Tan Kang Seng**  
**Tan Kang Foon**

Senior Independent Non-Executive Director  
**Yong Peng Tak**

Independent Non-Executive Director  
**Goh Hoon Leum**  
**Yang Chong Yaw, Alan**  
**Dato' Haji Mohtar Bin Nong**

## REMUNERATION COMMITTEE

Chairman  
**Goh Hoon Leum**

Member  
**Yang Chong Yaw, Alan**  
**Tan Kang Foon**

## AUDIT COMMITTEE

Chairman  
**Goh Hoon Leum**

Member  
**Yong Peng Tak**  
**Yang Chong Yaw, Alan**  
**Tan Kang Seng**

## NOMINATION COMMITTEE

Chairman  
**Yong Peng Tak**

Member  
**Goh Hoon Leum**  
**Yang Chong Yaw, Alan**

## CORPORATE DISCLOSURE COMMITTEE

Chairman  
**Huang Kai Lin**

Member  
**Leong Hon Chong**  
**Yu Tat Keong**

## RISK MANAGEMENT COMMITTEE

Chairman  
**Huang Kai Lin**

Member  
**Yu Tat Keong**  
**Tan Bee Chin**  
**Chee Chin Shian**  
*(appointed w.e.f. 22nd April, 2019)*

**Tan Bee Leng**  
*(appointed w.e.f. 1st July, 2019)*

**Lee Li Peng**  
*(resigned w.e.f. 29th May, 2019)*  
**Foo Lai Bee**  
**Mazlan bin Muhamad Yusof**  
**Wong Lee Yen**  
*(resigned w.e.f. 27th March, 2019)*

**Yap Hong Ming**  
**Yeong Yoke Wei**  
**Yee Yiing Fern**

## SUSTAINABILITY COMMITTEE

Chairman  
**Huang Kai Lin**

Member  
**Yu Tat Keong**  
**Chee Chin Shian**  
**Huang Yu Fen**  
**Chong Phooi Fun**  
**Wong Hoong Seong**  
**Jacqueline Chong Kar Xin**  
**Tan Bee Chin**  
**Yee Yiing Fern**  
**Su Mee Ping**  
**Lee Kah Yin**

## COMPANY SECRETARIES

**Teo Soon Mei**  
(SSM PC 201908000235)  
(MAICSA 7018590)  
**Chua Siew Yin**  
(SSM PC 201908000289)  
(MAICSA 7065531)

## PRINCIPAL PLACE OF BUSINESS

Plot 48, Jalan Johan 2/5,  
Kawasan Perindustrian  
Pengkalan II,  
Fasa II,  
31550 Pusing,  
Perak Darul Ridzuan.

Tel : 05-366 8805 / 06 / 07  
Fax : 05-366 8768  
E-mail : [wellcall@wellcall.com.my](mailto:wellcall@wellcall.com.my)  
Website : [www.wellcallholdings.com](http://www.wellcallholdings.com)

## REGISTERED OFFICE

No. 4-1,  
Kompleks Niaga Melaka Perdana,  
Jalan KNMP 3,  
Bukit Katil,  
75450 Melaka.

Tel : 06-232 6033  
Fax : 06-232 6034

## AUDITORS

**Ong & Wong**  
Chartered Accountants  
Unit C-20-5, 20th Floor, Block C,  
Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng,  
50450 Kuala Lumpur.

Tel : 03-2161 1000  
Fax : 03-2166 9131

## REGISTRAR

**Boardroom Share Registrars Sdn. Bhd.**  
*(formerly known as Symphony Share Registrars Sdn. Bhd.)*  
11th Floor, Menara Symphony,  
No. 5, Jalan Professor Khoo Kay Kim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan.

Tel : 03-7890 4700  
Fax : 03-7890 4670

## PRINCIPAL BANKERS

Malayan Banking Berhad  
HSBC Bank Malaysia Berhad

## STOCK EXCHANGE LISTING

**Main Market**  
Bursa Malaysia Securities Berhad  
Stock Name : Wellcal  
Stock Code : 7231  
Sector : Industrial Products



**WELLCALL HOLDINGS BERHAD**

[Registration No. 200501025213 (707346-W)]

**WELLCALL HOSE (M)  
SDN. BHD.**

[Registration No. 199501014529  
(343730-A)]

**100% Wholly owned subsidiary**

**Principal Activities**

Manufacturing of rubber hose  
and related products

**TRELLEBORG  
WELLCALL SDN. BHD.**

[Registration No. 201901009745  
(1319073-X)]

**49% owned joint venture with  
Trelleborg Holding AB**

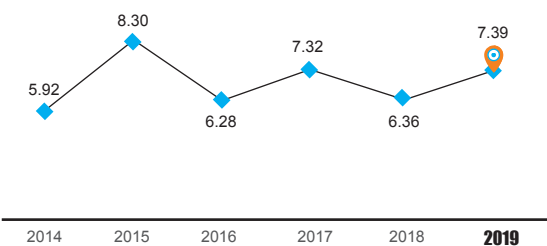
**Principal Activities**

Manufacturing, marketing  
and sale of composite  
hose and fittings

# SIX YEARS

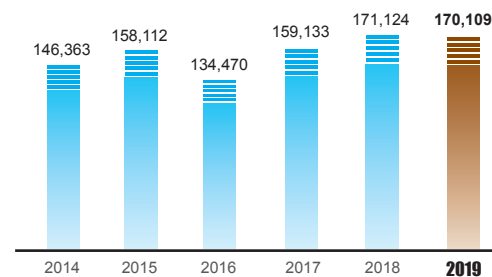
## GROUP FINANCIAL REVIEW

### NET EARNINGS PER SHARE SEN



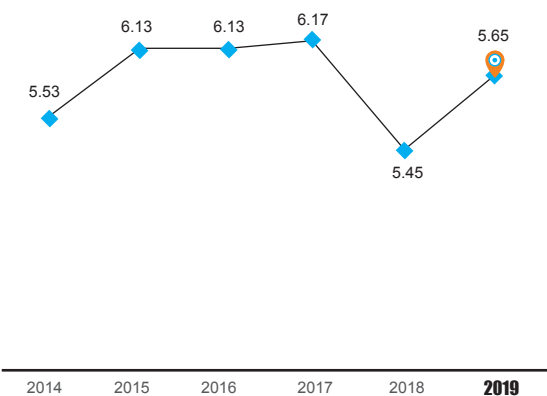
Financial Year Ended 30 September 2019

### REVENUE RM'000



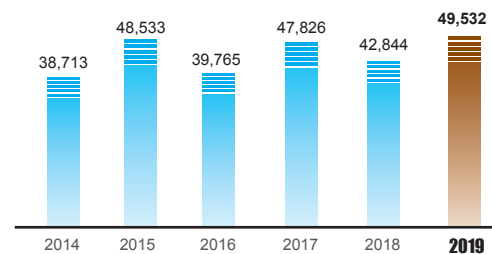
Financial Year Ended 30 September 2019

### DIVIDEND PER SHARE SEN



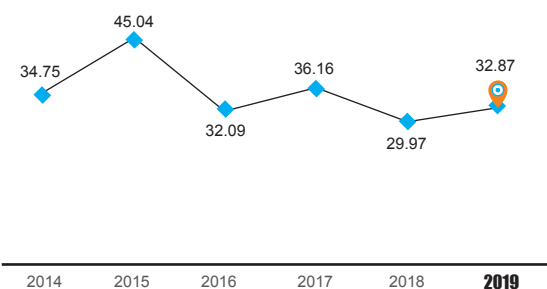
Financial Year Ended 30 September 2019

### PROFIT BEFORE TAXATION RM'000



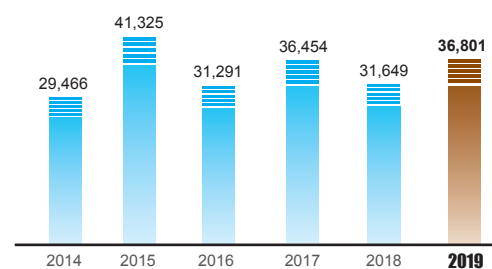
Financial Year Ended 30 September 2019

### RETURN ON CAPITAL EMPLOYED %



Financial Year Ended 30 September 2019

### PROFIT AFTER TAXATION RM'000



Financial Year Ended 30 September 2019



	Financial Year Ended 30 September					
	2014	2015	2016	2017	2018	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	146,363	158,112	134,470	159,133	171,124	<b>170,109</b>
Earnings Before Interest, Depreciation and Taxation	41,727	52,526	46,212	53,603	47,794	<b>53,576</b>
Interest Expense	(260)	(482)	(977)	(933)	(386)	<b>—</b>
Interest Income	965	828	789	856	911	<b>1,213</b>
Depreciation	(3,719)	(4,339)	(6,259)	(5,700)	(5,475)	<b>(5,257)</b>
Profit Before Taxation	38,713	48,533	39,765	47,826	42,844	<b>49,532</b>
Tax Expense	(9,247)	(7,208)	(8,474)	(11,372)	(11,195)	<b>(12,731)</b>
Profit Attributable to Equity Holders	29,466	41,325	31,291	36,454	31,649	<b>36,801</b>
Net Assets/Shareholders' Equity (RM'000)	86,356	97,140	97,890	103,721	107,485	<b>116,400</b>
Total Assets (RM'000)	106,824	139,319	133,799	129,017	130,581	<b>138,153</b>
Net EPS (Sen) *	5.92	8.30	6.28	7.32	6.36	<b>7.39</b>
Net Dividend Per Share (Sen) * (single tier)	5.53	6.13	6.13	6.17	5.45	<b>5.65</b>
Return On Capital Employed (%)	34.75	45.04	32.09	36.16	29.97	<b>32.87</b>
Return On Assets (%)	28.76	33.58	22.91	27.74	24.38	<b>27.39</b>
Weighted Average Number of Shares in Issue ('000) *	497,654	497,948	497,948	497,948	497,948	<b>497,948</b>
Net Assets Per Share (Sen)	17.35	19.51	19.66	20.83	21.59	<b>23.38</b>

**Note:**

\* Adjusted to reflect the share split of every two (2) ordinary shares in the Company into three (3) ordinary shares in the Company held in the Company ("Subdivided Share"). The subdivided shares was completed on 14 September 2017.

## AWARDS



YEAR	AWARDS
2004	6 <sup>th</sup> Global Golden Solid Awards
2005	28 <sup>th</sup> Taiwan & 14 <sup>th</sup> Overseas Entrepreneurs Awards
2008	KPMG Shareholder Value Awards
2013	Forbes Asia's Top 200 Best Under Billion Awards
2015	Malaysia Rubber Export Promotion Council Industry Awards 2015 – Malaysia Largest Exporter of Dry Rubber Products Awards
2015	Asia Pacific Entrepreneurship Awards 2015 Malaysia – Outstanding Category
2015	Golden Eagle Awards – Eminent Eagles
2015	Best Under Billion Awards (BUBA) 2015 – Best Return on Assets
2016	Best Under Billion Awards (BUBA) 2016 – Best in Transparency
2017	19 <sup>th</sup> Outstanding Overseas Taiwanese SMEs Award



# MANAGEMENT DISCUSSION AND ANALYSIS

DEAR VALUED STAKEHOLDERS,

*On behalf of the Management, I am pleased to present the Management Discussion and Analysis of Wellcall Holdings Berhad (“the Company”) and its subsidiary company (“Wellcall” or “the Group”) for the financial year ended 30th September, 2019 (“FYE 2019”).*

## OVERVIEW

In FYE 2019, our performance was commendable and we managed to sail through our challenging journey amidst the volatility of the global market sentiment. Nevertheless, the fundamentals of demand for our industrial rubber hose remain strong resulting from the gradual recovery of both the emerging and developed countries. We are confident that, we are able to perform and deliver our results through our solid base and to position ourselves to meet the surge in demand arising from the recovery of global economy.

## BUSINESS AND OPERATIONS REVIEW

The principal activity of the Company is investment holding, while the principal activity of a wholly-owned subsidiary company is manufacturing industrial rubber hose for customers who are mainly in the business of distributing rubber hose to original equipment manufacturers. Therefore, the Group’s business segment mainly comprises the manufacture and sale of rubber hose and related products, which is confined to a single business and by geographical segment.

Our export market accounted for approximately 91% of the Group’s revenue covering over 70 countries while the remaining of approximately 9% was derived from domestic market. Hence, the market sentiment in the global economy plays an important role in driving the demand for rubber hose especially for replacement demand as well as product variations and penetration to new markets. Our geographical market segment is as disclosed in Note 28 of the FYE 2019 financial statements.

We have been continuously leveraging on our extensive customer network, improved productivity, quality services and our product range in FYE 2019. We will continually strive to enhance our competitive strengths in these areas to stay ahead of market trends. Our third plant is equipped with new automated production lines and machines of higher technology specifications which enables improvements in production quality and efficiency and overall production capacity, with room for us to expand in the future.

Our track record of more than 20 years in the rubber hose industry and over 40 years of industry knowledge have served a concrete platform for our presence in the rubber hose industry globally. Our product quality and reputable customer service have also aided us to expand our customer base to more than 200 customers. Besides product quality and reputable customer service, the Group has a strong research and development capability teamed by experienced personnel to deliver improved and innovative products and new processes. This value-added services and products customisation according to the customer’s specification and requirements provided to our customer in order to meet their satisfaction level.

The Group has also expanded its products range to various application markets ranging from air and water, oil and gas, welding, automotive, ship building, abrasion, food and beverages and chemical applications. Additionally, the Group possess the ability to customise its manufacturing to suit its customers’ product requirements in terms of rubber hose sizes, pressures and temperature resistance. Our products are accredited by independent third party for product quality assurance and recognition such as SGS, Lloyd’s Register, Flinders Cook, SIRIM QAS International and Malaysia Rubber Board.



## BUSINESS AND OPERATIONS REVIEW (CONT'D)

Nevertheless, the Group continues to strive to perform well and to maintain its dividend pay-out ratio of at least 50% of the net profit for the year. Increasing our base of customers and revenue coupled with operational efficiencies are the key drivers of the Group to achieve its profitability. The Group's revenue and purchases are primarily traded in foreign currency and it is the Group's practice to keep the foreign currency exposure to an acceptable level.

To deepen the Group's talent pool, we continue to recruit or engage professionals and more experienced personnel from various fields to cater for future expansion. In-house trainings have been conducted for employees to assist them in applying relevant information into their daily tasks. The Group continuously reviews its human resource policies and practices to ensure staff welfares are well taken care of.

We trust that with the Group's strength, capabilities and sound underlying fundamentals, the Group would be able to step forward positively in an uncertain and challenging global economy.

## FINANCIAL PERFORMANCE REVIEW

### Review on Statements of Comprehensive Income

The Group recorded revenue of RM170 million with a slight decrease of RM 1 million (1%) as compared to last financial year ended 30 September, 2018 ("FYE 2018"). The export and local market contributed approximately 91% and 9% respectively to the Group's annual revenue. The overall revenue achieved remain fairly consistent with previous financial year was mainly due to the continuation of recovery in global demand for industrial rubber hose and fairly benefited from the increase in selling price as well as volume for some hoses.

Despite a slight decrease in revenue for FYE 2019, the Group managed to mark a higher gross profit margin at 36% compared to 32% for FRY 2018. The said increase was due to operational efficiency arising from effective costs management and productivity, i.e. lower raw material purchase costs, control on stockholding period, maximisation of raw material usage to reduce wastage and scrap in the production processes.

The following tables highlight the Group's key financial performance for FYE 2019: -

RM'mil	FYE 2019	FYE 2018	Change
<b>Revenue:</b>			
(a) Export market	154	152	2
(b) Local market	16	19	-3
<b>Total</b>	<b>170</b>	<b>171</b>	<b>-1</b>

RM'mil	FYE 2019	FYE 2018	Change
<b>Revenue</b>	<b>170</b>	<b>171</b>	<b>-1</b>
<b>Expenses</b>	<b>123</b>	<b>131</b>	<b>-8</b>
<b>Other Operating Income</b>	<b>3</b>	<b>3</b>	<b>-</b>
<b>Gross Profit</b>	<b>62</b>	<b>55</b>	<b>7</b>
<b>Profit Before Taxation</b>	<b>50</b>	<b>43</b>	<b>7</b>
<b>Profit After Taxation</b>	<b>37</b>	<b>32</b>	<b>5</b>
<b>Gross Profit Margin</b>	<b>36%</b>	<b>32%</b>	<b>4%</b>
<b>Pre-Tax Margin</b>	<b>29%</b>	<b>25%</b>	<b>4%</b>
<b>Net Profit Margin</b>	<b>22%</b>	<b>19%</b>	<b>3%</b>

## FINANCIAL PERFORMANCE REVIEW (CONT'D)

### Review on Statements of Comprehensive Income (Cont'd)

The Group recorded a higher profit before taxation ("PBT") of RM 50 million for FYE 2019 compared to PBT of RM 43 million recorded in FYE 2018, representing an increase of RM 7 million, approximately of 16%. Higher PBT was mainly due to well control of selling & distribution costs and administrative expenses which were quite stagnant compared to FYE 2018.

The Group's performance also being measured by the following non-financial indicators for FYE 2019: -

#### Customer Retention Rate

For FYE 2019, the customer retention rate was recorded at 98% for existing customers who have dealt with the Group. In order to maintain this retention rate, the Marketing team maintained regular contact with our customers to ensure that all issues are addressed and follow up on any outstanding matters on timely basis. Production team as well played an important role in maintaining this retention rate by providing the right products as per customers' requirements on a timely basis.

#### Customer Satisfaction Rate

This was measured by feedback received by the Marketing team and subsequently tackled the issues raised by customers professionally by understanding the customers' expectation. The customer satisfaction rate measured for FYE 2019 was 0.2% over the total revenue for the Group.

#### On Time Delivery

The Group is practising flexibility to customers' orders in terms of order quantities with variety of product types. The Group also maintains short sale lead time from the time placing of orders until delivery of goods. This is an essential factor to customers by meeting the delivery time that agreed upon placing of orders. On time delivery is essential for the Group to maintain its long-lasting relationship with customers as time factor is always important in business aspect. The on-time delivery rate for the year under reviewed was 98%.

### Review on Statements of Financial Position

RM'mil	FYE 2019	FYE 2018	Change
<b>Total Assets</b>	138	131	7
<b>Total Liabilities</b>	22	23	-1
<b>Total Equity</b>	116	107	9
<b>Total Borrowings</b>	—	—	—
<b>Cash and Bank Balances</b>	53	37	16
<b>Net Asset Per Share (sen) *</b>	23.38	21.59	1.79
<b>Basic Earnings Per Share (sen) *</b>	7.39	6.36	1.03
<b>Dividend Per Share (sen) *</b>	5.60	5.60	—

\* Adjusted to reflect the shares split of every two (2) ordinary shares into three (3) ordinary shares held in the Company. The issued and paid up capital of the Company is 497,947,555 ordinary shares and prior to the shares split was 331,965,037 ordinary shares.

The Group's total assets recorded at RM138 million for FYE 2019 compared to RM131 million for FYE 2018. The increase was mainly due to increase in cash and cash equivalents from RM 37 million for FYE 2018 to RM 53 million for FYE 2019. Despite increase in cash and cash equivalents amounted to RM 16 million, inventories and trade receivables were decreased by RM 6 million for FYE 2019 compared to FYE 2018 due to more effective controls in stockholding period and credit controls for trade receivables.

## FINANCIAL PERFORMANCE REVIEW (CONT'D)

### Review on Statements of Financial Position (Cont'd)

Total liabilities have slightly decreased from RM23 million to RM22 million was mainly due to reduce in trade and other payables.

The Group's financial position remains positively strong with net assets per share of 23.38 sen per share for FYE 2019 (FYE 2018: 21.59 sen per share). Basic earnings per share in FYE 2019 was 7.39 sen per share as compared to 6.36 sen per share in FYE 2018.

Beholding at the sound financial platform, the Company has been declaring consistent dividend pay-out to reward its shareholders. Total paid out of 5.60 sen per share was consistent for both FYE 2019 and 2018.

### Review on Statements of Cash Flow

The Group recorded a net cash from operating activities of RM49 million for FYE 2019, representing an increase of RM8 million or 20% increase compared to FYE 2018. This mainly due to effectiveness of credit control on receivables which resulted in better collections and also better stockholding period for inventories. The increase in net cash from operating activities was the net off effect of increase in net change in working capital changes and increased in tax paid amounted to RM12 million for FYE 2019 compared to RM6 million for FYE 2018.

Net cash flow used in investing activities was amounted to RM6 million for FYE 2019 compare to RM7 million for FYE 2018. The investing activities mainly in purchase of property, plant and equipment for the financial year under reviewed.

The Group's net cash used in financing activities amounted to RM28 million for FYE 2019 compared to RM36 million for FYE 2018. The different was due to repayment of term loans amounted to RM8 million for FYE 2018.

### Capital Expenditure

The Management believes that continuous reinvestment is essential for the Group to be competitive in this volatile market to ensure sustainable growth in delivering long term value to its stakeholders. The Group is also keeping abreast with technological changes whereby continuous capital investment are vital to enhance the efficiency and productivity. In this respect, the Group had invested substantial capital in its property, plant and equipment in previous financial years. For the FYE 2019, most of the Group's capital investment of RM6 million would relate mainly to maintenance and upgrading of older production lines to further improve our productivity.

## CORPORATE GOVERNANCE

The Group is committed to implement the best practice of corporate governance to enhance and increase shareholders' value. The Group has its risk management and internal control procedures to ensure transparency, accountability and integrity are attained and maintained in managing the Group businesses.

Policies that the Group has officially adopted includes Corporate Disclosure Policy, Fraud Policy, Whistle Blowing Policy, Enterprise Risk Management Policy, Succession Planning Policy and Emergency

Succession Policy, where the Group will continue to adopt more corporate policies to ensure sustainability of the Group.

The Board of Directors' responsibilities for preparing the annual audited financial statements are disclosed in the Directors' Responsibilities Statement set in this Annual Report 2019.

The audited financial statements of Wellcall is not subject to any qualification as disclosed in the Independent Auditors' Report to the Members.

## RISK RELATING TO OUR BUSINESS

### Exposure to Credit Risk

The Group's exposure to credit risk arises primarily from trade receivables. It is the Group's objective to seek continual revenue growth while minimises any losses arising from impairment of bad debts from our trade receivables. There are various measures being practised by the Group to minimise the credit risk, e.g. evaluation of customers' requests on change of credit terms, tighten up credit control procedures within the Group by the Finance team on collections from customers and exploring credit insurance on credit terms customers.

### Fluctuation of Raw Materials Costs

The Group is exposed to raw materials costs fluctuation which may adversely affect the cost of sales and gross profit margin of the Group. In order to minimise the fluctuation of raw materials purchase costs, the Group's procurement team has planned the purchases systematically as well as negotiate the prices with the relevant suppliers before placing orders. We also continuously maintain close and healthy relationship with suppliers and emphasize on consistency in supply of raw materials with a competitive pricing.

### Competitive Risk

The Group is exposed to competitive risk for its products from other competitors in the aspects of both prices and quality. In order to minimise this competitive risk, the Group's Research and Development team has continuously in improving the quality of our products and yet at a competitive cost in order to maintain the customer retention rate.

### Economic Risk

The Group's exposure to economic risk primarily from the world economic downturn which may affect the Group's revenue. The economic risk is also associated with credit risk which may affect creditworthiness of customers and consequently affect the Group's collection. In order to cope with the economic risk, a sound credit control procedure is in practice to monitor collections closely.

## INDUSTRY TREND, DEVELOPMENT AND PROSPECT

Demand for industrial rubber hoses will continue to see a gradual recovery from both emerging and developed economies. Moving forward, the Group will ensure it stays ahead of market trends, responding swiftly to changes through automation and research. In the near term, the Group expects the raw material prices to trend at higher levels due to supply and demand mechanism of raw materials and foreign exchange volatility.

Meanwhile, the additional capacity from plant 3 supports the Group in further strengthening its position in the market with a wider range of industrial hose. However, the outlook of the global economy remains challenging and uncertain. Nevertheless, the Group strategies are to focus on leveraging on its extensive customer network, improved productivity, quality services and product range to enhance its competitive edge.

Moving forward, the outlook and headwinds of the global economy remains challenging, particularly in the industrial rubber hose market. Nevertheless, the Group strategies are to focus on leveraging its extensive customer network, productivity, quality service and product range to enhance its competitive edge. Correspondingly, the Group continues to remain responsive, resilient and vibrant to sail through and surpass challenges ahead. Barring any unforeseen circumstances, the Board believes that the Group's prospects in the forthcoming financial year ending 30th September, 2020 ("FYE 2020") continues to remain positive despite challenges ahead and hopes to achieve a better result than this year. The Group will continue to be well positioned to improve our performance in forthcoming FYE 2020, strive towards maintaining the Group's vision to be the world's leading manufacturer of quality industrial hoses. We are also encouraged by our customers for continued growth and expansion in our core business with the support from all stakeholders.

## INDUSTRY TREND, DEVELOPMENT AND PROSPECT (CONT'D)

The Company has initiated its product diversification into composite hoses by entering into a joint venture with Trelleborg Holding AB on 15th January, 2019. The said joint venture has formed Trelleborg Wellcall Sdn. Bhd. ("TWSB") for the purpose of manufacturing, marketing and selling of composite and fittings. The Company has subscribed a total of RM4,419,648.10 representing 49% of total issued capital in TWSB. However, there is no significant changes in the composition of the Group with the subscription of shareholding in TWSB by the Company.

For the year ahead, the Group will continue its effort in widening the customer base through geographical expansion. We will continue to expand into existing markets, namely Europe, USA, Canada, Middle East, Asia, Australia/ New Zealand, South America and Africa. Our experienced and customer-oriented marketing team will venture into new countries in order to further expand our customer base. All enquiries from potential customers will be responded promptly and accurately by the team members.

## DIVIDEND

For FYE 2019, the Company had:

- i) On 28th March, 2019, paid a first single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounting to RM6,971,266;
- ii) On 28th June, 2019, paid a second single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounting to RM6,971,266;
- iii) On 27th September, 2019, paid a third single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounting to RM6,971,266; and
- iv) On 24st December, 2019, paid a fourth single tier dividend of 1.45 sen per share on 497,947,555 ordinary shares amounting to RM7,220,240.

The Group has been consistently paying out favourable dividends over its financial years. The Group has also exceeded its dividend pay-out ratio over the past six (6) financial years of more than 70%. The Company practices to maintain dividend pay-out ratio of at least fifty percent (50%) of its net profit per year. Prior to dividend declaration for approval, the Group ensures that it meets the provision under the Companies Act 2016 as prescribed by the solvency test. The Group ensures it meets its profit availability test, able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made and is in net assets position.

## APPRECIATION

On behalf of the Management, I wish to express my sincere appreciation and gratitude to all our valued shareholders, business associates, government agencies, financial institutions, investment analysts, bankers and fund managers, customers, suppliers and friends for their continued support, co-operation and confidence towards our products and services. Our appreciation is also extended to our employees for their commitment, dedication, invaluable contribution, skills, energy and professionalism towards the performance of the Group. The successes of the Group achieved in FYE 2019 could not have been possible without their efforts. I would also like to thank our fellow Board of Directors for their valuable advice, guidance and support rendered to the Group.

**HUANG SHA, P.M.P.**  
Group Managing Director



**DATUK NG PENG HONG @ NG PENG HAY**, D.M.S.M., D.S.M., P.J.K.

Age	:	67
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Malaysia Certificate of Education
Occupation	:	Company Director
Position	:	Group Independent Non-Executive Chairman
Board Committee	:	None
Date First Appointed to the Board	:	17th April, 2006

**Other Directorships of Public Companies**

- (a) CRG Incorporated Berhad
- (b) ICapital.Biz Berhad
- (c) Sinmah Capital Berhad

**Conflict of Interest**

None

**Board Meetings Attended in the Financial Year**

5 out of 5

**List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences**

None

**Securities Holding in the Company**

- (a) Direct : Nil
- (b) Indirect : Nil

**Securities Holding in Subsidiary Company**

Nil

**Family Relationship with Any Director and/or Major Shareholders of the Company**

None

**Working Experience**

He was appointed to the Board of Wellcall on 17th April, 2006. He served as the State Assemblyman for Tengkeru Constituency under Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He was appointed as the Investment Co-ordinator of the Malacca State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his team of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by his Excellency, the Governor of Melaka in 1992. On 17th July, 1999, the Taiwanese Government awarded him the Economic Medal. He is also a Non-Executive Director of Wellcall Hose (M) Sdn. Bhd., a wholly owned subsidiary company of Wellcall.

## HUANG SHA, P.M.P.

Age	:	64
Gender	:	Male
Nationality	:	Taiwanese (Malaysian Permanent Resident)
Qualification	:	Secondary Education, Taiwan
Occupation	:	Managing Director
Position	:	Group Non-Independent Managing Director
Board Committee	:	None
Date First Appointed to the Board	:	17th April, 2006

---

### Other Directorships of Public Companies

None

### Conflict of Interest

None

### Board Meetings Attended in the Financial Year

5 out of 5

### List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences

None

### Securities Holding in the Company

(a) Direct : 16,925,317 ordinary shares

(b) Indirect : 731,250 ordinary shares

### Securities Holding in Subsidiary Company

Deemed to have interest in shares of the subsidiary company to the extend the Company has an interest.

### Family Relationship with Any Director and/or Major Shareholders of the Company

Father of Huang Yu Fen, Non-Independent Executive Director

Father of Huang Kai Lin, Alternate Director to Leong Hon Chong

### Working Experience

He was appointed to the Board of Wellcall on 17th April, 2006 and was appointed as Managing Director at the even date. He began his career in 1972 upon completing his secondary education and worked for various manufacturers of rubber products in Taiwan and Indonesia and progressed to the position of Production Manager. From 1989 to the mid-1990s, he joined Jetflo Robin (M) Sdn. Bhd., a manufacturer of industrial rubber hose, as a General Manager. Subsequently, he established our subsidiary company, Wellcall Hose (M) Sdn. Bhd. ("WHSB"), together with 2 other partners. With his in-depth knowledge, skills and expertise in all aspects of the manufacturing of rubber hose for more than 40 years, he has formulated our subsidiary company's strategic plans to be in line with the changes in the trends of various industries and customers' needs. He has also led WHSB to new heights by diversifying its customer's base and expanding its existing product range in the oil and gas sector as well as developing 3 new rubber hoses, namely food and beverage hose, chemical hose and steam hose. As recognition for his achievement in the industry, he was awarded the Winner of the Global Top Enterprise Golden Solid Awards by the Chinese Enterprise Development Association of Taiwan on 2nd October, 2004 and won The Asia Pacific Entrepreneurship Awards 2015 in August 2015. In October 2017, he has also cruised WHSB to a greater height as the winner of the 19th Outstanding Overseas Taiwanese SMEs Award. He also heads our R&D division where he plays a pivotal role in the product formulation and development. He is also the Managing Director of our subsidiary company, WHSB, where he is currently responsible for the strategic planning and development of our Group.

## LEONG HON CHONG

Age	:	74
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Bachelor of Commerce (Accountancy) University of Otago, New Zealand
Occupation	:	Company Director
Position	:	Non-Independent Executive Director
Board Committee	:	None
Date First Appointed to the Board	:	17th April, 2006

### Other Directorships of Public Companies

None

### Conflict of Interest

None

### Board Meetings Attended in the Financial Year

5 out of 5

### List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences

None

### Securities Holding in the Company

(a) Direct : 5,369,350 ordinary shares

(b) Indirect : Nil

### Securities Holding in Subsidiary Company

Deemed to have interest in shares of the subsidiary company to the extend the Company has an interest.

### Family Relationship with Any Director and/or Major Shareholders of the Company

None

### Working Experience

He was appointed to the Board of Wellcall on 17th April, 2006. He graduated from the University of Otago in New Zealand with a Bachelor of Commerce (Accountancy) in 1970. He started his career as an auditor with Swenry & Co., a public accounting firm in New Zealand and later he has ventured into corporate sector in charge of accounting and finance management for various industries. He has more than 45 years of experience in accounting and finance management. He is currently responsible for the administration and marketing functions of the Group.

## HUANG YU FEN

Age	:	40
Gender	:	Female
Nationality	:	Taiwanese (Malaysian Permanent Resident)
Qualification	:	Diploma in London Chamber of Commerce and Industry (LCCI), UK
Occupation	:	Manager
Position	:	Non-Independent Executive Director
Board Committee	:	Member of Sustainability Committee
Date First Appointed to the Board	:	23rd May, 2018

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### Other Directorships of Public Companies

None

### Conflict of Interest

None

### Board Meetings Attended in the Financial Year

5 out of 5

### List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences

None

### Securities Holding in the Company

- (a) Direct : 562,500 ordinary shares  
(b) Indirect : Nil

### Securities Holding in Subsidiary Company

Deemed to have interest in shares of the subsidiary company to the extend the Company has an interest.

### Family Relationship with Any Director and/or Major Shareholders of the Company

Daughter of Huang Sha, P.M.P., Group Non-Independent Managing Director  
Sister of Huang Kai Lin, Alternate Director to Leong Hon Chong

### Working Experience

She was appointed to the Board of Wellcall on 23rd May, 2018. She graduated from the Stamford College, Malaysia with a Diploma in Accounting in 1999. Upon graduation, she joined Wellcall Hose (M) Sdn. Bhd. ("WHSB") as a Marketing Executive assisting in sales and marketing functions and later promoted as the Assistant Marketing Manager managing the marketing function as well as the business development segment. In view of the vast experience in managing the marketing functions, she was then promoted as the Business Development Manager overseeing the business development functions and assuming her current position as Manager to Group Managing Director office. She was appointed as the Executive Director of WHSB on 1st June, 2018.

## HUANG KAI LIN

Age	:	35
Gender	:	Male
Nationality	:	Taiwanese (Malaysian Permanent Resident)
Qualification	:	Bachelor of Chemical Engineering National Taiwan University, Taiwan
Occupation	:	Company Director
Position	:	Alternate Director to Leong Hon Chong
Board Committee	:	(a) Chairman of Corporate Disclosure Committee (b) Chairman of Risk Management Committee (c) Chairman of Sustainability Committee
Date First Appointed to the Board	:	12th April, 2010

### Other Directorships of Public Companies

None

### Conflict of Interest

None

### Board Meetings Attended in the Financial Year

5 out of 5\*

### List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences

None

### Securities Holding in the Company

- (a) Direct : Nil  
(b) Indirect : 2,186,850 ordinary shares

### Securities Holding in Subsidiary Company

Deemed to have interest in shares of the subsidiary company to the extent the Company has an interest.

### Family Relationship with Any Director and/or Major Shareholders of the Company

Son of Huang Sha, P.M.P., Group Non-Independent Managing Director  
Brother of Huang Yu Fen, Non-Independent Executive Director

### Working Experience

He was appointed to the Board of Wellcall on 12th April, 2010. He graduated from the National Taiwan University, Taiwan with a Bachelor of Chemical Engineering in 2008. He has several years of working experience in the rubber product industry and later joined as an engineer, in the Research and Development department of Wellcall Hose (M) Sdn. Bhd. ("WHSB") and later being promoted as General Manager overseeing the operations of the Company and subsidiary company. He was appointed Executive Director of WHSB on 1st June, 2018.

Note:

(\*) Huang Kai Lin attended 5 out of 5 meetings by invitation.



## TAN KANG SENG

Age	:	52
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Malaysian Certificate of Education
Occupation	:	Company Director
Position	:	Non-Independent Non-Executive Director
Board Committee	:	Member of Audit Committee
Date First Appointed to the Board	:	17th April, 2006

---

### Other Directorships of Public Companies

None

### Conflict of Interest

None

### Board Meetings Attended in the Financial Year

5 out of 5

### List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences

None

### Securities Holding in the Company

- (a) Direct : 1,687,500 ordinary shares  
(b) Indirect : 55,989,478 ordinary shares

### Securities Holding in Subsidiary Company

Deemed to have interest in shares of the subsidiary company to the extend the Company has an interest.

### Family Relationship with Any Director and/or Major Shareholders of the Company

Father of Tan Kang Foon, Non-Independent Non-Executive Director

### Working Experience

He was appointed to the Board of Wellcall on 17th April, 2006. He is also a Non-Executive Director of Wellcall Hose (M) Sdn. Bhd.. Mr. Tan has wide ranging interest in property, hospitality and financial technology businesses in Malaysia and overseas. He is also an active investor in food and beverages industries.

## TAN KANG FOON

Age	:	29
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Bachelor of Commerce University of Melbourne, Australia
Occupation	:	Company Director
Position	:	Non-Independent Non-Executive Director
Board Committee	:	Member of Remuneration Committee
Date First Appointed to the Board	:	24th August, 2016

### Other Directorships of Public Companies

None

### Conflict of Interest

None

### Board Meetings Attended in the Financial Year

5 out of 5

### List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences

None

### Securities Holding in the Company

(a) Direct : Nil

(b) Indirect : Nil

### Securities Holding in Subsidiary Company

Nil

### Family Relationship with Any Director and/or Major Shareholders of the Company

Son of Tan Kang Seng, Non-Independent Non-Executive Director

### Working Experience

He was appointed to Board of Wellcall on 26th February, 2015 as an Alternate Director to Tan Kang Seng, then was appointed as Non-Independent Non-Executive Director to the Board on 24th August, 2016. He graduated from the University of Melbourne, Australia with a Bachelor of Commerce in 2013. He started his career as an auditor in KPMG Services Pte. Ltd, Singapore. He is currently a director of real estate development division in Grand Millennium Sdn. Bhd., a Company that is engaged in real estate development.

## YONG PENG TAK

Age	:	51
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	(a) Bachelor of Accountancy The National University of Singapore
		(b) Master of Business Administration Imperial College London
		(c) Fellow Chartered Accountant Institute of Singapore Chartered Accountant
		(d) Chartered Financial Analyst CFA Institute, USA
Occupation	:	Company Director
Position	:	Senior Independent Non-Executive Director
Board Committee	:	(a) Chairman of Nomination Committee (b) Member of Audit Committee
Date First Appointed to the Board	:	1st April, 2015

### Other Directorships of Public Companies

None

### Conflict of Interest

None

### Board Meetings Attended in the Financial Year

5 out of 5

### List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences

None

### Securities Holding in the Company

(a) Direct : Nil

(b) Indirect : Nil

### Securities Holding in Subsidiary Company

Nil

### Family Relationship with Any Director and/or Major Shareholders of the Company

None

### Working Experience

He was appointed to the Board of Wellcall on 1st April, 2015. He has more than 20 years of successful experience within the financial and investment management industries in Malaysia and Singapore. He is the Founder and Chief Executive Officer of the Fortress Capital Group.

## GOH HOON LEUM

Age	:	69
Gender	:	Male
Nationality	:	Singaporean
Qualification	:	(a) Master of Property University of Newcastle, Australia (b) Bachelor of Land Economics (2nd Class Honours) University of Technology, Sydney (c) Diploma in Management Association of Business Executive, UK
Occupation	:	Company Director
Position	:	Independent Non-Executive Director
Board Committee	:	(a) Chairman of Audit Committee (b) Chairman of Remuneration Committee (c) Member of Nomination Committee
Date First Appointed to the Board	:	8th December, 2010

### Other Directorships of Public Companies

None

### Conflict of Interest

None

### Board Meetings Attended in the Financial Year

5 out of 5

### List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences

None

### Securities Holding in the Company

- (a) Direct : Nil  
(b) Indirect : Nil

### Securities Holding in Subsidiary Company

Nil

### Family Relationship with Any Director and/or Major Shareholders of the Company

None

### Working Experience

He was appointed to the Board of Wellcall on 8th December, 2010. He is the Fellow member of Singapore Institute of Surveyors and Valuers and he is also a member of Australia Property Institute. He has more than 40 years of experience in construction and property development industry and he is a licensed Appraiser in Lands & Buildings. He was conferred a Public Service Medal (PBM) in 1996 by the President of The Republic of Singapore for his contribution to the community.

## YANG CHONG YAW, ALAN

Age	:	50
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	(a) Bachelor of Economics (Accounting & Finance), Macquarie University, Sydney, Australia (b) Master of Business Administration Macquarie Graduate School of Management, Sydney, Australia (c) Member of CPA Australia
Occupation	:	Independent Director
Position	:	Independent Non-Executive Director
Board Committee	:	(a) Member of Audit Committee (b) Member of Remuneration Committee (c) Member of Nomination Committee
Date First Appointed to the Board	:	17th April, 2006

### Other Directorships of Public Companies

None

### Conflict of Interest

None

### Board Meetings Attended in the Financial Year

5 out of 5

### List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences

None

### Securities Holding in the Company

- (a) Direct : 1,012,500 ordinary shares  
(b) Indirect : Nil

### Securities Holding in Subsidiary Company

None

### Family Relationship with Any Director and/or Major Shareholders of the Company

None

### Working Experience

He was appointed to the Board of Wellcall on 17th April, 2006. He obtained his Master of Business Administration from Macquarie Graduate School of Management, Sydney, Australia in 1999 and a Bachelor of Economics (Accounting and Finance) from Macquarie University, Sydney, Australia in 1992. He is also a member of CPA Australia. Mr. Yang has more than 25 years of experience in corporate finance and accounting. He is presently the Chief Operating Officer of Firegent iASP Sdn. Bhd., a company that assists companies in providing personalised data-driven analytics.



**DATO' HAJI MOHTAR BIN NONG**, D.P.M.T., A.S.M., P.J.C., P.J.K., B.L.B.

<b>Age</b>	:	65
<b>Gender</b>	:	Male
<b>Nationality</b>	:	Malaysian
<b>Qualification</b>	:	(a) Bachelor of Economics (Hons) University Kebangsaan Malaysia (b) Master in Business Administration University of Dubuque, Iowa, USA
<b>Occupation</b>	:	Company Director
<b>Position</b>	:	Independent Non-Executive Director
<b>Board Committee</b>	:	None
<b>Date First Appointed to the Board</b>	:	17th April, 2006

**Other Directorships of Public Companies**

Astino Berhad

**Conflict of Interest**

None

**Board Meetings Attended in the Financial Year**

5 out of 5

**List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences**

None

**Securities Holding in the Company**

- (a) Direct : Nil  
(b) Indirect : Nil

**Securities Holding in Subsidiary Company**

Nil

**Family Relationship with Any Director and/or Major Shareholders of the Company**

None

**Working Experience**

He was appointed to the Board of Wellcall on 17th April, 2006. He obtained his Master in Business Administration from University of Dubuque, Iowa, USA in 1994 and a Bachelor of Economics (Hons) from Universiti Kebangsaan Malaysia in 1978. He served in various positions within the Terengganu State from 1978 until 2010 including General Manager of Yayasan Pembangunan Usahawan Terengganu, President of Majlis Perbandaran Kuala Terengganu and State Financial Officer. He was appointed as the Terengganu State Secretary in January 2007 and subsequently retired in 2010. He is also currently a director of various companies, i.e. Astino Berhad, Jasa Marine Sdn. Bhd. and Kendex Industry Sdn. Bhd..

# KEY SENIOR MANAGEMENT PROFILE

## **HUANG SHA, P.M.P.**

### ***Group Non-Independent Managing Director***

Taiwanese (Malaysian Permanent Resident), Male, aged 64

*(Please refer to his profile as listed in Directors' Profile)*

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## **LEONG HON CHONG**

### ***Non-Independent Executive Director***

Malaysian, Male, aged 74

*(Please refer to his profile as listed in Directors' Profile)*

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## **HUANG YU FEN**

### ***Non-Independent Executive Director***

Taiwanese (Malaysian Permanent Resident), Female, aged 40

*(Please refer to her profile as listed in Directors' Profile)*

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## **HUANG KAI LIN**

### ***Alternate Director to Leong Hon Chong***

Taiwanese (Malaysian Permanent Resident), Male, aged 35

*(Please refer to his profile as listed in Directors' Profile)*

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## **YU TAT KEONG**

### ***Financial Controller***

Malaysian, Male, aged 42

Mr. Yu was appointed on 18th July, 2016. He is a fellow member of the Association of Chartered Certified Accountants (ACCA), UK and also a member of Malaysian Institute of Accountants (MIA). He has a total of more than 19 years working experience in auditing, accounting and financial management, taxation, risk management, internal audit, secretarial, advisory, company listing exercise, performance management, administrative and human resource management. He started his career with KPMG and gained his commercial working experience and exposure in manufacturing, trading, services, education and stock broking sectors, mainly from listed companies where holding and subsidiaries are operating in Malaysia as well as in overseas.

### **Directorships in Public Companies and Listed Issuers**

None

### **Family Relationship with Any Director and/or Major Shareholders of the Company**

None

### **Conflict of Interest with Listed Issuers**

None

### **List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences**

None

**LIEW KEAN PENG**

***Senior Manager – Production***

Malaysian, Male, aged 61

Mr. Liew was being promoted on 1st February, 2015. Prior to his promotion, he was the Production Manager in the subsidiary company, Wellcall Hose (M) Sdn. Bhd.. In 1976, he started his career with Kami Plastic Sdn. Bhd. and was promoted to the position of Production Leader in 1988. From 1988 to 1992, he joined Polyparts Sdn. Bhd. as a Production Supervisor. Thereafter, he left to join Jetflo Robin (M) Sdn. Bhd. as a Production Supervisor of the extrusion division. He joined our subsidiary company in 1996 and has retired on the 20th August, 2018. However, with his vast experience that he has in rubber hose industry, he was then being appointed as senior manager in production for him to pass his expertise to a successor of the Group.

**Directorships in Public Companies and Listed Issuers**

None

**Family Relationship with Any Director and/or Major Shareholders of the Company**

None

**Conflict of Interest with Listed Issuers**

None

**List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences**

None

**TAN BEE CHIN**

***Administration & Human Resource Manager***

Malaysian, Female, aged 45

Ms. Tan was appointed on 2nd July, 2018. She holds a Bachelor Degree in Business Administration and an Executive Diploma in Human Resource Management. She has more than 20 years working experience in the field of administrative and human resource management. She started her career as a Management Trainee with an established foreign electronic manufacturing company, whereby she had gained experience in Good Manufacturing Practice, 5S Methodology, Total Quality Management Principles and Insurance. She had further gained her commercial experience with other listed companies throughout her career path.

**Directorships in Public Companies and Listed Issuers**

None

**Family Relationship with Any Director and/or Major Shareholders of the Company**

None

**Conflict of Interest with Listed Issuers**

None

**List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences**

None

**TAN BEE LENG**

***Marketing Manager***

Malaysian, Female, aged 48

Ms. Tan was appointed on 2nd July, 2019. She has a total of more than 19 years working experience in human resources and operational management for a Malaysian multinational organisation which is the largest home textile maker in Southeast Asia. She pursued in ICSA – The Institute of Chartered Secretaries and Administrators a recognised professional body in Malaysia. She has started her career as an accounting assistant with a furniture retail & manufacturer under a local corporation group then further gained experience in human resources in a multinational organisation which she has built up the first human resources department. She has further gained experience in operational and exposure in shipping, procurement, retail & property sales and event organising.

**Directorships in Public Companies and Listed Issuers**

None

**Family Relationship with Any Director and/or Major Shareholders of the Company**

None

**Conflict of Interest with Listed Issuers**

None

**List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences**

None

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**CHEE CHIN SHIAN**

***Finance Manager***

Malaysian, Female, aged 41

Ms. Chee was appointed on 22nd April, 2019. She is a fellow member of the Association of Chartered Certified Accountants (ACCA), UK and also a member of Malaysian Institute of Accountants (MIA). She has more than 20 years working experiences in trading, education and healthcare industry before joining our subsidiary, Wellcall Hose (M) Sdn. Bhd.. She has vast experience in the segments of accounting and finance, procurement, taxation, internal audit, secretarial, human resource management and administrative.

**Directorships in Public Companies and Listed Issuers**

None

**Family Relationship with Any Director and/or Major Shareholders of the Company**

None

**Conflict of Interest with Listed Issuers**

None

**List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences**

None

**FOO LAI BEE**

*Finance Manager, Treasury*

Malaysian, Female, aged 48

Ms. Foo was being promoted on 1st June, 2011. Prior to her promotion, she was the Assistant Head of Accounts and Finance division of our subsidiary company, Wellcall Hose (M) Sdn. Bhd.. She graduated with a Diploma in London Chamber of Commerce and Industry (LCCI), UK in 1991. She started her career with C&T Management Sdn. Bhd. as an Accounts Clerk in 1994, before joining Solid Sector Sdn. Bhd. as an Accounts Executive in 1995. She joined our subsidiary company in 1997 and assumed her career progression till present with our subsidiary company.

**Directorships in Public Companies and Listed Issuers**

None

**Family Relationship with Any Director and/or Major Shareholders of the Company**

None

**Conflict of Interest with Listed Issuers**

None

**List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences**

None

**MAZLAN BIN MUHAMAD YUSOF**

*Store Manager*

Malaysian, Male, aged 50

En. Mazlan was being promoted on 1st January, 2014. After completing his secondary education in 1988, he joined APMC Cement Sdn. Bhd. as a Mechanic Mate from 1991 to 2003, he joined Dah Toong Packaging Sdn. Bhd. and was promoted to the position as Factory Supervisor. In 2003, he joined our subsidiary company, Wellcall Hose (M) Sdn. Bhd. and assumed his career progression till present with our subsidiary company.

**Directorships in Public Companies and Listed Issuers**

None

**Family Relationship with Any Director and/or Major Shareholders of the Company**

None

**Conflict of Interest with Listed Issuers**

None

**List of Convictions for Offences Within the Past 5 Years Other Than Traffic Offences**

None



# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Wellcall Holdings Berhad (“the Company”) is fully committed to the principles and recommendations of the Malaysia Code on Corporate Governance 2017 (“MCCG 2017”). This ensures that the best practices of corporate governance including accountability and transparency to within the Group for

Pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), this Corporate Governance Statement (“Statement”) sets out how the Company has applied the Principles of the Malaysian Code on Corporate Governance (“MCCG 2017”) and observed the Recommendations supporting the Principles for the year under review. Where a specific Recommendation of the MCCG 2017 has not been observed during the year under review, the non-observation, including the reasons thereof, and the alternative practice, if any, is mentioned in this Statement.

This statement sets out the manner in which the Company has applied the principles and recommendations of MCCG 2017 and the Board will continue to implement measures to improve compliance with principles and recommended best practices moving forward.

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Part I – Board Responsibilities

##### 1.1 Strategic Aims, Values and Standards

The Board recognises the key role it plays in charting the strategic direction of the Company and its subsidiary company (“the Group”) and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions: -

- i) together with the senior management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;
- ii) review, challenge and decide on management’s proposals for the company, and monitor its implementation by management;
- iii) ensure that the strategic plan of the company supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- iv) supervise and assess management performance to determine whether the business is being properly managed;
- v) ensure there is a sound framework for internal controls and risk management;
- vi) understand the principal risks of the company’s business and recognise that business decisions involve the taking of appropriate risks;
- vii) set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; and of the conduct, business activities and development of the company;
- viii) ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- ix) ensure that the company has in place procedures to enable effective communication with stakeholders; and
- x) ensure the integrity of the company’s financial and non-financial reporting.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board Responsibilities (Cont'd)

#### 1.1 Strategic Aims, Values and Standards (Cont'd)

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Remuneration Committee, Audit Committee, Nomination Committee, Corporate Disclosure Committee, Sustainability Committee and Risk Management Committee and to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

The Board meets at least five (5) times a year and additional meetings are held as and when necessary. Board Meetings are scheduled in advance at the end of the previous financial year prior to commencement of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions in writing which are supported with information necessary for an informed decision.

During the financial year ended 30th September, 2019, five (5) Board meetings were held. Details of the attendance are as follows :-

<u>Directors</u>	<u>Position</u>	<u>No. of Board Meetings Attended</u>	<u>Percentage (%)</u>
Datuk Ng Peng Hong @ Ng Peng Hay	Group Chairman, Independent Non-Executive Director	5/5	100%
Mr. Huang Sha	Group Managing Director	5/5	100%
Mr. Leong Hon Chong	Executive Director	5/5	100%
Ms. Huang Yu Fen	Executive Director	5/5	100%
Mr. Huang Kai Lin (Alternate to Mr. Leong Hon Chong)	Alternate Director	5/5*	100%
Mr. Tan Kang Seng	Non-Independent Non-Executive Director	5/5	100%
Mr. Tan Kang Foon	Non-Independent Non-Executive Director	5/5	100%
Mr. Yong Peng Tak	Senior Independent Non-Executive Director	5/5	100%
Mr. Goh Hoon Leum	Independent Non-Executive Director	5/5	100%
Mr. Yang Chong Yaw, Alan	Independent Non-Executive Director	5/5	100%
Dato' Haji Mohtar Bin Nong	Independent Non-Executive Director	5/5	100%

**Note:**

(\*) Mr. Huang Kai Lin attended the five (5) Board meetings by invitation.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board Responsibilities (Cont'd)

#### 1.1 Strategic Aims, Values and Standards (Cont'd)

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group.

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board members. This is supplemented by visits to key locations and meetings with other key senior executives. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks.

All Directors of the Company have attended the Mandatory Accreditation Programme conducted by the body duly accredited by Bursa Malaysia Securities Sdn. Bhd. within the stipulated timeframe required in the Listing Requirements.

The Board acknowledges that continuous training is important to enable the Directors to effectively discharge their duties.

The Board will on a continuous basis, evaluate and determine the training needs of its Directors.

Save as disclosed, seminars and briefings attended by the Directors of the Company during the financial year were as follows :-

#### Datuk Ng Peng Hong @ Ng Peng Hay

No	Date	Course
1	22nd November 2018	Overview of SST 2.0 in Malaysia
2	14th April 2019	Global Investor Week

#### Mr. Huang Sha

No	Date	Course
1	22nd November 2018	Overview of SST 2.0 in Malaysia

#### Mr. Leong Hon Chong

No	Date	Course
1	22nd November 2018	Overview of SST 2.0 in Malaysia

#### Mr. Tan Kang Seng

No	Date	Course
1	22nd November 2018	Overview of SST 2.0 in Malaysia

#### Mr. Tan Kang Foon

No	Date	Course
1	22nd November 2018	Overview of SST 2.0 in Malaysia

#### Ms. Huang Yu Fen

No	Date	Course
1	22nd November 2018	Overview of SST 2.0 in Malaysia
2	3rd August 2019	Essentials of Import & Export Procedures and Related SST Rules

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board Responsibilities (Cont'd)

#### 1.1 Strategic Aims, Values and Standards (Cont'd)

##### Dato' Haji Mohtar Bin Nong

No	Date	Course
1	22nd November 2018	Overview of SST 2.0 in Malaysia

##### Mr. Huang Kai Lin

No	Date	Course
1	22nd November 2018	Overview of SST 2.0 in Malaysia

##### Mr. Goh Hoon Leum

No	Date	Course
1	22nd November 2018	Overview of SST 2.0 in Malaysia
2	30th July, 2019	Landlord and Tenant Lawsuits

##### Mr. Yong Peng Tak

No	Dates	Courses
1	9th October, 2018	"Malaysia: A New Dawn" conference
2	8th November, 2018	Affin Hwang Capital Conference 2018 – Rebuilding A New Malaysia
3	22nd November 2018	Overview of SST 2.0 in Malaysia
4	20th March, 2019	Invest Malaysia Conference 2019

##### Mr. Yang Chong Yaw, Alan

No	Dates	Courses
1	22nd November 2018	Overview of SST 2.0 in Malaysia
2	19th April 2019	Data Analytics and Business Intelligence
3	13th May 2019	MFRS 9 : Expected Credit Loss Models
4	19th June 2019	Managing Lean Financing
5	21st June 2019	Transformational Technology in Finance
6	15th August 2019	Accounting for crypto-currency assets

The Group Independent Non-Executive Chairman ("Chairman") of the Board chairs the Board Meetings. The Group Managing Director ("MD"), Executive Directors and senior management will review and discuss the Group's financial performance and key matters prior to table to the Board of Directors of the Company for approval. Senior management staffs will be invited to attend the Board and Board Committee Meetings to advise and provide the Board and Board Committee members with the presentations, detailed explanation and clarification on relevant agenda items that have been tabled to the Board to enable them to arrive at a considered decision.

At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of each Board Committee informs the Directors at each Board meetings of any salient matters noted during the respective Board Committees' meetings which require the Board's notice or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. In addition, semi-annual assessment conducted by the Company Secretary will allow the Directors to disclose their directorships in other companies if any. Such notification is expected to indicate sufficiency of time that will be spent in the Company.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board Responsibilities (Cont'd)

#### 1.2 The Group Independent Non-Executive Chairman (“the Chairman”)

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

Datuk Ng Peng Hong @ Ng Peng Hay was appointed as the Group Independent Non-Executive Chairman of the Company. Datuk Ng has been acting as facilitator at meetings of the Board to ensure the discussion takes place effectively and constructively, the opinion of all directors relevant to the subject under discussion are solicited and freely expressed, and that Board discussions lead to appropriate decision.

The Chairman has also from time to time communicate with the Group Managing Director and senior management to ensure that the Company complies with all relevant laws and regulations. He plays an important role to promote and lead the Company to apply the recommended best practices relevant to the Company.

#### 1.3 The Positions of the Chairman and the Group Managing Director

The Company practices a division of responsibilities between the Chairman of the Board and the Group Managing Director. Their roles are separately and clearly defined to ensure a balance of power and authority, increase accountability and greater capacity of the Board for independent decision.

The roles of the Chairman of the Board are overseeing the Board in the effective discharge of its supervisory role, the effective organisation and conduct of the Board's function and meetings, and committing the time necessary to discharge effectively his role as Chairman.

The Group Managing Director is accountable to the Board for the overall organisation, the business, the management and allocation of the resources of the Group and for its procedures in financial as well as operational matters, including conduct and discipline.

#### 1.4 Qualified and Competent Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries who are members of a professional body, The Malaysian Institute of Chartered Secretaries and Administrators. Both of them are also qualified to act as the Company Secretary under Sections 235(2) and 241 of the Companies Act, 2016. The roles of the Company Secretaries have been set out clearly in the Board Charter and will be revised to include new roles as follows :-

- 1) the responsibility of the modern-day Company Secretary has evolved from merely advising on administrative matters to now advising boards on governance matters;
- 2) the Company Secretary through the Chairman plays an important role in good governance by helping the board and its committees' function effectively and in accordance with their terms of reference and best practices;
- 3) manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- 4) advise the board on its roles and responsibilities;
- 5) facilitate the orientation of new directors and assist in director training and development;

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board Responsibilities (Cont'd)

#### 1.4 Qualified and Competent Company Secretaries (Cont'd)

- 6) advise board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- 7) manage processes pertaining to the general meetings;
- 8) monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
- 9) serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Board ensures that the Company Secretaries who are selected and appointed have the relevant competent, experience and skills. These may include knowledge in company and securities law, finance, governance, company secretaryship, and other areas of compliance such as the listing requirements.

#### 1.5 Supply of, and Access to, Information

All Directors are provided with an agenda and the relevant Board papers seven (7) days prior to every Board meeting to ensure that the Directors are fully apprised on matters or key issues affecting the Group as well as to enable Directors to make well-informed decisions on matters arising at the Board meetings. The Company Secretaries record all the deliberations, including pertinent issues, the substance of inquiries and responses, Board members' suggestions and the decision made in the minutes of meeting. The minutes of every Board meeting are also circulated to Directors for their perusal prior to confirmation of the same at the following Board meeting.

In addition, the Board members are updated on the Group's activities and its operations on a regular basis. Directors have access to all information of the Group on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may through the Board's consensus, to obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Group and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board Responsibilities (Cont'd)

#### 2 – Demarcation of Responsibilities

##### 2.1 Board Charter

Whilst Directors and Management of the Company are aware of their respective roles and responsibilities, including the limits of authority accorded, the Board recognises the need to formalise such demarcation of duties to provide clarity and guidance to Directors and Management. Accordingly, the roles of the Board, Board Committees, Executive and Non-Executive Directors are specified in the Group's Board Charter. The Board Charter, which has been adopted by the Board, serves as a referencing point for Board's activities to enable Directors carry out their stewardship roles and discharge their fiduciary duties towards the Company. In line with Recommendation 2.1 of the MCCG 2017, the Board will review and revisit the Board Charter of the Company where appropriate.

The Board established a number of Board Committees whose compositions and terms of reference are consistent with the MCCG 2017. The following Board Committees were established to assist the Board in discharging its duties :-

- a) The Audit Committee
- b) The Nomination Committee
- c) The Remuneration Committee
- d) The Risk Management Committee
- e) The Corporate Disclosure Committee
- f) The Sustainability Committee

The Board Charter will be reviewed on a periodical basis. The Board has annually reviewed it and the last review was conducted on 23rd August, 2019.

#### 3 – Good Business Conduct and Corporate Culture

##### 3.1 Code of Conduct

The Board also observes a set of Code of Conduct and Ethics for the Directors which is based on the Code of Conduct and Ethics launched by the Companies Commission of Malaysia. The Board also has developed a Code of Conduct ("the Code") for employees of the Group in the Employees' Handbook, setting out the standards of conduct expected from employees, to engender good corporate behaviour across the Group.

The Board will review the Code and embed the following new requirements before publish the Code on Company's website :-

- a) The Board has the responsibility to set the tone and standards of the Company through the Code;
- b) The Code should articulate acceptable practices and guide the behaviour of directors, management and employees;
- c) The policies of the Code should be :-
  - Integrated into company-wide management practices; and
  - Periodically reviewed.
- d) The Code should describe measures put in place to :-
  - Handle actual or potential conflict of interest;
  - Prevent corrupt practices which include the offering and acceptance of gifts and other form of benefits;
  - Encourage the reporting of unlawful or unethical behaviour;
  - Protect and ensure the proper use of the company's assets; and
  - Ensure compliance with laws, rules and regulations.



## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board Responsibilities (Cont'd)

#### 3 – Good Business Conduct and Corporate Culture (Cont'd)

##### 3.2 Whistleblowing Policy

The Company also formalised a Whistleblowing Policy and Fraud Policy which outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of conduct involving employee, Management or Director in the Group. The Board also recognises the importance of adherence to the Code by all personnel in the Group and will take measures to put in place a process to ensure its compliance. Both Whistleblowing Policy and Fraud Policy have been uploaded on the Company's website.

In order to ensure effectiveness of the Whistleblowing Policy, the Board will review and update the Whistleblowing Policy to include the following requirements :-

- The Board should encourage employees to report genuine concerns in relation to breach of a legal obligation, miscarriage of justice, the danger to health and safety and the cover up of any of these in the workplace;
- The Board should ensure that its Whistleblowing Policies set out venues where legitimate concerns can be objectively investigated and addressed.

### Part II – Board Composition

#### 4.1 Board Balance

The Company is managed by a well-balanced Board, which consists of members with wide range of business technical and financial background. This brings diversity and insightful depth to the Company's leadership and management.

During the financial year under review, the Board consisted of ten (10) members, comprising one (1) Independent Non-Executive Chairman, one (1) Non-Independent Group Managing Director, two (2) Non-Independent Executive Directors, two (2) Non-Independent Non-Executive Directors, four (4) Independent Non-Executive Directors and one (1) Alternate Director. This composition fulfils the requirements as set out under the Paragraph 15.02(1) of Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("BMSB"), which required at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors, and the MCGG 2017, which stipulate that at least half of the Board must be Independent. In the event of any vacancy in the Board resulting non-compliance with Paragraph 15.02(1) of MMLR of BMSB, the Company shall fill in the vacancy within 3 months.

In accordance with Clause 89 of the Company's Constitution, one-third (1/3) of the Directors for the time being, or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting ("AGM") provided always that all Directors shall retire from office at least once every three (3) years in compliance with the Paragraph 7.26(2) of MMLR of BMSB. At the forthcoming 14th AGM, the following Directors are due for retirement and being eligible, have offered themselves for re-election :-

- a) Mr. Leong Hon Chong (Non-Independent Executive Director)
- b) Mr. Tan Kang Seng (Non-Independent Non-Executive Director)
- c) Dato' Haji Mohtar Bin Nong (Independent Non-Executive Director)

The Company's Constitution also provide that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. During the financial year 2019, there were no newly-appointed directors in the Company.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II – Board Composition (Cont'd)

#### 4.1 Board Balance (Cont'd)

The profile of each Director is set out in Directors' Profile of this Annual Report.

The composition of the Board not only reflects the broad range of experience, skills and knowledge required to successfully direct and supervise the Group business activities, but also the importance of independence in decision making at the Board level.

#### 4.2 Tenure of Independent Directors

Mr. Yang Chong Yaw, Alan, and Mr. Goh Hoon Leum have served the Board as Independent Non-Executive Director beyond the 9-year tenure limit promulgated by the MCG 2017. Hence, the Board has through the Nomination Committee after conducting an assessment on their performance as Independent Directors, recommended that Mr. Goh Hoon Leum to continue to act as Independent Non-Executive Director for the ensuing year subject to the approval from the shareholders of the Company and Mr. Yang Chong Yaw, Alan to continue to act as Independent Non-Executive Director for the ensuing year subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice No. 4.2 of the MCG 2017 based on the following justifications :-

- i) they have fulfilled the criteria under the definition of Independent Director as stated in the LR and thus, is able to function as a check and balance, bringing an element of objectivity to the Board;
- ii) they have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and
- iii) they have continued to exercise his independence and due care during their tenure as Independent Non-Executive Directors and carried out their professional duties in the best interests of the Company and shareholders.

From the assessment conducted by the Nomination Committee, it was acknowledged that Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum have met the independence guideline as set out in Chapter 1 of the LR. The Board upon the recommendation from the Nomination Committee of the Company, therefore, considers Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum to be independent and recommends them to remain as the Independent Non-Executive Directors subject to the approval from the shareholders of the Company for Mr. Goh Hoon Leum and through a two-tier voting process pursuant to Practice No. 4.2 of the MCG 2017 for Mr. Yang Chong Yaw, Alan. The Ordinary Resolutions 9 and 10 on the Proposed Continuation in Office as Independent Non-Executive Directors as set out in the Notice of the Thirteenth AGM ("13th AGM") of the Company duly passed at the 13th AGM and Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum have been retained as the Independent Non-Executive Directors of the Company.

The criteria for independent directors used by the Board in assessing the Independent Directors of the Company accord with those of the Listing Requirements and the criteria set by the Nomination Committee.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II – Board Composition (Cont'd)

#### 4.4 Nomination Committee – Selection and Assessment of Directors

The Nomination Committee is responsible for reviewing and assessing the skills, experience and other qualities of the Board annually to ensure an appropriate mix of skills capabilities among members. The Nomination Committee also establishes a set of qualitative and quantitative performance benchmarks on which performance can be evaluated and subsequently recommend to the Board for the appointment of members.

The appointment of new directors is the responsibility of the full Board after the recommendations of the Nomination Committee. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

#### 4.5 Diversity Policy

Currently the Board has not set the limit for diversification on its Board composition to achieve the 30% representation from Women as the Board is of the opinion that the appointment of directors is based on merits without giving regards to the gender of the appointed directors and also consider the following criteria :-

- i) who have the required mix skills, experience and other qualities and competencies;
- ii) who exercise the highest standard of conduct and integrity are maintained;
- iii) who fulfil the regulatory compliance and selection criteria;
- iv) who can provide effective contribution and support to the functions of the Board; and
- v) who are more in tune with the business model of the Company.

With the appointment of Ms. Huang Yu Fen as the Non-Independent Executive Director of the Company, thereby the women representation in the Board of the Company has recorded as 10%. The Board has also directed the management of the Company to continuously assess its current diversity levels of the Group and consider linking achievement of the measurable objective to be established by the Board. Consideration must be given to all recommendations to the Board the establishment of the measurable diversity objectives and also that to link the achievement of these measurable objectives to key performance indicators of the Company. Currently, the Group has achieved 21% of women employees from the total workforce of the Group. The Nomination Committee shall review and monitor from time to time the status of the diversity level.

Insofar as board diversity is concerned, the Board does not discriminate on the basis of age, gender, physical disability or religion. The evaluation of the suitability of candidates for filling of casual vacancy, re-election or re-appointment is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be. The Nomination Committee has also taken this into consideration when assessing the performance of the Directors.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II – Board Composition (Cont'd)

#### 4.5 Diversity Policy (Cont'd)

The diverse backgrounds of the Board of the Company by gender, age and races as at 30th September, 2019 is as follows :-

Age (Years)	20 - 40		41 - 60		61 above		Total
Race	M	C	M	C	M	C	
	%	%	%	%	%	%	%
Female	–	10.0	–	–	–	–	10.0
Male	–	10.0	–	30.0	10.0	40.0	90.0
Total	–	20.0	–	30.0	10.0	40.0	100.0

The total workforce of the Group by gender, age and races as at 30th September, 2019 are as follows: -

Age (Years)	18 – 30				31 – 40				41 above				Total
Race	M	C	I	O	M	C	I	O	M	C	I	O	
	%	%	%	%	%	%	%	%	%	%	%	%	%
Female	4.8	0.9	0.7	0.2	1.6	1.4	1.8	1.6	2.5	2.5	2.3	0.5	20.8
Male	1.4	0.9	39.9	18.4	3.5	3.0	–	0.5	3.7	3.3	1.8	2.8	79.2
Total	6.2	1.8	40.6	18.6	5.1	4.4	1.8	2.1	6.2	5.8	4.1	3.3	100.0

M – Malay      C – Chinese      I – Indian      O - Others

Another section on Diversity Policy is disclosed at the later part of this Statement.

In addition to the above, the Financial Projections which were tabled and approved by the Board would also be used to assess the performance of the Executive Directors of the Company.

#### 4.6 New Candidates for Board Appointment

In assessing suitability of candidates, consideration will be based on the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of professional knowledge, skills experience and diversity (include gender diversity), understanding of the business, the markets and the industry in which the Group operates and the accounting, finance and legal matters. The Board will use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. This may include internal promotion or recommendation from the existing Board member or external sourcing such as the use of independent search firms, where necessary.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II – Board Composition (Cont'd)

#### 4.7 Nomination Committee

The Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The Nomination Committee consists of three (3) members, which comprise of Independent Non-Executive Directors as follows :-

1. Chairman – Mr. Yong Peng Tak (Senior Independent Non-Executive Director)
2. Member – Mr. Goh Hoon Leum (Independent Non-Executive Director)
3. Member – Mr. Yang Chong Yaw, Alan (Independent Non-Executive Director)

The Nomination Committee is responsible for reviewing the Board's succession plans, training for Directors and assessing the effectiveness of the Board and Board Committees and ensuring there is effective and orderly succession planning in Wellcall group.

The terms of reference of the Nomination Committee has been uploaded on the Company's website at [www.wellcallholdings.com](http://www.wellcallholdings.com).

#### 5.1 Annual Evaluation

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annual basis. The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in set of questionnaires. Each of the Directors will perform a self-assessment on an annual basis.

### Part III – Remuneration

#### 6.1 Remuneration Policy

The Remuneration Committee is authorised by the Board to establish a Remuneration Policy on executive remuneration and for fixing the remuneration packages of individual Directors. In this respect, the Remuneration Committee considers new appointments and renewal of tenure of directors to ensure all candidates appointed are of sufficient calibre.

The Board believes the Remuneration Policy fairly support the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

#### 6.2 Remuneration Committee

The Remuneration Committee consists of three (3) members, which, comprising a majority of Independent Non-Executive Directors as follows :-

1. Chairman – Mr. Goh Hoon Leum (Independent Non-Executive Director)
2. Member – Mr. Yang Chong Yaw, Alan (Independent Non-Executive Director)
3. Member – Mr. Tan Kang Foon (Non-Independent Non-Executive Director)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part III – Remuneration (Cont'd)

#### 6.2 Remuneration Committee (Cont'd)

The Remuneration Committee has been entrusted by the Board with specific terms of reference to review and recommend to the Board an appropriate remuneration framework for Executive Directors, including recommendations to the Board on all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors, sufficient enough to attract and retain Directors of quality required to manage the business of the Group. The remuneration package of Non-Executive Directors is also assessed by the Remuneration Committee and recommended to the Board thereafter.

In the case of Executive Directors, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. The determination of each Director's remuneration is a matter for the Board, as a whole. Directors do not participate in decision regarding their own remuneration package.

The Remuneration Committee met at least once (1) a year. For the financial year 2019, the Remuneration Committee met once and all its members had attended the said meeting. During the meeting held, the Remuneration Committee recommended to the Board performance related bonuses and also remuneration packages to the Executive Directors and Senior Management of the Company.

### 7 – Remuneration of Directors

#### 7.1 Directors' Remuneration

Details of Directors' remuneration as at financial year ended 30th September, 2019 are set out below and in notes to the financial statements.

##### Company

Directors' Remuneration	Salary RM	Bonus RM	Fee RM	Allowances RM	Benefits- in kind RM	Socso, EPF & EIS RM	Total RM
<b><u>Executive Directors</u></b>							
Huang Sha	–	–	–	3,500	–	–	3,500
Leong Hon Chong	–	–	–	3,500	–	–	3,500
Huang Kai Lin	–	–	–	3,500	–	–	3,500
Huang Yu Fen	–	–	–	3,500	–	–	3,500
	–	–	–	14,000	–	–	14,000
<b><u>Non-Executive Directors</u></b>							
Datuk Ng Peng Hong@ Ng							
Peng Hay	–	–	120,000	21,500	–	–	141,500
Tan Kang Seng	–	–	82,000	15,500	–	–	97,500
Goh Hoon Leum	–	–	112,000	9,500	–	–	121,500
Yang Chong Yaw	–	–	102,000	9,500	–	–	111,500
Dato' Haji Mohtar Bin Nong	–	–	72,000	9,500	–	–	81,500
Tan Kang Foon	–	–	82,000	9,500	–	–	91,500
Yong Peng Tak	–	–	112,000	9,500	–	–	121,500
	–	–	682,000	84,500	–	–	766,500

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part III – Remuneration (Cont'd)

#### 7 – Remuneration of Directors (Cont'd)

##### 7.1 Directors' Remuneration (Cont'd)

Group							
Directors' Remuneration	Salary RM	Bonus RM	Fee RM	Allowances RM	Benefits- in kind RM	Socso, EPF & EIS RM	Total RM
<b>Executive Directors</b>							
Huang Sha	1,380,000	2,296,078	–	21,500	25,184	1,976	3,724,738
Leong Hon Chong	504,000	126,000	–	13,500	25,936	1,976	671,412
Huang Kai Lin	480,000	120,000	–	13,500	24,015	72,923	710,438
Huang Yu Fen	204,000	51,000	–	3,500	818	31,524	290,842
	2,568,000	2,593,078	–	52,000	75,953	108,399	5,397,430
<b>Non-Executive Directors</b>							
Datuk Ng Peng Hong@ Ng							
Peng Hay	–	–	350,000	21,500	–	–	371,500
Tan Kang Seng	–	–	222,000	15,500	–	–	237,500
Goh Hoon Leum	–	–	112,000	9,500	–	–	121,500
Yang Chong Yaw	–	–	102,000	9,500	–	–	111,500
Dato' Haji Mohtar Bin Nong	–	–	72,000	9,500	–	–	81,500
Tan Kang Foon	–	–	82,000	9,500	–	–	91,500
Yong Peng Tak	–	–	112,000	9,500	–	–	121,500
	–	–	1,052,000	84,500	–	–	1,136,500

##### 7.2 Remuneration of Top Five (5) Senior Management

The Group is aware of the importance of transparency in disclosing the remuneration of its senior management. However, in view of the sensitivity for talent search in the competitive market to the best interest of the Group, the Board opt not to disclose on named basis, the remuneration of top five (5) senior management. It is also due to confidentiality and concerns over poaching by competitors and head hunters.

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### Part I – Audit Committee

#### 8.1 Composition of Audit Committee

The Company has established the Audit Committee comprising exclusively of Non-Executive Directors. The Audit Committee is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.



## **PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

### **Part I – Audit Committee (Cont'd)**

#### **8.1 Composition of Audit Committee (Cont'd)**

The present members of the Audit Committee are as follows: -

1. Chairman – Mr. Goh Hoon Leum (Independent Non-Executive Director)
2. Member – Mr. Yang Chong Yaw, Alan (Independent Non-Executive Director)
3. Member – Mr. Tan Kang Seng (Non-Independent Non-Executive Director)
4. Member – Mr. Yong Peng Tak (Senior Independent Non-Executive Director)

The Audit Committee is chaired by Mr. Goh Hoon Leum, an Independent Non-Executive Director who is not Chairman of the Board. Half of the Audit Committee members are the members of associations of accountants. The role of the Audit Committee and the number of meetings held during the financial period as well as the attendance record of each member are set out in the Audit Committee Report of the Annual Report.

#### **8.2 Cooling Off Period for Appointment of Former Key Audit Partner**

The Board took note of this practice of the MCCG 2017 to have a policy that requires a former key audit partner to observe a cooling off period of at least two years before being appointed as a member of the Audit Committee and would consider adopting such recommendation in due course.

#### **8.3 Assessment of Suitability and Independence of External Auditors**

The Audit Committee is responsible for the annual assessment of the competency and independence of the external auditors. Having assessed their performance, the Audit Committee will recommend their re-appointment to the Board, who will then seek the shareholders' approval at the AGM.

The Audit Committee has been explicitly accorded the power to communicate directly with the both the external auditors and internal auditors. The external auditors are required to declare their independence annually to the Audit Committee.

#### **8.4 Qualifications and Skills of Audit Committee**

The composition of the Audit Committee meets the requirements of Paragraph 15.09(1)(a) and (b) of the Listing Requirements of Bursa Securities. Two of the members of the Audit Committee are the members of association of accountants, the other two members of the Audit Committee keep abreast of developments in accounting and auditing standards, practices and rules through updates from our External Auditors who keep the Audit Committee members and other members of the Board updated with changes in accounting and auditing standards.

In order to strengthen the present financial literacy of each member and the ability to understand matters under the purview of the Audit Committee including the financial reporting process, all members of the Audit Committee balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules by participating in trainings on the relevant matters.

For details of trainings attended by the Audit Committee members, please refer to the Paragraph 1.1 on the Corporate Governance Overview Statement in the Company's Annual report 2019.

The Company Secretaries normally circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates, where applicable. The External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

## **PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

### **Part II – Risk Management and Internal Control Framework**

#### **9.1 Effective Risk Management and Internal Control Framework**

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The review on the adequacy and effectiveness of the risk management and internal control system has been undertaken by the Board.

#### **9.2 Adequacy and Effectiveness of the Risk Management and Internal Control**

The internal audit function of the Company is effective and remains independent all the time. The internal audit function is set out in the Statement on Risk Management and Internal Control and Audit Committee Report.

#### **10.1 Internal Audit Function**

The Group has engaged an external independent party as an internal auditor to perform internal audit, whose primary function is to assist the Audit and Risk Management Committee to carry out respective functions effectively.

The internal audit activities are guided by the approved internal audit plans, which is on risk-based approach focusing on various processes based on risks identified. Upon auditing, the internal auditors summarised work done and present the internal audit reports together with Management's responses addressing the audit findings and recommendations to the Audit Committee on quarterly basis. Follow up actions by internal auditor for audit findings based on Management responses are being followed up on each cycle of audit field work visit.

#### **10.2 Disclosure on Internal Auditor Information**

The information of the outsourced internal auditor is set out in the Audit Committee Report under internal audit function for the Annual Report 2019.

## **PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **Part 1 – Communication with Stakeholders**

#### **11.1 Continuous Communication between Company and Stakeholders**

The Board recognises the importance of maintaining active communication with its shareholders and other stakeholders, and timely dissemination of information concerning the Group's business performance. The Company adheres to the disclosure principles to provide investors and the public with information with element of transparency, timely, fairness, continuity and high-quality disclosure of material information to the public.

Several communication channels are used to promote effective communication between the Group and its stakeholders such as general meetings, press release, periodic and continuous disclosures, electronic communication and investors' relation.

## **PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

### **Part 1 – Communication with Stakeholders (Cont'd)**

#### **11.1 Continuous Communication between Company and Stakeholders (Cont'd)**

The Board ensures the Company's Annual General Meeting ("AGM") is conducted in an efficient manner in order to serve as the principal forum for dialogue and interaction with the shareholders.

The Company's website also serves as one of the means of communication with the shareholders and the general public as information pertaining to disclosures required by the and made to Bursa Malaysia are published herein.

### **Part II – Conduct of General Meetings**

#### **12.1 Encourage Shareholders Participation at General Meetings**

The AGM is the principal forum for dialogue with the shareholders. The shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty-eight (28) days before the date of the meeting, to allow the shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice of AGM, which sets out the business transacted at the AGM, is also published in a major local newspaper. At the AGM, the Chairman of the Group will brief shareholders on the Group's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

The Company also provides details of the AGM to the shareholders regarding the eligibility of the shareholders, their rights to appoint proxies and other relevant information pertaining to the AGM.

#### **12.2 Attendance of the Chair of the Board Committees at the AGM**

The Board took note that the presence of all directors will provide opportunity for shareholders to effectively engage each director. Amongst the Directors, the Chairman of the Board Committees presence do facilitate the engagement with shareholders for any questions raised during AGM.

#### **12.3 Voting in Absentia and Remote Shareholders, Participation at AGM**

The Company's general meetings are not held at remote locations and has adopted traditional poll voting for the general meetings which were held in 2019. Shareholders are entitled to appoint proxy / proxies to attend, speak and vote on their behalf in their absence at the AGM in accordance with the relevant provisions of the Company's Constitution. Proxy form is available in the Company's Annual Report circulated.

In view of the relatively small number of shareholders and that the Company's AGM are not held in remote area, voting in absentia and remote shareholders participation are not facilitated, as recommended by MCCG 2017 under Practice 12.3.

### **Compliance Statement**

The Board is supportive of all the Recommendations of the Code and will take reasonable steps to review existing policies and procedures in place from time to time to ensure full compliance thereof.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) is committed to maintain a sound system of risk management and internal control (“system”) in Wellcall Holdings Berhad (“the Company”) and its subsidiary company (“the Group”), and is pleased to present the following Statement On Risk Management and Internal Control (“Statement”), which outlines the nature and scope of risk management and internal control of the Group during the financial year under review. This Statement was prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers released by Bursa Malaysia Securities Berhad (“Bursa Securities”) on the issuance of Risk Management and Internal Control Statement pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Securities for Main Market and the Malaysian Code on Corporate Governance 2017. The scope of this Statement includes the Company and its wholly-owned subsidiary.

## BOARD’S RESPONSIBILITY

The Board is ultimately responsible for the adequacy and effectiveness of the Group’s risk management and internal control system. The Board recognises the importance of good corporate governance and is committed in maintaining a sound system of internal controls to safeguard the shareholders’ investment and the Group’s assets.

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system as well as to establish risk appetite of the Group based on the mission, vision, core values, strategies, business objectives, business context, business nature and corporate lifecycle. Because of the limitations that are inherent in any system of internal control, it should be noted that the system is designed to provide reasonable combination of preventive, detective and corrective measures and accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group manages its risk management and internal control on an on-going process, and has been in place for identifying, evaluating and managing significant risks that are faced or potentially to be encountered by the Group and the Board regularly reviews the said process.

## RISK MANAGEMENT GOVERNANCE AND SYSTEM

In line with Recommendation 9.1 of the Malaysian Code on Corporate Governance 2017, the Board has established a structured risk management framework to identify, evaluate, control, report and monitor significant business risks faced by major companies in the Group, where the updated risk profiles of the companies concerned are tabled to the Board for deliberation and action plans to be taken by Management in mitigating the risks, as deemed necessary.

The Board had formalised its Risk Management Committee (“RMC”) which is headed by the General Manager and comprised of the Head of each Department. The RMC had also presented its Enterprise Risk Management Policy (“ERM Policy”) which was tabled and approved by the Board of Directors. According to the ERM Policy, the RMC shall meet at least twice a year. The RMC re-assesses and updates its risk profiles and register on a periodically basis. The RMC has tabled its risk management report twice a year to the Board via the quarterly meeting.

This ERM Policy enables the Management and the Board to share a common model in the effective communication and evaluation of principal risks faced by the Group and internal controls implemented to address the risks concerned. The process involved Management’s identification of risks, assessment of risks and controls and formulation of appropriate action plans before these were escalated to the Board for review.

The business risks identified are scored for likelihood of their occurrence and the magnitude of impact upon the Group based on the relevant risk parameters that articulate the risk appetite of its subsidiary company. The internal audit function carried out its internal plan prepared based on the risk profiles of its subsidiary company in the Group.

## RISK MANAGEMENT GOVERNANCE AND SYSTEM (CONT'D)

The key elements of the Group's ERM Policy comprise the following:

- i) Risk Identification
- ii) Risk Assessment and Measurement
- iii) Risk Response and Treatment
- iv) Monitoring
- v) Reporting

It is also important to ensure the ERM Policy and risks are re-evaluated and updated on an on-going basis to reflect new information and experiences so that all significant risks are appropriately identified and addressed and that any material opportunities are not overlooked.

The Group adopts a decentralised approach to risk management, where all the Head of Departments take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibility of the Head of Departments.

The Financial Controller acts as the Risk Officer and also as the Secretary of the RMC. The Risk Officer actively assisting the General Manager to co-ordinate and liaise with each Head of Department to assess the risk throughout the Group, as a whole. The RMC will look out for significant changes in the business and external environment which may affect the Group's principal business risks and the General Manager, who acts as the head of RMC, shall report to the Board so that pertinent remedial measures may be developed to mitigate the key risks caused by changes in the business and external environment.

## INTERNAL AUDIT GOVERNANCE

The Group's internal audit function is wholly outsourced to an independent professional firm, NeedsBridge Advisory Sdn. Bhd. ("NeedsBridge"). The scope of work performed by NeedsBridge comprises the conduct of internal audit based on internal audit plan which is reviewed and approved by the Audit Committee, in order to assess the adequacy and integrity of the governance, risk and internal control processes, and highlighting to the Audit Committee significant areas for improvements as well as risks that may impact the business units concerned. NeedsBridge reports directly to the Audit Committee and is responsible for planning and executing internal audit, on a risk-based approach, covering the Group. The activities undertaken by NeedsBridge during the financial year comprise the following:

- conducted internal audit on key processes such as shipping management, sales and marketing management, IT management and purchasing management (raw material);
- conducted follow-up review on issues raised in preceding cycles of internal audit to assess the implementation status of Management's action plans;
- engaged with Executive Directors and Management on the outcome of the follow-up; and
- reported to the Audit Committee, highlighting the status of Management's action plans in addressing issues highlighted in preceding cycles of internal audit.

## INTERNAL CONTROL SYSTEM

The Board has established a system of internal control for the smooth running of the Group's operations, augmented by an established organisational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority. A process of hierarchical reporting is established which provides a documented and auditable trail of accountability.

The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Managing Director, Executive Directors and Management ("the Management") in running the Group's operations.

Details of some key elements of the Group's internal control system are described below:

- **Control environment**

To provide a proper control environment, focus is directed towards the qualities and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Continuing education and training include internal briefings and external seminars for selected employees to enhance the level of awareness and knowledge on matters relating to risk management and internal controls.

- **Control structure**

The Board and the Management have established a formal organisational structure with clearly defined lines of accountability and delegated authority within the Group. This includes well-defined responsibilities of Board committees and various Management levels, including authorization levels for all aspects of the business.

The key elements of the Group's control structure are as follows:

### Management

- The Group adopts ISO9001:2015 Quality Management System which will enable the Group to monitor and ensure the quality requirements of the Group's products.
- The Group also sets financial authority limits to assign authority to appropriate levels of Management.
- There are also policies and procedures which are clearly defined to support the Group's business operations and also data recovery backup plan to ensure business continuity in event of occurrence of disaster.
- In summary, these policies and procedures deal with, inter-alia, control issues for financial accounting and reporting, treasury management, asset security, information technology, and etc. The procedures are subject to regular reviews to cater for process changes, changing risks or further improvements;
- Regular informal meetings with Head of Departments which provide a platform for the Head of Departments to communicate with, and provide feedback to, the Management.

### Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities on maintaining a sound system of internal control and risk management. The Audit Committee monitors the levels of assurance within the Group through their review of the reports of the appointed outsourced internal auditor, nature and scope of their work and monitoring the implementation progress of audit recommendations.

The Audit Committee Report, set out in this Annual Report, contains further details on the activities undertaken by the Audit Committee during the financial year under review.

### Board

The Board holds regular discussions with the Audit Committee and the Management and considers their reports on matters relating to internal controls and deliberates on their recommendation for implementation.

## INTERNAL CONTROL SYSTEM (CONT'D)

- **Reporting and information**

The Group has in place the following reporting and information structure:

- Authority limits are established to provide a functional framework of authority in approving revenue and capital expenditure;
- Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management to perform financial reviews on the operating subsidiary company. The reviews encompass areas such as financial and non-financial key performance indicators and variances between budget and operating results and explanation of significant variances;
- The Executive Directors review the monthly management accounts; and
- The Executive Directors conduct monthly meetings with Management of all significant business units within the Group to discuss the various aspects of the business, financial and operational performance of the Group.

- **Monitoring and review**

The system of internal control is reviewed on an ongoing basis by the Board through the Audit Committee, which is also responsible for monitoring compliance with policies, procedures and guidelines.

## ASSURANCE BY THE MANAGING DIRECTOR AND EXECUTIVE DIRECTOR ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

In line with the Guidelines, the Managing Director, being the highest ranking executive in the Company and the Executive Director, being the person primarily responsible for the management of the financial affairs of the Company have acknowledged to the Board to maintain a system of internal controls that provides assurance of effective and efficient operation and compliance with laws and regulations during financial year under review.

## BOARD'S OPINION ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Based on the review of the risk management results and process, results of the internal audit activities, monitoring and review mechanism stipulated above and written assurance provided by the Managing Director and Executive Director, the Board is of the opinion that the system is satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report 2019. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's system in meeting the Group's strategic objectives.

## ASSURANCE PROVIDED BY THE EXTERNAL AUDITORS

The External Auditors have reviewed the Statement on Risk Management and Internal Control. Their review has been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in assessing the risks faced by the Group and also in reviewing the adequacy and integrity of the system of internal control for the Group.

Based on the review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control.

This Statement is issued in accordance with a resolution of the Board dated 15th January, 2020.



# AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") is pleased to present the following Audit Committee Report and its summary of work for the financial year ended 30th September, 2019.

## 1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members:

### Chairman

*Independent Non-Executive Director*  
Goh Hoon Leum

### Member

*Senior Independent Non-Executive Director*  
Yong Peng Tak  
*Independent Non-Executive Director*  
Yang Chong Yaw, Alan  
*Non-Independent Non-Executive Director*  
Tan Kang Seng

Mr. Yang Chong Yaw, Alan is a member of Australian Society of Certified Practising Accountants as specified in Part II of the First Schedule of the Accountants Act, 1967.

## 2. TERMS OF REFERENCE

The terms of reference ("TOR") of the Audit Committee as approved by the Board are available on the Company website at [www.wellcallholdings.com](http://www.wellcallholdings.com).

## 3. MEETINGS

There were five (5) meetings of the Audit Committee held during the financial year ended 30th September, 2019, which were attended by the Audit Committee members as follows:

Members	Position	No. of Meetings Attended	Percentage (%)
Goh Hoon Leum <i>Chairman</i>	Independent Non-Executive Director	5/5	100%
Yong Pek Tak <i>Member</i>	Senior Independent Non-Executive Director	5/5	100%
Yang Chong Yaw, Alan <i>Member</i>	Independent Non-Executive Director	5/5	100%
Tan Kang Seng <i>Member</i>	Non-Independent Non-Executive Director	5/5	100%



### 3. MEETINGS (CONT'D)

The meeting dates where the Audit Committee met during the financial year were 22nd November, 2018, 15th January, 2019, 25th February, 2019, 23rd May, 2019 and 23rd August, 2019. Wellcall Holdings Berhad ("the Company") and its subsidiary company ("the Group")'s External Auditors attended all the Audit Committee meetings during the year.

The Chairman of the Audit Committee undertakes a continuing process of engagement with senior executives of the Company as well as the External Auditors and the Internal Auditors so that the Audit Committee is kept up-to-date with all important issues including key audit issues and concerns affecting the Company. Minutes of each Audit Committee meeting are noted by the Board via distribution to each Board member and the Chairman of the Audit Committee highlights on key issues discussed in the Audit Committee meeting at each Board meeting.

### 4. SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year, the activities undertaken by the Audit Committee are as follows:

#### Financial Reporting

- a. Reviewed the quarterly financial and operational reports of the Group before recommending to the Board for approval.
- b. Reviewed the External Auditors' reports in relation to audit and accounting issues arising from the audit; and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board ("MASB") prior to submission to the Board for approval. The review was to ensure the financial reporting and disclosures requirements are in compliance with:
  - Provision of Companies Act 2016;
  - Listing Requirements of Bursa Malaysia Securities Berhad;
  - Applicable approved accounting standards in Malaysia; and
  - Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with Management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

Audit Committee also reviews and provides advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance.

- c. Reviewed the variation in results between the draft audited and unaudited fourth quarterly report of the Company before recommending to the Board for approval.

#### Dividend Declaration

- a. Reviewed the recommended single tier dividend pay-out including the related solvency tests.

#### 4. SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

##### Internal Audit

- a. Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.
- b. Reviewed and discussed the internal audit reports which were tabled during the meetings, the audit issues, root causes, potential risks, implications and recommendations made and management's response to these recommendations.
- c. Monitoring and ensuring corrective actions have been taken to rectify the weaknesses highlighted and all the key risks and control lapses have been addressed.
- d. Reviewed and assessed the competency of the internal audit function.
- e. Reviewed and assessed audit personnel are free from any relationships or conflicts of interest, which impair their objectivity and independence.
- f. Reviewed whether the internal audit function is carried out in accordance with the Company's internal audit.
- g. Reviewed the persons responsible for internal audit has relevant experience, sufficient standing and authority to enable him or her to discharge his or her functions effectively.
- h. Reviewed the availability and sufficiency of resources and no obstacles to access information to enable it to carry out its role effectively.
- i. Reviewed the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.

##### External Audit

- a. Reviewed and discussed with External Auditors' audit planning memorandum, audit strategy and scope of the year.
- b. Reviewed annual audited financial statements of the Group and the Company prior to submission to the Board for approval.
- c. Reviewed and discussed External Auditors' observations, the results of the annual audit, audit report and management letter together with management's response to the findings before recommending to the Board for approval.
- d. Assessed and discussed the performance and effectiveness of the External Auditors, including the independence, objectivity and professional scepticism, communication interaction, audit finalization, the quality of skills and capabilities of audit team, sufficient of resources and terms of engagement. The Audit Committee is satisfied with the performance of the External Auditor and recommended the audit fee payable for the Board approval as well as recommending them to be re-appointed at the forthcoming Annual General Meeting.
- e. Met twice during the financial year, on and respectively, with External Auditors without the presence of Management to discuss with them problems arising from the audit and to reinforce the independence of the external audit function of the Company and the Group. There were no major issues highlighted by them.

#### 4. SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

##### **Risk Management**

- a. Reviewed the Group's procedures on internal controls and ensure that appropriate arrangements are in place for matters relating to financial reporting and financial control.
- b. Reviewed and assessed the scope and effectiveness of the systems established by Management to identify, assess, manage and monitor financial and non-financial risks.

The Board and Management work together to embark on the risk management culture and endeavours to ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture. The key management undertakes to conduct regular risk awareness sessions at the operational level to promote the understanding of risk management principles and practices across different functions within the Group. The Management will review and discuss the Enterprise Risk Management process, profiles and update the register periodically.

The Statement on Risk Management and Internal Control, set out in this Annual Report further details on the activities undertaken by the Audit Committee during the year.

##### **Related Parties Transactions**

Reviewed any inter-company transactions and any related/interested party transactions that arose within the Company and the Group to ensure compliance with MASB and LR and that the transactions were carried out on arm's length basis.

During the financial year, there were no unusual related party transactions reported.

##### **Annual Reporting**

Reviewed the Audit Committee Report, Statement on Risk Management & Internal Control, Corporate Governance Overview Statement and Corporate Governance Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.

##### **Others**

- a. Reviewed the financial projection and its variation.
- b. Reviewed the Board policies and procedures of the Group.
- c. Verified the solvency test and declaration of the interim dividend in compliance with the requirements of the Companies Act 2016.
- d. Reviewed the Shareholders' Agreement between the Company and Trelleborg Holding AB.
- e. Considered and discussed the incorporation of the joint venture company, namely Trelleborg Wellcall Sdn. Bhd..
- f. Considered the adoption of new Constitution of the Company.

#### 4. SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

##### Evaluation and Assessment of the Audit Committee

The performance and effectiveness of Audit Committee would be assessed annually through Audit Committee evaluation and Audit Committee members' self and peer evaluation conducted by the Audit Committee, and Nomination Committee reviewed the results of such assessments. The Nomination Committee reviewed the term of office and performance of the Audit Committee members annually.

During the year, the Board is satisfied that the Audit Committee and its members have been able to discharge their functions, duties and responsibilities in accordance with the TOR of the Audit Committee.

##### Training

During the year, all of the Audit Committee members have attended various seminars, training programmes and conferences. The list of trainings attended is disclosed in the Corporate Governance Overview Statement set out in this Annual Report.

#### 5. INTERNAL AUDIT FUNCTION

The Audit Committee is aware that an independent internal audit function is essential to assist in providing the assurance the Audit Committee requires regarding the adequacy and effectiveness of the risk management and internal control system of the Group. The internal audit function is wholly outsourced to independent professional firm, which report directly to the Audit Committee. The Audit Committee acknowledged the advantages for outsourced internal audit function to the independent external consultant including access to professional skills, knowledge, expertise and able to cover unexpected staffing needs.

The independent external consultant carries out internal audit with a view to assess the adequacy and effectiveness of the Group's system of internal control of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The Audit Committee reviews and approves the internal audit plan of the Group submitted by the independent external consultant. The total fees incurred for the internal audit function in respect of the financial year ended 30th September, 2019 was RM40,000.00.

The principal role of the internal audit is to undertake independent, regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system is in place and continue to operate satisfactorily and effectively as functionally intended. It is the responsibility of the independent external consultant to provide the Audit Committee with independent and objective reports on the state of risk management, control and governance of the various operating units within the Company and the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The other main activities performed by the independent external consultant are as follows:

- Reviewed the pertinent issues of the Group according to the audit cycles, which included processes controls for inventory management, goods delivery management, production management and governance management; and
- Reviewed the findings and action plans resulting from internal audits.

During the financial year under review, there were no material control failures that would have resulted in any significant losses to the Group.

Further details of the activities of the Internal Auditors performed during the financial year under review is set out in the Statement on Risk Management and Internal Control of this Annual Report.

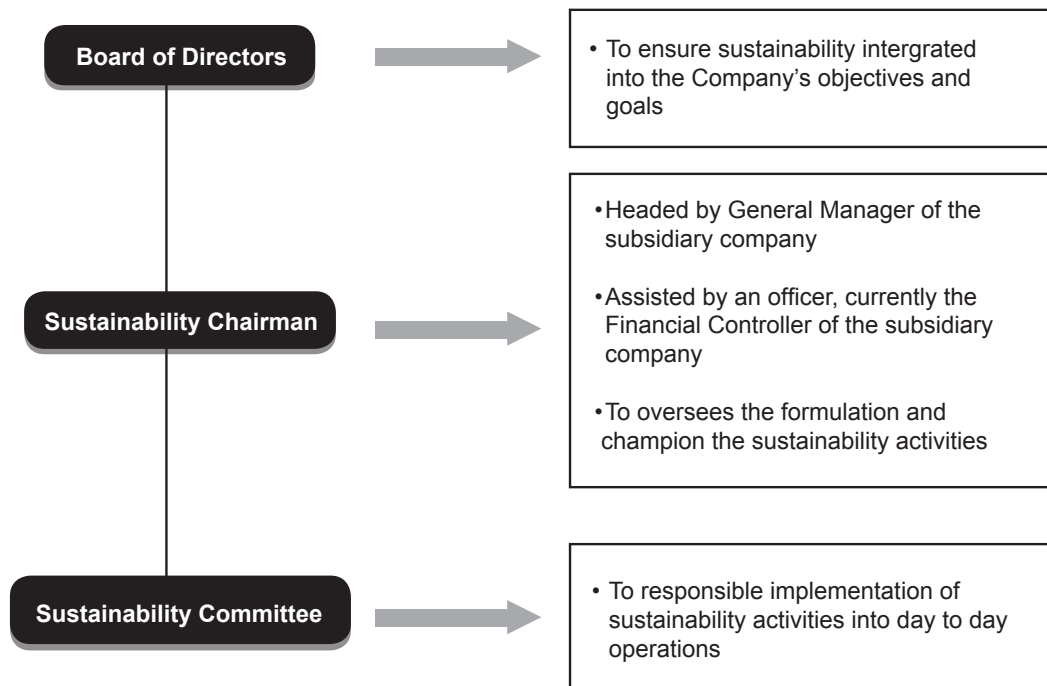
# SUSTAINABILITY STATEMENT

Wellcall Holdings Berhad and its subsidiary company ("Wellcall" or "the Group") believes that sustainability development of the Group will help to achieve its short-term goal without compromising its long-term resources. This will enable Wellcall to sustain its business and recognition of stakeholders in long run.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, Wellcall's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. A strong stewardship towards embedding sustainability into Wellcall's group business strategies and applying sustainability lens to business decisions with the aim of going beyond compliance. This enables our corporate success and behaviour to be judged and measured by the public. In implementing the overall sustainability-related strategies, the Wellcall's Board is assisted by the Sustainability Committee, led by the Chairman, who is the General Manager of the subsidiary and assisted by the Officer who is currently the subsidiary's Financial Controller. The Sustainability Committee is primarily responsible for advising and recommending good business strategies in the area of sustainability for adoption and armed with the delegated authority, to monitor and implement the sustainability strategies approved by the Board and to ensure regulatory compliance.

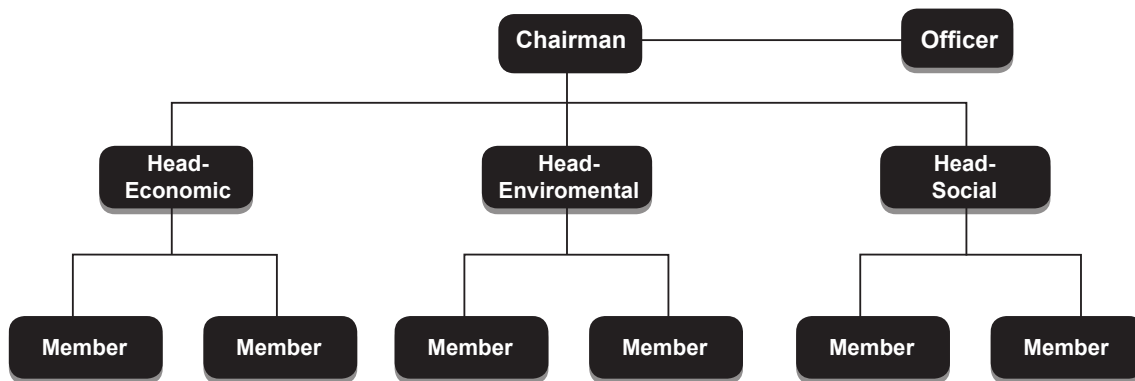
In determining the objective and scope of sustainability reporting, the Sustainability Committee oversees the conduct of materiality assessment process, ensuring robust processes are in place which include relevant stakeholder engagement and identification of materiality sustainability matters. These processes serve as a mechanism to ensure Wellcall's Sustainability Statement contains information that is balanced and meaningful to all its stakeholders.

The Group's sustainability governance structure is as follows:



As part of the sustainability governance, the Sustainability Committee of Wellcall embeds sustainability effectively and ensures accountability is set up at the highest level, that is, the Board. The Sustainability Committee chart is structured as follows: -

#### ORGANIZATION CHART SUSTAINABILITY COMMITTEE



### ECONOMIC

#### i. Investors

Recognising the increasing demand from investors for quality sustainability information, Wellcall consistently provides improved sustainability disclosures and generated economic growth to help its shareholders to prosper with the company's continuous positive revenue and profit and at the same time maintaining a sustainable dividend payment with a pay-out ratio of more than 90% to shareholders. In achieving sustainable performance, Wellcall acknowledges how supply chain works is important, therefore building relationships at all levels, that is, primarily with customers (current and potential) and suppliers is vital to identifying opportunities to future businesses. Accordingly, Wellcall has taken measures to ensure effective governance processes to drive investment decisions and working capital, source for new business opportunities, commitment to highest ethical standards in the conduct of business by furnishing high quality products to our customers and providing responsible and good after sales services, and works collaboratively with our suppliers to maintain sustainable relationship for the common good.

#### ii. Customers

Wellcall practices good business ethics to ensure sustainability and on-going business progression. The Group strives to create value for its customers through competitive pricing without compromising quality and the interest of other stakeholders. The Group enhances customers' satisfaction and confidence by providing quality products through stringent quality control from the sourcing of raw materials to the prompt delivery of our products and after-sales service to our customers. Every customer is important to us and every feedback is valuable towards building a more sustainable business. All compliments as well as constructive feedbacks are communicated to our Marketing Team and action plans are developed expeditiously to address the issues with improvement measures set out serve our customers better. As a responding unit, our Marketing Team maintains regular contacts with our customers to ensure that all issues are addressed and follow up on any outstanding matters on a timely basis.

#### iii. Suppliers

Wellcall works closely with suppliers to foster long term relationship to realise mutual growth. The Group conducts assessment and evaluation of existing and new suppliers wherever necessary to ensure ethical procurement practices are followed through the supply chain. The Group ensures the raw materials and parts supplied are in accordance to the Group's material requirements to avoid unnecessary wastage and scraps.

## ENVIRONMENT

To keep pace with change and implement solutions that address environmental related issues, Wellcall is committed in minimizing the potential impact of its operations on the environment by adopting and applying environmentally responsible practices in achieving long term sustainability growth. The adoption of 3R concept (Reduce, Reuse and Recycle) has always been part of the business. Awareness of the concept of 3R has driven strong leadership and commitment that mobilize the practice forward to ensure sustainability development is possible with less negative environmental impact. To achieve less negative environmental impact, Wellcall constantly monitors its energy, water and fuel usages by implementing scheduled maintenance and structured production schedules to minimise stoppages, interruptions and abnormal wastages in the manufacturing activities. Moreover, our factories are strategically located opposite and within walking vicinity to minimise fuel consumption and enabling efficient inter-factory transportation.

Within the working environment, in the face of growing demand for energy and depleting natural resources, employees are encouraged to reduce the use of paper, recycle and recyclable items and reduce wastages. Efforts have also been made to conserve energy by ensuring that lights and air-conditioning are operating only when the need arises.

Wellcall also believes that with proper disposal or reuses of wastages is part of its balance activities to ensure the sustainability for its business as well as for the environment. Therefore, Wellcall ensures that disposal of such wastages is in compliant with the rules and regulation and in a proper form. The overall objective is to consume natural resources efficiently to minimise environmental load as much as possible.

## DIRECTION OF FUTURE WORK

The success of 3R initiative depends on the right mix of policies and programs implemented at the group level. The key spheres of action revolve around governance issues pertaining to laws; legislation; rules and procedures; education and awareness building targeting stakeholders of Wellcall as well as communities and consumers alike. In addition, technology issues are considered to ensure industrial, manufacturing and market initiatives and technologies used have a minimum impact on the environment. Wellcall will establish indicators to gauge its environmental performance in the foreseeable future and will provide transparent report on this aspect to all its stakeholders.

## SOCIAL

### i. Work Place - Employees

Our workplace sustainability approach is two-fold. Firstly, Wellcall acknowledges that the sustainability of the Group is highly dependent on a strong human capital. As part of its human capital development, various in-house programmes were conducted to equip the employees with improved skills and knowledge. The Group supports future business needs through appropriate talent management policies which include sponsoring for external training workshops relevant to employees' respective expertise and conducting internal trainings for various fields pertaining to skill enhancement in order to remain industry relevant and dynamic. Wellcall remains committed to drive responsive organisational culture and value under the volatile and challenging business environment in order to meet the growing needs of our people, communities and country.

Secondly, to increase the safety awareness among the employees, several health and safety programs had been initiated. Among them were safety awareness training, fire drill practices, enforcing regulation requiring employees (at certain units) to wear personal protective equipment, compliance with occupational health and safety regulations and regular inspection on machines and building structures.

## **SOCIAL (CONT'D)**

### **ii. Community**

Wellcall believes delivering sustainable growth is a social obligation that leaves no one behind. As our business continues to strive, we continue to carry out our social responsibility in ensuring that people around us grow with us. We continue to work with our stakeholders from business, operations and communities to face challenges to the best of our abilities. Today we are proud to have contributed to the community for charity activities both in cash and in kind mainly to the disable communities, local schools, old folks' home, home of orphanage as well as cultural activities. Wellcall also gives support to the younger generation in developing their sportsmanship, which eventually helps build their maturity and courage within.

Wellcall will continue its effort to be a responsible and caring corporate citizen and will create corporate culture that will inculcate responsible and caring mentality across the group and to transform corporate giving efforts into strategies for community development and improvement.

## **FUTURE DIRECTION**

Our future focus will be on continuous enhancement and improvement on the following sustainability matters:

- Business ethics and compliance
- Occupational Health and Safety
- Environmental sustainability
- Employee retention, development and engagement
- Community contributions and development



## ADDITIONAL COMPLIANCE INFORMATION

### 1. Audit and Non-Audit Fees

The Audit and non-audit fees paid or payable to external auditors and their affiliated company or firm for the financial year ended 30th September, 2019 are as follows:

	Group RM'000	Company RM'000
Audit Fee	41.5	10.0
Non-Audit Fee	11.4	3.5

### 2. Material Contracts

During the financial year, there were no material contracts (not being contracts entered into the ordinary course of business) entered into by Wellcall Holdings Berhad ("the Company") and its subsidiary company ("the Group") involving Directors' and/or Shareholders' interests.

### 3. Revaluation Policy

During the financial year, the Group does not have any revaluation policy on its landed properties.

### 4. Utilisation of Proceeds

There were no corporate proposals implemented during the financial year ended 30th September, 2019.

### 5. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Group does not have any recurrent related party transactions of a revenue or trading nature for the financial year ended 30th September, 2019 except as disclosed in the note to the financial statements.

### 6. Employee Share Scheme

During the financial year, the Group did not grant any employee share scheme to any person.

### 7. Material Contracts Relating to Loans

During the financial year, there were no material contracts relating to loans entered into by the Group involving Directors' and/or shareholders' interests.

# **DIRECTORS'**

## **RESPONSIBILITIES STATEMENT**

In accordance with the Companies Act, 2016 in Malaysia ("Act") and under Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a listed issuer is required to issue a statement explaining the Board of Directors' responsibilities for preparing the annual audited financial statements and about the statement on risk management and internal control of the listed issuer as a group in the annual report.

The Directors are responsible for the preparation of financial statements and in the opinion that the financial statements set out in this Annual Report 2019 are drawn up in accordance with applicable Malaysian Financial Reporting Standards and the Act so as to give a true and fair view of the states of affairs of Wellcall Holdings Berhad ("the Company") and its subsidiary company ("the Group") as at 30th September, 2019 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The Directors are responsible for the statement on risk management and internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Directors have adopted appropriate accounting policies and applied them consistently, made reasonable and prudent judgments and estimates, ensured that all applicable approved accounting standards in Malaysia have been followed and prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy and to enable them to comply with the provisions of the Act.

The Directors are also responsible for taking such steps that are necessary and reasonable to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

The Auditors' Responsibilities are stated in their Independent Auditors' Report to the Members.



Financial

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# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30TH SEPTEMBER, 2019

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 30th September, 2019.

### PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activity of the subsidiary company is disclosed in Note 6 to the financial statements. There have been no significant changes in these activities during the financial year.

### RESULTS

	Group RM	Company RM
Profit before taxation	49,531,969	28,881,322
Tax expense	(12,731,359)	(460,864)
Profit for the year	36,800,610	28,420,458

### DIVIDENDS

*The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:*

- a special interim single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounting to RM6,971,266 in respect of the financial year ended 30th September, 2018 was paid on 21st December, 2018.
- a first single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounting to RM6,971,266 in respect of the financial year ended 30th September, 2019 was paid on 28th March, 2019.
- a second single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounting to RM6,971,266 in respect of the financial year ended 30th September, 2019 was paid on 28th June, 2019.
- a third single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounting to RM6,971,266 in respect of the financial year ended 30th September, 2019 was paid on 27th September, 2019.
- a fourth single tier dividend of 1.45 sen per share on 497,947,555 ordinary shares amounting to RM7,220,240 in respect of the financial year ended 30th September, 2019 was declared on 28th November, 2019 and paid on 24th December, 2019. This dividend has not been accounted for in the financial statements.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### ISSUE OF SHARES

During the financial year, there was no issue of shares.

### SHARE OPTION

During the financial year, the Company did not grant any option to any person to take up the unissued shares of the Company.

## DIRECTORS

The directors in office during the financial year until the date of this report:

Datuk Ng Peng Hong @ Ng Peng Hay, DMSM, DSM, PJK\*  
Huang Sha, PMP\*  
Leong Hon Chong\*  
Huang Yu Fen\*  
Huang Kai Lin\* (alternate director to Leong Hon Chong)  
Tan Kang Seng\*  
Tan Kang Foon  
Yong Peng Tak  
Goh Hoon Leum  
Yang Chong Yaw, Alan  
Dato' Haji Mohtar Bin Nong, DPMT, ASM, PJC, PJK, BLB

\* A director who also holds office in the subsidiary company.

## DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings, particulars of directors' interests in the shares of the Company and its subsidiary company at the end of the financial year are as follows:

	Balance at 01.10.2018	Number of ordinary shares		Balance at 30.09.2019
		Bought	Sold	
<b>Direct interest in ordinary shares of the Company</b>				
Huang Sha, PMP	16,925,317	—	—	16,925,317
Leong Hon Chong	5,369,350	—	—	5,369,350
Huang Yu Fen	562,500	—	—	562,500
Tan Kang Seng	1,687,500	—	—	1,687,500
Yang Chong Yaw, Alan	1,012,500	—	—	1,012,500
<b>Deemed interest in ordinary shares of the Company</b>				
Huang Sha, PMP*	731,250	—	—	731,250
Huang Kai Lin*	2,186,850	—	—	2,186,850
<b>Indirect interest in ordinary shares of the Company</b>				
Maximum Perspective Sdn. Bhd.				
Tan Kang Seng	54,929,478	—	—	54,929,478

\* Deemed interested in shares by virtue of Section 59(1)(c) of the Companies Act, 2016.

By virtue of their interests in the shares of the Company, Huang Sha, PMP, Leong Hon Chong, Huang Yu Fen, Huang Kai Lin and Tan Kang Seng are also deemed interested in shares of its subsidiary company to the extent that Wellcall Holdings Berhad has an interest.

Save as disclosed above, none of the other directors holding office at 30th September, 2019 had any interest in the ordinary shares of the Company and its subsidiary company during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares or debentures of the Group and of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

The amounts of remunerations received and receivable by the directors of the Company during the financial year are disclosed in Note 19 of the financial statements.

## INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

The amount of insurance coverage during the financial year is RM2,000,000 for the directors and officers of the Company.

## OTHER STATUTORY INFORMATION

Before the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position of the Group and of the Company were made out, 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 allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made doubtful debts; and
- ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of which were written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- i) which would render the amount written off as bad debts, or provided for as doubtful debts inadequate to any substantial extent;
- ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

## **OTHER STATUTORY INFORMATION (CONT'D)**

No contingent liability or other liabilities of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors:

- i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report 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.

## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Details of significant events during the financial year are disclosed in Note 29 to the financial statements.

## **SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END**

Details of significant event subsequent to the financial year end is disclosed in Note 30 to the financial statements.

## **AUDITORS' REMUNERATION**

The amount paid or payable to the auditors as remuneration for their service is disclosed in Note 17 of the financial statements.

## **AUDITORS**

The Auditors, ONG & WONG, have indicated their willingness to continue in office.

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

**HUANG SHA, PMP**  
Director

**LEONG HON CHONG**  
Director

Dated: 15 January 2020  
Kuala Lumpur

## **STATEMENT BY DIRECTORS**

(PURSUANT TO SECTION 251[2] OF THE COMPANIES ACT, 2016)

We, HUANG SHA, PMP and LEONG HON CHONG, two of the directors of WELLCALL HOLDINGS BERHAD, state that, in the opinion of the directors, the financial statements set out on pages 70 to 112 are drawn up in accordance with applicable Malaysian Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the states of affairs of the Group and of the Company as at 30th September, 2019 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

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

**HUANG SHA, PMP**  
Director

**LEONG HON CHONG**  
Director

Dated: 15 January 2020  
Kuala Lumpur

## **STATUTORY DECLARATION**

(PURSUANT TO SECTION 251[1][B] OF THE COMPANIES ACT, 2016)

I, LEONG HON CHONG, being the director primarily responsible for the financial management of WELLCALL HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 70 to 112 are drawn up, 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 Kuala Lumpur in )  
Wilayah Persekutuan on )  
15 January 2020 ) **LEONG HON CHONG**

Before me,

LAI DIN  
License No. W668  
Commissioner for Oaths  
Kuala Lumpur



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF WELLCALL HOLDINGS BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Wellcall Holdings Berhad, which comprise the statements of financial position as at 30th September, 2019 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 112.

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 30th September, 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards 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. Our responsibilities under those standards are further described in the Auditor's 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of 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.

In arriving at our audit opinion above on the financial statements, the key audit matter that had the greatest effect on our audit was as follows:

##### *Inventory*

The Group has significant amount of inventories as disclosed in Note 9 to the financial statements, namely raw materials, work-in-progress and manufactured inventories. The Group measures inventories at lower of cost and net realisable value. Management judgement is required in estimating their net realisable value and determining the adequacy of write down of obsolete and slow-moving inventories.

How our audit addressed this matter:

- We have reviewed the design and implementation of key controls in inventories of the Group and evaluated the policies and procedures associated with monitoring, detection and write down of obsolete and slow-moving inventories;
- We have attended year-end physical inventories count performed by the Group to observe physical existence and condition of inventories; and
- We selected samples from inventories list to perform lower of cost and net realisable value test, and reviewed subsequent sales and purchases after the financial year.

### **Key Audit Matters (Cont'd)**

#### *Trade and other receivables*

The adoption of MFRS 9 Financial Instruments has changed the Group's and the Company's accounting policy for impairment by replacing an incurred loss model with a forward looking expected credit loss approach.

We considered this a key audit matter as the assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms and etc.

How our audit addressed this matter:

- We have obtain an understanding of the Group's control over the receivables collection process and making inquiries regarding the action plans to recover the overdue amounts;
- We have reviewed the aging analysis of receivables and testing the reliability thereof;
- We have requested balance confirmations and reviewed subsequent collections from receivables; and
- We evaluated the reasonableness and adequacy of the impairment losses provided based on historical data and forward looking information as required by MFRS 9.

### **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 and directors' 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 annual report and directors' report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and directors' report and, in doing so, consider whether the annual report and directors' report are 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 the annual report and directors' report, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of 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 Malaysian Financial Reporting Standards presentation of financial statements in accordance with Malaysian Financial Reporting Standards 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 Group's and the Company's ability to continue as a 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of 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 Group's or the Company's ability 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.
- 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 of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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, related safeguards.

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

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 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.

**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.

**ONG & WONG**  
AF 0241  
Chartered Accountants

**ONG KOON LIANG**  
02909/02/2021 J  
Chartered Accountant

Dated: 15th January, 2020  
Kuala Lumpur

# STATEMENTS OF FINANCIAL POSITION

## AS AT 30TH SEPTEMBER, 2019

	Note	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	61,218,835	60,274,070	—	—
Capital work-in-progress	5	—	644,156	—	—
Investments in subsidiary company	6	—	—	57,540,803	57,540,803
Investment in associate company	7	—	—	49	—
Other investment	8	10,000	10,000	—	—
		<b>61,228,835</b>	<b>60,928,226</b>	<b>57,540,852</b>	<b>57,540,803</b>
<b>Current assets</b>					
Inventories	9	15,398,588	18,872,709	—	—
Trade and other receivables	10	8,703,293	13,392,988	7,510,913	7,201,611
Tax recoverable		—	124,133	—	124,133
Cash and bank balances	11	52,822,385	37,262,849	14,652,180	14,283,719
		<b>76,924,266</b>	<b>69,652,679</b>	<b>22,163,093</b>	<b>21,609,463</b>
<b>TOTAL ASSETS</b>		<b>138,153,101</b>	<b>130,580,905</b>	<b>79,703,945</b>	<b>79,150,266</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	12	68,836,509	68,836,509	68,836,509	68,836,509
Reserves	13	47,563,560	38,648,014	10,750,368	10,214,974
<b>Total equity</b>		<b>116,400,069</b>	<b>107,484,523</b>	<b>79,586,877</b>	<b>79,051,483</b>
<b>Non-current liabilities</b>					
Deferred taxation	14	5,248,865	4,899,238	—	—
<b>Current liabilities</b>					
Trade and other payables	15	14,760,251	16,625,303	115,789	98,783
Tax payable		1,743,916	1,571,841	1,279	—
		<b>16,504,167</b>	<b>18,197,144</b>	<b>117,068</b>	<b>98,783</b>
<b>Total liabilities</b>		<b>21,753,032</b>	<b>23,096,382</b>	<b>117,068</b>	<b>98,783</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>138,153,101</b>	<b>130,580,905</b>	<b>79,703,945</b>	<b>79,150,266</b>

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH SEPTEMBER, 2019

	Note	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
Revenue		<b>170,108,720</b>	171,123,729	<b>29,550,000</b>	29,400,000
Cost of sales		<b>(108,221,768)</b>	(116,050,703)	–	–
Gross profit		<b>61,886,952</b>	55,073,026	<b>29,550,000</b>	29,400,000
Other operating income	16	<b>3,139,118</b>	3,245,183	<b>449,147</b>	424,802
Administrative expenses		<b>65,026,070</b>	58,318,209	<b>29,999,147</b>	29,824,802
Selling and distribution costs		<b>(10,685,013)</b>	(10,567,000)	<b>(1,117,825)</b>	(1,174,238)
Other operating expenses		<b>(4,484,575)</b>	(4,139,344)	–	–
		<b>(81,390)</b>	(133,985)	–	–
Profit from operations		<b>49,775,092</b>	43,477,880	<b>28,881,322</b>	28,650,564
Finance costs		<b>(243,074)</b>	(634,094)	–	–
Share of loss in associate company		<b>(49)</b>	–	–	–
Profit before taxation	17	<b>49,531,969</b>	42,843,786	<b>28,881,322</b>	28,650,564
Tax expense	20	<b>(12,731,359)</b>	(11,194,769)	<b>(460,864)</b>	(99,135)
Profit for the year		<b>36,800,610</b>	31,649,017	<b>28,420,458</b>	28,551,429
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		<b>36,800,610</b>	31,649,017	<b>28,420,458</b>	28,551,429
Earnings per share (sen)					
- Basic	21	<b>7.39</b>	6.36		
Dividend per share (sen)	22	<b>5.60</b>	5.60		

The annexed notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH SEPTEMBER, 2019

Group	Note	< Attributable to Equity Holders of the Company > <-----Non-distributable----- >			Total equity RM
		Share capital RM	Share premium RM	Distributable Retained profit RM	
At 1st October, 2017		68,836,509	—	34,884,067	103,720,576
Total comprehensive income for the year		—	—	31,649,017	31,649,017
Dividends	22	—	—	(27,885,070)	(27,885,070)
At 30th September, 2018		68,836,509	—	38,648,014	107,484,523
Total comprehensive income for the year		—	—	36,800,610	36,800,610
Dividends	22	—	—	(27,885,064)	(27,885,064)
At 30th September, 2019		68,836,509	—	47,563,560	116,400,069
<b>Company</b>					
At 1st October, 2017		68,836,509	—	9,548,615	78,385,124
Total comprehensive income for the year		—	—	28,551,429	28,551,429
Dividends	22	—	—	(27,885,070)	(27,885,070)
At 30th September, 2018		68,836,509	—	10,214,974	79,051,483
Total comprehensive income for the year		—	—	28,420,458	28,420,458
Dividends	22	—	—	(27,885,064)	(27,885,064)
At 30th September, 2019		68,836,509	—	10,750,368	79,586,877

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 30TH SEPTEMBER, 2019

Note	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
<b>CASH FLOWS FROM/(USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Profit before taxation	49,531,969	42,843,786	28,881,322	28,650,564
Adjustments for:				
Depreciation of property, plant and equipment	5,256,952	5,474,899	—	—
Unrealised loss/(gain) on foreign exchange	81,390	(23,127)	—	—
Share of loss in associate company	49	—	—	—
Gain on disposal of property, plant and equipment	—	(55,189)	—	—
Property, plant and equipment written off	—	133,985	—	—
Dividend income	(2,000)	(1,200)	—	—
Interest income	(1,212,658)	(910,627)	(449,147)	(424,802)
Interest expense	—	386,164	—	—
Operating profit before working capital changes	53,655,702	47,848,691	28,432,175	28,225,762
Decrease/(increase) in inventories	3,474,121	(4,160,438)	—	—
Decrease/(increase) in trade and other receivables	4,656,735	(1,729,821)	(309,302)	898,321
(Decrease)/increase in trade and other payables	(1,879,036)	4,030,070	17,006	(4,351)
Cash generated from operations	59,907,522	45,988,502	28,139,879	29,119,732
Tax refund	2,838	1,218	2,838	1,218
Tax paid	(12,088,362)	(5,574,275)	(338,290)	(110,500)
Interest received	1,212,658	910,627	449,147	424,802
Interest paid	—	(386,164)	—	—
Net cash generated from operating activities	49,034,656	40,939,908	28,253,574	29,435,252
<b>CASH FLOWS FROM/(USED IN)</b>				
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	—	55,189	—	—
Investment in associate company	(49)	—	(49)	—
Dividend received	2,000	1,200	—	—
Capital work-in-progress	644,156	(644,156)	—	—
Purchase of property, plant and equipment	(6,201,717)	(6,114,257)	—	—
Net cash used in investing activities	(5,555,610)	(6,702,024)	(49)	—



STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30TH SEPTEMBER, 2019  
(CONT'D)

	Note	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>					
Dividends paid		(27,885,064)	(27,885,070)	(27,885,064)	(27,885,070)
Repayment of term loans		—	(8,365,500)	—	—
Net cash used in financing activities		(27,885,064)	(36,250,570)	(27,885,064)	(27,885,070)
Net increase/(decrease) in cash and cash equivalents		15,593,982	(2,012,686)	368,461	1,550,182
Effect of exchange rate changes		(34,446)	36,441	—	—
Cash and cash equivalents at beginning of year		36,262,849	38,239,094	14,283,719	12,733,537
Cash and cash equivalents at end of year	A	51,822,385	36,262,849	14,652,180	14,283,719

**NOTE**

**A. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statements of cash flows comprise the following Statements of Financial Position amounts:

	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
Deposits with licensed banks	32,070,000	25,010,000	14,500,000	14,010,000
Cash and bank balances	20,752,385	12,252,849	152,180	273,719
	52,822,385	37,262,849	14,652,180	14,283,719
Less: Deposit pledged with licensed bank	(1,000,000)	(1,000,000)	—	—
	51,822,385	36,262,849	14,652,180	14,283,719

The annexed notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

- 30TH SEPTEMBER, 2019

## 1. GENERAL INFORMATION

The Company is principally engaged as an investment holding company. The principal activity of the subsidiary company is disclosed in Note 6 to the financial statements.

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 ("Bursa Securities").

The registered office is located at No. 4-1, Kompleks Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka.

The principal place at which business is carried on is located at Plot No. 48, Jalan Johan 2/5, Kawasan Perindustrian Pengkalan II, Fasa II, 31550 Pusing, Perak Darul Ridzuan.

## 2. BASIS OF PREPARATION

The financial statements for the financial year ended 30th September, 2019 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

### (a) Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Standards and Amendments

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year except for the adoption of the following new, revised MFRSs and amendments which are effective for annual period beginning on or after 1st January, 2018.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 2 Share Based Payment: Classification and Measurement of Share Based Payment Transactions	1st January, 2018
Amendments to MFRS 140 Investment Property: Transfers of Investment Property	1st January, 2018
MFRS 9 Financial Instruments	1st January, 2018
MFRS 15 Revenue from Contracts with Customers and clarifications to MFRS 15	1st January, 2018
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1st January, 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1st January, 2018
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards: Annual Improvements to MFRSs 2014 – 2016 Cycle	1st January, 2018
Amendments to MFRS 128 Investment in Associates and Joint Ventures: Annual Improvements to MFRSs 2014 – 2016 Cycle	1st January, 2018

The adoption of the above Standards and Amendments has no material impact to the financial statements of the Group and the Company.

## 2. BASIS OF PREPARATION (CONT'D)

### (b) Standards and Amendments Issued But Not Yet Effective

At the date of authorisation for issue of the financial statements, the new and revised Standards and Amendments issued but not yet effective for the Group and the Company and not early adopted by the Group and the Company are as listed below:

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
MFRS 16 Leases	1st January, 2019
Amendments to MFRS 128: Long-term interests in Association and Joint Venture	1st January, 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1st January, 2019
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement	1st January, 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1st January, 2019
Annual Improvements to MFRS Standards 2015 – 2018 Cycle	1st January, 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1st January, 2020
Amendments to MFRS 101: Presentation of Financial Statements	1st January, 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1st January, 2020
Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1st January, 2020
MFRS 17 Insurance Contracts	1st January, 2021
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company is expected to apply the abovementioned pronouncements beginning from the perspective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not to be expected to have any material impact to financial statements of the Group and the Company except as mentioned below:

#### (i) MFRS 16 Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117 Leases.

## 2. BASIS OF PREPARATION (CONT'D)

### (b) Standards and Amendments Issued But Not Yet Effective (cont'd)

#### (i) MFRS 16 Leases (cont'd)

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

Either a full or modified retrospective application is required for annual periods beginning on or after 1st January, 2019 with early adoption permitted.

The Group and the Company plan to assess the potential effect of MFRS 16 on their financial statements in the next financial year.

### (c) Basis of Measurement

The financial statements of the Group and of the Company have been prepared in accordance with MFRSs and the provisions of the Companies Act, 2016 in Malaysia. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Consolidation

#### i) Business Combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiary company as at the reporting date. The financial statements of the subsidiary company used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary company is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisition of subsidiary company is accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of Consolidation (cont'd)

##### i) Business Combinations (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 Financial Instrument: Recognition and Measurement, either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

##### ii) Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiary company not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, if any, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

#### (b) Foreign Currencies

##### i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

##### ii) Foreign Currency Transactions

Transactions in foreign currencies are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Foreign Currencies (cont'd)

##### ii) Foreign Currency Transactions (cont'd)

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities of the Group are as follows:

	2019 RM	2018 RM
1 United States Dollar (USD)	4.13	4.09
1 Euro (EUR)	4.51	4.76

#### (c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress consists of machinery and building under construction for intended use as manufacturing of rubber hose and staff amenities. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	51– 99 years
Factory buildings	37– 60 years
Electrical installation	10%– 15%
Fire fighting installation	10%– 15%
Furniture and fittings	15%
Motor vehicles	15%
Office equipment	15%
Plant and machinery	7%– 15%
Renovation	2%

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Property, Plant and Equipment and Depreciation (cont'd)

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of an asset, and is recognised in the statement of comprehensive income.

#### (d) Financial Instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

##### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### (ii) Financial instrument categories and subsequent measurement

###### Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial Instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

###### a. Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

###### b. Fair value through other comprehensive income

###### i. Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

###### ii. Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income on initial recognition. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial Instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

###### c. Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognized in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

###### Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

###### a. Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- i. if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- ii. a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- iii. if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial Instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

##### Financial liabilities (cont'd)

##### b. Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

##### (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- a. the recognition of an asset to be received and the liability to pay for it on the trade date, and
- b. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- a. the recognition of an asset on the day it is received by the Group and the Company, and
- b. derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group and the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group and the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

##### (iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial Instruments (cont'd)

##### (v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

##### a. Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group and the Company have elected to present the subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

##### b. Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Financial Instruments (cont'd)

##### (v) Hedge accounting (cont'd)

##### b. Cash flow hedge (cont'd)

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

##### (vi) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Impairment

##### (i) Financial Assets and Contract Assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade and other receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Impairment (cont'd)

##### (ii) Non-financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

#### (f) Subsidiary Company

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiary company is accounted for at cost less impairment losses, if any.

#### (g) Associate Company

An associated company is defined as a company, not being a subsidiary company, in which the Company has a long term equity interest and where it exercises significant influence over the financial and operation policies.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the net profit or loss of the associated company is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (g) Associate Company (cont'd)

In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

When the Group's share of losses in an associated company equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investment in associated company is stated at cost less accumulated impairment losses.

On disposal of such investments, the differences between net disposal proceeds and their carrying amounts is included in profit or loss.

#### (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

#### (i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

#### (j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (k) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### (l) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (m) Employee Benefits

##### i) Short Term Benefits

Wages, salaries, bonuses and social security contributions ("Socso") are recognised as expenses in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### ii) Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The company in the Group make contributions to the Employee Provident Fund ("E.P.F.") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (n) Revenue

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

##### i) Sale of Goods

Revenue from sales of goods is measured at the fair value of the receivable consideration and is recognised upon transfer of control of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) Revenue (cont'd)

##### ii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

##### iii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

##### iv) Rental Income

Rental income is accounted for on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (o) Income Taxes

##### i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Income Taxes (cont'd)

##### ii) Deferred Tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (p) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### (q) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

#### (r) Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

##### i) Judgements Made in Applying Accounting Policies

In the process of preparing the financial statements, there were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (r) Significant Accounting Judgements and Estimates (cont'd)

##### ii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### a) Impairment of Investment in Subsidiary Company

The management determines whether the carrying amounts of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation or based on total shareholders' equity of the subsidiary company.

The carrying amount of investment in subsidiary company as at 30th September, 2019 was RM57,540,803 (2018: RM57,540,803). Further details are disclosed in Note 6. Based on management's review, no further adjustment for impairment is required for the investment in subsidiary company by the Company during the current year.

##### b) Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's financial assets at the reporting date is disclosed in Note 27 to the financial statements.

##### c) Useful Lives of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. The useful lives and annual depreciation rates of these assets are disclosed in Notes 3(c) These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the reporting date is disclosed in Note 4.

##### d) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (r) Significant Accounting Judgements and Estimates (cont'd)

##### ii) Key Sources of Estimation Uncertainty (cont'd)

##### e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### (s) Fair value measurement

Fair value of an asset or liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### 4. PROPERTY, PLANT AND EQUIPMENT

Group	As at 1.10.2018 RM	Addition RM	Disposal/ Retirement RM	As at 30.9.2019 RM
<b>2019</b>				
<b>COST</b>				
Leasehold land	7,773,704	3,134,011	—	10,907,715
Factory buildings	26,044,563	539,038	—	26,583,601
Electrical installation	6,330,921	54,844	—	6,385,765
Fire fighting installation	2,442,737	9,560	—	2,452,297
Furniture and fittings	441,264	151,612	—	592,876
Motor vehicles	2,636,482	—	—	2,636,482
Office equipment	707,473	27,425	(18,048)	716,850
Plant and machinery	73,322,124	2,285,227	—	75,607,351
Renovation	16,384	—	—	16,384
	<b>119,715,652</b>	<b>6,201,717</b>	<b>(18,048)</b>	<b>125,899,321</b>
	As at 1.10.2018 RM	Charge for the year RM	Disposal/ Retirement RM	As at 30.9.2019 RM
<b>ACCUMULATED DEPRECIATION</b>				
Leasehold land	1,035,414	127,473	—	1,162,887
Factory buildings	4,081,447	537,035	—	4,618,482
Electrical installation	3,955,323	355,521	—	4,310,844
Fire fighting installation	1,458,895	145,450	—	1,604,345
Furniture and fittings	319,732	63,084	—	382,816
Motor vehicles	1,911,203	184,152	—	2,095,355
Office equipment	491,963	63,840	(18,048)	537,755
Plant and machinery	46,186,582	3,780,069	—	49,966,651
Renovation	1,023	328	—	1,351
	<b>59,441,582</b>	<b>5,256,952</b>	<b>(18,048)</b>	<b>64,680,486</b>
				As at 30.9.2019 RM
<b>NET CARRYING AMOUNT</b>				
Leasehold land				9,744,828
Factory buildings				21,965,119
Electrical installation				2,074,921
Fire fighting installation				847,952
Furniture and fittings				210,060
Motor vehicles				541,127
Office equipment				179,095
Plant and machinery				25,640,700
Renovation				15,033
				<b>61,218,835</b>

**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Group	As at 1.10.2017 RM	Addition RM	Disposal/ Retirement RM	As at 30.9.2018 RM
<b>2018</b>				
<b>COST</b>				
Leasehold land	7,773,704	—	—	7,773,704
Factory buildings	25,544,655	711,000	(211,092)	26,044,563
Electrical installation	6,330,921	—	—	6,330,921
Fire fighting installation	2,442,737	—	—	2,442,737
Furniture and fittings	442,741	7,950	(9,427)	441,264
Motor vehicles	2,565,229	368,663	(297,410)	2,636,482
Office equipment	657,268	52,165	(1,960)	707,473
Plant and machinery	68,484,099	4,974,479	(136,454)	73,322,124
Renovation	16,384	—	—	16,384
	114,257,738	6,114,257	(656,343)	119,715,652

	As at 1.10.2017 RM	Charge for the year RM	Disposal/ Retirement RM	As at 30.9.2018 RM
<b>ACCUMULATED DEPRECIATION</b>				
Leasehold land	935,432	99,982	—	1,035,414
Factory buildings	3,632,249	526,305	(77,107)	4,081,447
Electrical installation	3,576,548	378,775	—	3,955,323
Fire fighting installation	1,287,850	171,045	—	1,458,895
Furniture and fittings	282,067	47,092	(9,427)	319,732
Motor vehicles	1,969,767	238,846	(297,410)	1,911,203
Office equipment	433,399	60,524	(1,960)	491,963
Plant and machinery	42,371,034	3,952,002	(136,454)	46,186,582
Renovation	695	328	—	1,023
	54,489,041	5,474,899	(522,358)	59,441,582

	As at 30.9.2018 RM
<b>NET CARRYING AMOUNT</b>	
Leasehold land	6,738,290
Factory buildings	21,963,116
Electrical installation	2,375,598
Fire fighting installation	983,842
Furniture and fittings	121,532
Motor vehicles	725,279
Office equipment	215,510
Plant and machinery	27,135,542
Renovation	15,361
	60,274,070

#### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain leasehold land and factory building of the Group with net carrying amount of RM633,239 (2018: RM17,412,750) has been pledged as security to financial institution for banking facilities.

The depreciation was charged to the followings:

	2019 RM	Group 2018 RM
Factory overheads	4,945,876	5,128,437
Administrative expenses	311,076	346,462
	<b>5,256,952</b>	<b>5,474,899</b>

#### 5. CAPITAL WORK-IN-PROGRESS

	2019 RM	Group 2018 RM
At cost:		
Building	—	271,465
Plant and machinery	—	372,691
	<b>—</b>	<b>644,156</b>

#### 6. INVESTMENT IN SUBSIDIARY COMPANY

	2019 RM	Company 2018 RM
Unquoted shares, at cost	<b>57,540,803</b>	57,540,803

The subsidiary company is as follow:

	Country of incorporation	Principal activity	Effective equity interest	
			2019	2018
Wellcall Hose (M) Sdn. Bhd.	Malaysia	Manufacturing of rubber hose and related products	100%	100%

## 7. INVESTMENT IN ASSOCIATE COMPANY

	Group and Company 2019 RM	2018 RM
Unquoted shares, at cost	49	—
Share of post-acquisition results	(49)	—
	—	—

Represented by:

Group's share of net assets	—	—
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The associate company is as follow:

	Country of incorporation	Principal activity	Effective equity interest	
			2019	2018
Trelleborg Wellcall Sdn. Bhd.	Malaysia	Dormant. The intended principal activities are manufacturing, marketing and sale of composite hose and fittings	49%	—

- (i) On 17th April, 2019, the Company acquired 49 ordinary shares representing 49% equity interest in Trelleborg Wellcall Sdn. Bhd. for a purchase consideration of RM49. Trelleborg Wellcall Sdn. Bhd. become an associate to the Group.
- (ii) On 22nd October, 2019, the Company acquired additional 1,077,951 ordinary share in Trelleborg Wellcall Sdn. Bhd. for a purchase consideration of RM4,419,599. The subscription of the additional shares did not result in any change of the Company's equity interest in Trelleborg Wellcall Sdn. Bhd..

The summarised financial information of the associate is as follows:

	2019 RM
<b>Assets and liabilities</b>	
Non-current assets	—
Current assets	100
Total assets	100
Non-current liabilities	—
Current liabilities	(46,791)
Total net liabilities	(46,691)
<b>Financial results</b>	
Revenue	—
Loss before tax	(46,791)
Taxation	—
Net loss for the period	(46,791)



## 7. INVESTMENT IN ASSOCIATE COMPANY (CONT'D)

The unrecognised share of losses of the associate is as follows:

	Group 2019 RM
At 1st October	—
Share of loss during the year	22,928
Share of post-acquisition results	(49)
At 30th September	22,879

## 8. OTHER INVESTMENT

	2019 RM	Group 2018 RM
Unquoted shares in Malaysia, at cost	10,000	10,000

## 9. INVENTORIES

	2019 RM	Group 2018 RM
At cost:		
Raw materials	10,376,974	11,154,939
Work-in-progress	1,744,676	1,645,790
Finished goods	3,276,938	6,071,980
	15,398,588	18,872,709

## 10. TRADE AND OTHER RECEIVABLES

	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
Trade receivables	8,460,817	11,173,473	—	—
Amount due from subsidiary company	—	—	7,500,000	7,200,000
Other receivables	195,153	495,513	—	—
Deposits	27,250	879,642	—	—
Prepayments	20,073	844,360	10,913	1,611
	8,703,293	13,392,988	7,510,913	7,201,611

Trade receivables are non-interest bearing and are generally on 30 to 90 (2018: 30 to 90) days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

## 10. TRADE AND OTHER RECEIVABLES (CONT'D)

### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2019 RM	2018 RM
Neither past due nor impaired	6,199,875	5,995,748
Due but not impaired		
1– 30 days	1,765,390	4,324,633
31– 60 days	459,640	441,676
61– 90 days	2,178	2,251
91 days and above	33,734	409,165
	2,260,942	5,177,725
	8,460,817	11,173,473

#### (a) Trade Receivables

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,260,942 (2018: RM5,177,725) that are past due at the reporting date but not impaired. Based on historical payment received, the Group believes that no impairment allowance is necessary. These receivables are unsecured.

#### (b) Amount Due From Subsidiary Company

This amount arises from dividend income as disclosed in Note 22.

This amount is unsecured, non-interest bearing and is receivable on demand.

## 11. CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash in hand and at banks	13,399,132	12,252,849	152,180	273,719
Cash management fund*	7,353,253	–	–	–
Deposits with licensed banks	32,070,000	25,010,000	14,500,000	14,010,000
	52,822,385	37,262,849	14,652,180	14,283,719

\* Stated at market price.

## 11. CASH AND BANK BALANCES (CONT'D)

Deposits with licensed banks comprise of fixed deposits and short term deposits.

Deposits amounted to RM1,000,000 (2018: RM1,000,000) were pledged with licensed bank as securities for banking facilities utilised by the subsidiary company.

At the end of the financial year, the remaining fixed deposits and short term deposits earned interest rates ranging from 2.95% to 3.40% (2018: 2.90% to 3.84%) per annum and have average maturities of 2 to 75 days (2018: 2 to 75 days).

## 12. SHARE CAPITAL

	Group and Company		Amount	
	Number of ordinary shares 2019	2018	2019 RM	2018 RM
Issued and fully paid:				
Ordinary shares	497,947,555	497,947,555	68,836,509	68,836,509

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

## 13. RESERVES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Retained profit	47,563,560	38,648,014	10,750,368	10,214,974

## 14. DEFERRED TAXATION

	Group	
	2019 RM	2018 RM
At beginning of year	4,899,238	4,414,281
Transfer from statement of profit or loss (Note 20)	349,627	484,957
At end of year	5,248,865	4,899,238
The deferred tax liabilities recognised is in respect of the following:		
- Temporary difference between depreciation and capital allowance	5,248,865	4,899,238

## 15. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	4,629,957	5,872,753	—	—
Amount due to associate company	49	—	49	—
Other payables	7,519,091	8,543,851	97,240	78,500
Deposit received	—	222,329	—	—
Accruals	2,611,154	1,986,370	18,500	20,283
	<b>14,760,251</b>	<b>16,625,303</b>	<b>115,789</b>	<b>98,783</b>

### (a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 (2018: 30 to 60) days term.

### (b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2018: 90) days term.

## 16. OTHER OPERATING INCOME

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Dividend income	2,000	1,200	—	—
Gain on disposal of property, plant and equipment	—	55,189	—	—
Gain on foreign exchange				
- Realised	1,715,151	2,003,308	—	—
- Unrealised	—	23,127	—	—
Interest income				
- Fixed deposits	1,029,893	757,474	410,999	419,788
- Repo	182,765	153,153	38,148	5,014
Rental income	49,842	48,866	—	—
Other income	159,467	202,866	—	—
	<b>3,139,118</b>	<b>3,245,183</b>	<b>449,147</b>	<b>424,802</b>

## 17. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Profit before taxation is arrived at after charging:				
Auditors' remuneration	41,500	41,500	10,000	10,000
Depreciation of property, plant and equipment	5,256,952	5,474,899	—	—
Directors' remuneration (Note 19)	6,457,977	6,198,981	780,500	717,700
Employee benefits expenses (Note 18)	13,228,968	14,648,066	—	—
Finance cost				
- Term loan interest	—	386,164	—	—
Property, plant and equipment written off	—	133,985	—	—
Rental of office equipment	3,340	4,920	—	—
Unrealised loss on foreign exchange	81,390	—	—	—

## 18. EMPLOYEE BENEFITS EXPENSES

	Group	
	2019 RM	2018 RM
Salaries, wages, bonus and others	12,453,619	13,932,165
E.P.F.	654,527	622,020
E.I.S.	9,889	7,078
Socso	110,933	86,803
	13,228,968	14,648,066

## 19. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Fees	1,052,000	1,052,000	682,000	682,000
Remuneration	2,568,000	2,441,805	—	—
Allowance	76,500	63,700	38,500	35,700
Ex-gratia	60,000	—	60,000	—
Bonus	2,593,078	2,560,120	—	—
E.P.F.	102,600	80,148	—	—
EIS	190	103	—	—
Socso	5,609	1,105	—	—
	6,457,977	6,198,981	780,500	717,700

## 20. TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysian income tax				
- Current year	11,847,171	10,170,963	104,534	99,122
- Underprovision in prior year	534,561	538,849	356,330	13
	12,381,732	10,709,812	460,864	99,135
Deferred taxation (Note 14)	349,627	484,957	—	—
Income tax expense recognised in statement of comprehensive income	12,731,359	11,194,769	460,864	99,135

Income tax expenses are recognised in statement of profit or loss and other comprehensive income.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 30th September are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	49,532,018	42,843,786	28,881,322	28,650,564
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	11,887,684	10,282,508	6,931,517	6,876,135
Income not subject to tax	(480)	(288)	(7,092,000)	(7,056,000)
Non-deductible expenses	309,594	387,212	265,017	278,987
Underprovision of income tax in prior year	534,561	538,849	356,330	13
Overprovision of deferred tax in previous year	—	(13,512)	—	—
	12,731,359	11,194,769	460,864	99,135

## 21. EARNINGS PER SHARE

### (a) Basic Earnings Per Share

Basic earnings per share is calculated by dividing profit attributable to equity holders by the weighted average amount of ordinary shares issued during the financial year.

	2019	Group 2018
Profit for the year attributable to equity holders of the Company (RM)	36,800,610	31,649,017
Number of ordinary shares in issue at the beginning year	497,947,555	497,947,555
Effect of shares split during the year	—	—
Weighted average number of shares in issue	497,947,555	497,947,555
Basic earnings per share (sen)	7.39	6.36

### (b) Diluted Earnings Per Share

There is no dilution of earnings per share during the financial year.

## 22. DIVIDENDS

During the financial year, the Company declared and paid dividends as follows:

	2019		2018	
	Net dividend per share Sen	Amount RM	Net dividend per share Sen	Amount RM
Special interim single tier dividend paid	1.40	6,971,266	1.55	7,718,190
First single tier dividend paid	1.40	6,971,266	1.55	7,718,190
Second single tier dividend paid	1.40	6,971,266	1.20	5,975,370
Third single tier dividend paid	1.40	6,971,266	1.30	6,473,320
Total	5.60	27,885,064	5.60	27,885,070

Subsequent to the financial year, a fourth single tier dividend of 1.45 sen per share on 497,947,555 ordinary shares amounting to RM7,220,240 in respect of the financial year ended 30th September, 2019 was declared on 28th November, 2019 and paid on 24th December, 2019. This dividend has not been accounted for in the financial statements.

## 23. CAPITAL COMMITMENTS

	2019 RM	Group 2018 RM
Property, plant and equipment:		
Approved and contracted for	—	1,385,621

## 24. FAIR VALUE INFORMATION

### a) Financial Instruments not Carried at Fair Value

- (i) The following are financial instruments that are not carried at fair value:

	<u>Note</u>
Trade and other receivables (current)	10
Cash and bank balances (excluding cash management fund)	11
Trade and other payables (current)	15

The carrying amounts of these financial instruments are reasonable approximate of their fair value, either due to their short-term nature or that they are re-priced to market interest rates on or near the reporting date.

- (ii) Non-current trade receivables and payables

The carrying amount of these financial instruments are reasonable approximate of their fair value which are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

### b) Financial Instruments Carried at Fair Value

- (i) Other investments and quoted unit trusts

Fair value of quoted shares investment and unit trusts are derived from quoted price (unadjusted) in active markets for identical financial assets that the entity can access at the reporting date.

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.



## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit Risk (cont'd)

#### Exposure to credit risk

At the reporting date, the Group's and the Company'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.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 10 to the financial statements.

#### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis.

At the reporting date, there was no significant concentration of credit risk for the Group and the Company other than those receivables as analysed in Note 10 to the financial statements.

#### Financial assets that are not impaired

Information regarding trade and other receivables that are not impaired is disclosed in Note 10 to the financial statements.

### (b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

#### **Analysis of Financial Instruments by Remaining Contractual Maturities**

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

	<-----30.9.2019----->		
	On demand or within one year RM	One to five years RM	Total RM
Group			
<b>Financial Liabilities</b>			
Trade and other payables	14,760,251	—	14,760,251
Company			
<b>Financial Liabilities</b>			
Trade and other payables	115,789	—	115,789

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity Risk (cont'd)

#### Analysis of Financial Instruments by Remaining Contractual Maturities (cont'd)

	<-----30.9.2018----->		
	On demand or within one year RM	One to five years RM	Total RM
Group			
<b>Financial Liabilities</b>			
Trade and other payables	16,625,303	—	16,625,303
Company			
<b>Financial Liabilities</b>			
Trade and other payables	98,783	—	98,783

### (c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fix and floating rate of borrowings.

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

	Effective interest rate %	Total RM	Within 1 year RM
2019			
<b>Financial liabilities</b>			
Term loans	—	—	—
2018			
<b>Financial liabilities</b>			
Term loans	4.16– 5.19	—	—

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currencies other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar and Euro Dollar ("USD" and "EUR"). Foreign exchange exposures in these transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and liabilities of the Group that are not denominated in the functional currency are as follows:

	2019 RM	2018 RM
United States Dollar ("USD")	10,037,526	11,376,389
Euro ("EUR")	2,080,211	2,142,633
	<b>12,117,737</b>	<b>13,519,022</b>

### Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible change in the USD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Gain/(Loss) in profit or loss 2019 RM	2018 RM
USD/RM	- strengthened 10%	1,003,753	1,137,639
	- weakened 10%	(1,003,753)	(1,137,639)
EUR/RM	- strengthened 10%	208,021	214,263
	- weakened 10%	(208,021)	(214,263)

## 26. SIGNIFICANT RELATED PARTY TRANSACTION

### a) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transaction between the Group and related party took place at terms agreed between the parties during the financial year:

	2019 RM	Company 2018 RM
Dividend income from subsidiary company	29,550,000	29,400,000

## 26. SIGNIFICANT RELATED PARTY TRANSACTION (CONT'D)

### b) Compensation of key management personnel

The key management personnel comprised mainly executive directors of the Group and of the Company. Their remuneration is disclosed in Note 19.

## 27. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Group and the Company financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

- (i) Amortised cost ("AC"); and
- (ii) Fair value through profit or loss ("FVTPL")

	Carrying amount RM	AC RM	FVTPL RM
<b>30.9.2019</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	10,000	10,000	—
Trade and other receivables (excluding prepayment)	8,683,220	8,683,220	—
Cash and bank balances	52,822,385	45,469,132	7,353,253
<b>Company</b>			
Trade and other receivables (excluding prepayment)	7,500,000	7,500,000	—
Cash and bank balances	14,652,180	14,652,180	—
<b>30.9.2019</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables		14,760,251	14,760,251
<b>Company</b>			
Trade and other payables		115,789	115,789

## 27. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised under MFRS 139 as follows:

- (i) Loan and receivables ("LR")
- (ii) Fair value through profit and loss ("FVTPL") and
- (iii) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM	LR RM	FVTPL RM
<b>30.09.2018</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	10,000	10,000	—
Trade and other receivables (excluding prepayment)	12,548,628	12,548,628	—
Cash and bank balances	37,262,849	37,262,849	—

<b>Company</b>			
Trade and other receivables (excluding prepayment)	7,200,000	7,200,000	—
Cash and bank balances	14,283,719	14,283,719	—

	Carrying amount RM	FL RM
<b>30.09.2018</b>		
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables	16,625,303	16,625,303

<b>Company</b>		
Trade and other payables	98,783	98,783

## 28. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

## 28. SEGMENT INFORMATION (CONT'D)

### Business Segments

The Group's business segments mainly comprise the manufacture and sale of rubber hose and related products.

Business segmental information has therefore not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, depreciation, amortisation and non cash expenses are mainly confined to one business segment.

### Geographical Segments

The manufacturing and investment holding segments are operated solely in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers while segment assets are based on the geographical location of assets.

	Revenue from external customers RM'000	Carrying amount of segment assets RM'000	Capital expenditure RM'000
<b>2019</b>			
Geographical location:			
Malaysia	15,673	138,143	6,201
Middle East	13,150	—	—
Europe	27,347	—	—
USA/Canada	51,170	—	—
Australia/New Zealand	17,683	—	—
Asia	27,474	—	—
South America	13,011	—	—
Africa	4,600	—	—
<b>Total</b>	<b>170,108</b>	<b>138,143</b>	<b>6,201</b>
<b>2018</b>			
Geographical location:			
Malaysia	19,299	130,571	6,114
Middle East	16,307	—	—
Europe	29,443	—	—
USA/Canada	43,115	—	—
Australia/New Zealand	20,449	—	—
Asia	25,736	—	—
South America	13,512	—	—
Africa	3,263	—	—
<b>Total</b>	<b>171,124</b>	<b>130,571</b>	<b>6,114</b>

## 29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 23rd October, 2018, the subsidiary company entered into a Sales and Purchase Agreement to purchase a property with a single storey factory for a total purchase consideration of RM3,000,000 and the purchase was completed on 18th January, 2019.
- (b) On 15th January, 2019, the Company announced that it has entered into a Shareholders Agreement with Trelleborg Holding AB to jointly form a private limited liability company in Malaysia for the purpose of manufacturing, marketing and selling of composite and fittings.
- (c) On 17th April, 2019, the Company has subscribed 49 ordinary shares representing 49% of the total issued capital in Trelleborg Wellcall Sdn. Bhd. ("TWSB") for a total purchase consideration of RM49, the associate company was incorporated on 21st March, 2019. Conversely Trelleborg Holding AB has on the same day subscribed up to 51 ordinary shares representing 51% of the total issued capital in TWSB.

## 30. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

- (a) On 22nd October, 2019, the Company has subscribed additional 1,077,951 new ordinary shares of RM4.10 each in the share capital of Trelleborg Wellcall Sdn. Bhd. ("TWSB") for a total cash consideration amount of RM4,419,599.10 equivalent to USD1,077,951. The subscription of the additional shares did not result in any change of the Company's equity interest in TWSB.
- (b) On 10th January 2020, the subsidiary company entered into a Sales and Purchase Agreement to purchase a property with a factory for a total purchase consideration of RM 3,420,000.

## 31. COMPARATIVES

Certain comparative figures have been restated to conform with current year's presentation.

## 32. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 30th September, 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 15th January, 2020

# SUMMARY OF LANDED PROPERTIES AND BUILDINGS HELD BY THE GROUP

Location / Title No.	Existing Usage	Age of Building (Years)	Land Area (sq. ft.)	Built-Up Area (sq. ft.)	Tenure	Carrying Amount As at 30 Sep 2019 (RM)	Year of Acquisition
Plot 48, P.T. 8290, Jalan Johan 2/5, Kawasan Perindustrian Pengkalan II, Fasa II, 31550 Pusing, Perak Darul Ridzuan.  Held Under: HSD 48717 P.T. 8290 in the Mukim Sungai Terap, District of Kinta, State of Perak Darul Ridzuan.	Industrial land erected with a block of factory / office building and canteen, which is currently used by Wellcall Hose (M) Sdn. Bhd. for the purpose of carrying out manufacturing activities.	23	217,600	150,000	Leasehold expiring on 6th May, 2056	5,382,845	1997
P.T. 8300, Jalan Johan 2/5, Kawasan Perindustrian Pengkalan II, Fasa II, 31550 Pusing, Perak Darul Ridzuan.  Held Under: HS(D) 48727 P.T. 8300 in the Mukim Sungai Terap, District of Kinta, State of Perak Darul Ridzuan.	Industrial land erected with a block of factory, a canteen and workers' hostel for the purpose of carrying out manufacturing activities.	13	286,973	190,000	Leasehold expiring on 6th May, 2056	6,763,257	2007
P.T. 22551, Jalan Johan 2/6, Kawasan Perindustrian Pengkalan II, Fasa II, 31550 Pusing, Perak Darul Ridzuan.  Held Under: Geran HS(D) 5053/82 for Lot P.T. 744 situated in Mukim Sungai Terap, District of Kinta, State of Perak Darul Ridzuan.	Industrial land erected with a block of factory, a canteen and workers' hostel for the purpose of carrying out manufacturing activities.	5	370,260	186,000	Leasehold expiring on 31st July, 2111	16,457,323	2014
Plot No. 60, Jalan Johan 2/6, Kawasan Perindustrian Pengkalan II, Fasa II, 31550 Pusing, Perak Darul Ridzuan  Held Under: Geran HS (D) 48725 in Mukim Sungai Terap, District of Kinta, State of Perak Darul Ridzuan.	Industrial land for the purpose of carrying out manufacturing activities.	—	52,711	—	Leasehold expiring on 6th May, 2056	3,106,519	2019



# ANALYSIS OF SHAREHOLDINGS

## AS AT 20 DECEMBER 2019

Issued and fully paid-up	:	RM68,836,508.58 divided into 497,947,555 Ordinary Shares
Class of shares	:	Ordinary Share
Voting Rights	:	1 vote per Ordinary Share
Number of Shareholders as at 20 December 2019	:	3,921

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	120	3.06	5,983	0.00***
100 – 1,000	347	8.85	202,543	0.04
1,001 – 10,000	1,816	46.31	9,149,595	1.84
10,001 – 100,000	1,333	34.00	42,386,341	8.52
100,001 – 24,897,377(*)	304	7.75	390,213,615	78.36
24,897,378 and above (**)	1	0.03	55,989,478	11.24
Total	3,921	100.00	497,947,555	100.00

#### Note:

- (\*) means less than 5% of issued and paid-up share capital  
 (\*\*) means 5% and above of issued and paid-up share capital  
 (\*\*\*) means negligible

### SUBSTANTIAL SHAREHOLDERS AS AT 20 DECEMBER 2019

The Substantial Shareholders of Wellcall Holdings Berhad (holding 5% or more of the capital) based on the Register of Substantial Shareholdings of the Company and their respective shareholdings are as follows:-

Substantial Shareholders	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Maximum Perspective Sdn. Bhd.	55,989,478°	11.24	—	—
Tan Kang Seng	1,687,500#	0.34	55,989,478^	11.24

#### Notes:

- (#) 1,687,500 shares are held through HLIB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Tan Kang Seng.  
 (°) 55,989,478 shares are held through HLIB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Maximum Perspective Sdn. Bhd..  
 (^) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his shareholding in Maximum Perspective Sdn. Bhd. via HLIB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Maximum Perspective Sdn. Bhd..

## DIRECTORS' SHAREHOLDINGS AS AT 20 DECEMBER 2019

Directors	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Ng Peng Hong @ Ng Peng Hay	—	—	—	—
Huang Sha	16,925,317	3.40	731,250*	0.15
Leong Hon Chong	5,369,350	1.08	—	—
Huang Yu Fen	562,500	0.11	—	—
Huang Kai Lin (Alternate Director to Leong Hon Chong)	—	—	2,186,850@	0.44
Tan Kang Seng	1,687,500#	0.34	55,989,478^	11.24
Tan Kang Foon	—	—	—	—
Yong Peng Tak	—	—	—	—
Goh Hoon Leum	—	—	—	—
Yang Chong Yaw, Alan	1,012,500	0.20	—	—
Dato' Haji Mohtar Bin Nong	—	—	—	—

### Notes:

- (\*) Deemed interested by virtue of Section 59(11)(c) of the Companies Act, 2016, through the shareholding of his children in the Company.
- (@) Deemed interested by virtue of Section 59(11)(c) of the Companies Act, 2016, through the shareholding of his spouse in the Company.
- (#) 1,687,500 shares are held through HLIB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Tan Kang Seng.
- (^ ) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his shareholding in Maximum Perspective Sdn. Bhd. via HLIB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Maximum Perspective Sdn. Bhd..

## DIRECTORS' INTERESTS IN RELATED CORPORATIONS AS AT 20 DECEMBER 2019

By virtue of their interests in the shares of the Company, Huang Sha, Leong Hon Chong, Huang Yu Fen, Huang Kai Lin and Tan Kang Seng are deemed interested in shares of the Company's subsidiary to the extent the Company has an interest.

None of the other Directors in office had any interest in shares in the Company's subsidiary or related corporation as at 20 December 2019.

## OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES AS AT 20 DECEMBER 2019

The Company and/or its subsidiary did not issue any options, warrants or convertible securities to the Directors of the Company for the financial year ended 30 September 2019.

**THIRTY LARGEST SHAREHOLDERS AS AT 20 DECEMBER 2019**

No	Shareholders	No. of Shares	%
1	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAXIMUM PERSPECTIVE SDN BHD (CCTS)	55,989,478	11.24
2	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	24,251,775	4.87
3	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	24,169,105	4.85
4	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)	20,760,000	4.17
5	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	18,865,450	3.79
6	HSBC NOMINEES (ASING) SDN BHD TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	18,469,000	3.71
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	17,311,500	3.48
8	HUANG SHA	16,925,317	3.40
9	HSBC NOMINEES (ASING) SDN BHD BNY MELLON FOR ONTARIO PENSION BOARD	16,865,000	3.39
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	15,343,250	3.08
11	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	11,349,500	2.28
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	8,602,100	1.73
13	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	7,861,975	1.58
14	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHO KIM WING (CCTS)	7,715,050	1.55
15	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	7,689,955	1.54
16	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UNION BANCAIRE PRIVEE, UBP SA, SINGAPORE BRANCH	6,000,000	1.20

**THIRTY LARGEST SHAREHOLDERS AS AT 20 DECEMBER 2019 (CONT'D)**

No	Shareholders	No. of Shares	%
17	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	5,597,400	1.12
18	LEONG HON CHONG	5,369,350	1.08
19	CHENG SHU NU	4,511,375	0.91
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	4,420,000	0.89
21	TAN GEOK LAN	4,185,000	0.84
22	UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR THE LEGACY PARTNERS INTERNATIONAL LIMITED	3,800,000	0.76
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	3,538,900	0.71
24	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-TEMP)	3,507,400	0.70
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	3,376,650	0.68
26	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN GEOK LAN	3,367,700	0.68
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,231,850	0.65
28	CHIU MING TE	2,874,375	0.58
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KHONG SHOONG (E-IMO/JSI)	2,700,000	0.54
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	2,669,300	0.54

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting ("14th AGM") of Wellcall Holdings Berhad ("the Company") will be held at Hatten Hotels Worldwide, Marco Polo 1, Level 22, Jalan Merdeka, Bandar Hilir, 75000 Melaka on Monday, 30 March 2020 at 10.00 a.m., for the following purposes :-

## AGENDA

### AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 30 September 2019 together with the Reports of the Directors and Auditors thereon. *(Please refer Note 1)*
2. To approve the payment of Directors' remuneration (excluding Directors' Fees) to Non-Executive Directors of the Company of an amount up to RM130,000.00 for the period from 1 April 2020 until the next Annual General Meeting of the Company held in 2021. *(Ordinary Resolution 1)*
3. To approve the aggregate Directors' Fees payable to the Directors of the Company of an amount up to RM682,000.00 for the financial year ending 30 September 2020. *(Ordinary Resolution 2)*
4. To re-elect Mr. Leong Hon Chong, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 89 of the Company's Constitution. *(Ordinary Resolution 3)*
5. To re-elect Mr. Tan Kang Seng, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 89 of the Company's Constitution. *(Ordinary Resolution 4)*
6. To re-elect Dato' Haji Mohtar Bin Nong, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 89 of the Company's Constitution. *(Ordinary Resolution 5)*
7. To re-appoint Messrs Ong & Wong as Auditors of the Company for the financial year ending 30 September 2020 and to authorise the Directors to deliberate on the Auditors' remuneration. *(Ordinary Resolution 6)*

### AS SPECIAL BUSINESS

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

8. **Proposed Continuation of Office of Mr. Yang Chong Yaw, Alan as Independent Non-Executive Director** *(Ordinary Resolution 7)*  
  
THAT Mr. Yang Chong Yaw, Alan, having served as Independent Non-Executive Director for a cumulative term of more than nine (9) years, continue to act as the Independent Non-Executive Director of the Company.
9. **Proposed Continuation of Office of Mr. Goh Hoon Leum as Independent Non-Executive Director** *(Ordinary Resolution 8)*  
  
THAT Mr. Goh Hoon Leum, having served as Independent Non-Executive Director for a cumulative term of more than nine (9) years, continue to act as the Independent Non-Executive Director of the Company.

10. **Authority to Issue Share Under Sections 75 and 76 of the Companies Act, 2016.** **(Ordinary Resolution 9)**

"THAT subject always to the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company to such persons and upon such terms and conditions for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued."

11. To transact any other ordinary business of which due notice has been given in accordance with the Company's Constitution and/or Companies Act, 2016.

BY ORDER OF THE BOARD

**TEO SOON MEI**

(SSM PC 201908000235) (MAICSA 7018590)

**CHUA SIEW YIN**

(SSM PC 201908000289) (MAICSA 7065531)

Company Secretaries

Melaka

Dated : 31 January 2020

**Notes to the Notice of 14th AGM:-**

1. Item 1 of the Agenda

*This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 in Malaysia requires that Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to the vote by shareholders.*

2. Item 2 and 3 of the Agenda

*Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. The fees and allowances structure of the Non-Executive Directors ("NEDs") of the Company is as follows :-*

- a) Monthly fixed fees for duties as Director / Chairman; and
- b) Meeting allowance for each Board / Board Committee attended.

*The shareholders at the last AGM held on 25 February 2019 approved the Directors' Fees of up to RM682,000.00 for the financial year ended 30 September 2019. The actual payment of the Directors' Remuneration (excluding Directors' fees) payable to the NEDs of the Company comprises of board meeting allowances for the period from 1 March 2019 until the conclusion of the 14th AGM was RM84,500.00.*

**Notes to the Notice of 14th AGM:- (Cont'd)**

2. Item 2 and 3 of the Agenda (Cont'd)

*The Directors' fees for the financial year ending 30 September 2020 and Directors' Remuneration (excluding Directors' fees) for the NEDs for the period from 1 April 2020 until the conclusion of the next AGM of the Company are estimated not to exceed RM682,000.00 and RM130,000.00 respectively. The current Directors' Remuneration (excluding Directors' fees) payable to the NEDs of the Company comprises of board meeting allowances of RM700.00 per meeting. The calculation is based on the estimated number of scheduled Board and Board Committees' meetings and on assumption that all the NEDs will remain in office until the next AGM. These two resolutions are to facilitate payment of the Directors' Fees and the board meeting allowances for financial year 2020/2021. The Board will seek shareholders' approval at the next Annual General Meeting in the event the Directors' fees and allowances proposed are insufficient.*

3. Items 4, 5 and 6 of the Agenda

*Clause 89 of the Company's Constitution provides that one-third (1/3) of the Directors, for the time being, shall retire by rotation at an Annual General Meeting of the Company. All the Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. The profile of Mr. Leong Hon Chong, Mr. Tan Kang Seng and Dato' Haji Mohtar Bin Nong, the Directors who are standing for re-election as per Agendas 4 to 6 of the notice of the 14th AGM are set out in the Annual Report 2019.*

4. Item 7 of the Agenda

*The Audit Committee and the Board have considered the re-appointment of Messrs Ong & Wong as Auditors of the Company and collectively agreed that Messrs Ong & Wong have met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*

**Proxy**

5. *A member of the Company who is entitled to attend, speak and vote at this 14th AGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his (her) proxy without limitation.*
6. *A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting.*
7. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he(she) may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.*
8. *Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

*An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*

9. *The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.*
10. *The instrument appointing either a proxy, a representative, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 4-1, Kompleks Niaga Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.*



**Proxy (Cont'd)**

11. *The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.*
12. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 March 2020 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 14th AGM.*
13. *Any alteration in the form of proxy must be initialed.*
14. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 14th AGM will be put to the vote by poll.*

**Explanatory Notes to Special Business**

15. Item 8 and 9 of the Agenda

*For Ordinary Resolutions 7 and 8 on the Proposed Continuation in Office as Independent Non-Executive Directors, the Nomination Committee of the Company has assessed the independence of Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum, the Directors who have served for a cumulative term of more than nine (9) years and has recommended to the Board that they continue to act as Independent Non-Executive Directors of the Company. Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum were appointed as Independent Non-Executive Directors on 17 April 2006 and 8 December 2010 respectively, and they have served the Company for more than nine (9) years as at the date of the notice of 14th AGM. However, Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum have met the independence guideline as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board upon the recommendation from the Nomination Committee of the Company, therefore, considers Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum to be Independent and recommends that :-*

- a) *Mr. Goh Hoon Leum to remain as an Independent Non-Executive Director subject to the approval from the shareholders of the Company; and*
- b) *Mr. Yang Chong Yaw, Alan to remain as an Independent Non-Executive Director subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice No. 4.2 of the Malaysian Code on Corporate Governance 2017.*

16. Item 10 of the Agenda

*Ordinary Resolution 9 is proposed to grant a renewed general mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Section 76 of the Companies Act, 2016 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued capital of the Company as the Directors may consider such an act to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or during the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.*

*As of the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the last Annual General Meeting of the Company held on 25 February 2019 and which will lapse at the conclusion of the 14th AGM.*

*The General Mandate 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 project(s), working capital and /or acquisitions.*



**Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 14th AGM and/or any adjournment thereof, a member of the Company:*

- (i) consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");*
- (ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and*
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

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

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

1. Director standing for re-election.

There is no individual seeking election as a Director at the forthcoming 14th AGM.

2. Statement relating to a general mandate for the issue of securities in accordance with Paragraph 6.04(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Explanatory Note 16 of the Notice of the 14th AGM set out on Page 121.

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**WELLCALL HOLDINGS BERHAD**  
(Registration No. 200501025213 (707346-W))  
(Incorporated in Malaysia under the Companies Act, 1965)

**FORM OF PROXY**

<b>Number of Shares Held</b>		<b>CDS Account No.</b>	
------------------------------	--	------------------------	--

\*I/We ..... (NRIC No. ....)  
(FULL NAME IN CAPITAL LETTERS)

of .....  
(FULL ADDRESS)

being a \*Member/Members of **WELLCALL HOLDINGS BERHAD**, do hereby appoint .....

..... (NRIC No. ....)  
(FULL NAME IN CAPITAL LETTERS)

of .....  
(FULL ADDRESS)

or failing him (her) ..... (NRIC No. ....)  
(FULL NAME IN CAPITAL LETTERS)

of .....  
(FULL ADDRESS)

or failing whom, the CHAIRMAN of the General Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Fourteenth Annual General Meeting ("14th AGM") to be held at Hatten Hotels Worldwide, Marco Polo 1, Level 22, Jalan Merdeka, Bandar Hilir, 75000 Melaka on Monday, 30 March 2020 at 10.00 a.m. and at any adjournment thereof.

\*My/our \*proxy/proxies shall vote as follows :-

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain for voting at his(her) discretion

No	Agenda			
1	To lay before the meeting the Audited Financial Statements for the financial year ended 30 September 2019 together with the Reports of the Directors and Auditors thereon.			
		<b>Resolution</b>	<b>For</b>	<b>Against</b>
2	To approve the payment of Directors' remuneration (excluding Directors' Fees) to Non-Executive Directors of the Company of an amount up to RM130,000.00 for the period from 1 April 2020 until the next Annual General Meeting of the Company held in 2021.	1		
3	To approve the aggregate Directors' Fees payable to the Directors of the Company of an amount up to RM682,000.00 for the financial year ending 30 September 2020.	2		
4	To re-elect Mr. Leong Hon Chong, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 89 of the Company's Constitution.	3		
5	To re-elect Mr. Tan Kang Seng, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 89 of the Company's Constitution.	4		
6	To re-elect Dato' Haji Mohtar Bin Nong, the retiring Director, who retires by rotation and being eligible, offers himself for re-election in accordance with Clause 89 of the Company's Constitution.	5		
7	To re-appoint Messrs Ong & Wong as Auditors of the Company for the financial year ending 30 September 2020 and to authorise the Directors to deliberate on the Auditors' remuneration.	6		
	<b>Special Business</b>			
8	<b>Proposed Continuation of Office of Mr. Yang Chong Yaw, Alan as Independent Non-Executive Director</b>	7		
9	<b>Proposed Continuation of Office of Mr. Goh Hoon Leum as Independent Non-Executive Director</b>	8		
10	<b>Authority to Issue Share Under Sections 75 and 76 of the Companies Act, 2016.</b>	9		

As witness \*my/our hand this ..... day of .....

.....  
Signature of Member/Common Seal

\*Strike out whichever not applicable.

**NOTES :-**

- A member of the Company who is entitled to attend, speak and vote at this 14th AGM may appoint a proxy to attend, speak and vote on his(her) behalf. A proxy may but need not be a member of the Company, and a member may appoint any person to be his (her) proxy without limitation.
- A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he(she) may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
- Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.  
An exempt authorised nominee refers to an authorised nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorised in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
- The instrument appointing either a proxy, a representative, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 4-1, Kompleks Niaga Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
- The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 March 2020 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 14th AGM.
- Any alteration in the form of proxy must be initialed.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 14th AGM will be put to the vote by poll.
- By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 14th AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of 14th AGM dated 31 January 2020.



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Stamp

**THE SECRETARY**  
**WELLCALL HOLDINGS BERHAD**  
[Registration No. 200501025213 (707346-W)]  
No. 4-1 Kompleks Niaga Melaka Perdana  
Jln KNMP 3, Bukit Katil  
75450 Melaka

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Plot 48, Jalan Johan 2/5,  
Kawasan Perindustrian Pengkalan II,  
Fasa II, 31550 Lahat,  
Ipoh, Perak Darul Ridzuan

Tel: 605 3668805 / 06 / 07 / 08  
Fax: 605 3668768

[www.wellcallholdings.com](http://www.wellcallholdings.com)

