

WELLCALL HOLDINGS BERHAD

Registration No: 200501025213 (707346-W)



Reaching out to you ...



2020

ANNUAL REPORT



... Your preferred flexible rubber hoses

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CORPORATE INFORMATION

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 Directors
Leong Hon Chong
Huang Yu Fen

Alternate Director to Leong Hon Chong
Huang Kai Lin

Non-Independent Non-Executive Directors
Tan Kang Seng
Tan Kang Foon

Senior Independent Non-Executive Director
Yong Peng Tak

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

REMUNERATION COMMITTEE

Chairman
Goh Hoon Leum

Members
Yang Chong Yaw, Alan
Tan Kang Foon

AUDIT COMMITTEE

Chairman
Goh Hoon Leum

Members
Yong Peng Tak
Yang Chong Yaw, Alan
Tan Kang Seng

NOMINATION COMMITTEE

Chairman
Yong Peng Tak

Members
Goh Hoon Leum
Yang Chong Yaw, Alan

CORPORATE DISCLOSURE COMMITTEE

Chairman
Huang Kai Lin

Members
Leong Hon Chong
Yu Tat Keong

RISK MANAGEMENT COMMITTEE

Chairman
Huang Kai Lin

Members
Yu Tat Keong
Tan Bee Chin (*resigned w.e.f. 9th September 2020*)
Chee Chin Shian
Tan Bee Leng
Foo Lai Bee
Mazlan bin Muhamad Yusof
Yap Hong Ming
Yeong Yoke Wei
Yee Yiing Fern
Yip Kok Kit (*appointed w.e.f. 6th July 2020*)

SUSTAINABILITY COMMITTEE

Chairman
Huang Kai Lin

Members
Yu Tat Keong
Chee Chin Shian
Huang Yu Fen
Chong Phooi Fun
Wong Hoong Seong (*resigned w.e.f. 31st October 2020*)
Jacqueline Chong Kar Xin
Tan Bee Chin (*resigned w.e.f. 9th September 2020*)
Yee Yiing Fern
Su Mee Ping
Lee Kah Yin
Yap Kok Kit (*appointed w.e.f. 1st November 2020*)

CORPORATE INFORMATION
[CONT'D]

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
Website : 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

AUDITOR

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.
(Terminated w.e.f. 31st December 2020)
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

One Capital Market Services Sdn. Bhd.
(Appointed w.e.f. 31st December 2020)
Level 18, Plaza VADS,
No.1, Jalan Tun Mohd. Fuad,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur.

Tel : 03-7735 5770
Fax : 03-7732 7997

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

CORPORATE STRUCTURE



**WELLCALL HOSE
(M) SDN. BHD.**
[Registration No.
199501014529
(343730-A)]

100%
Wholly owned
subsidiary

Principal Activities

Manufacturing of rubber hose and related products, property investment and other related activities

**TRELLEBORG
WELLCALL SDN. BHD.**
[Registration No. 201901009745
(1319073-X)]

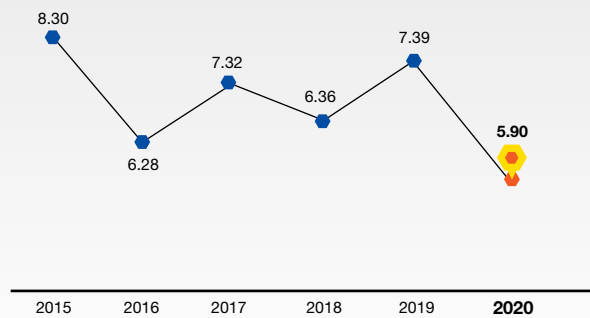
49%
owned joint venture
with Trelleborg
Holding AB

Principal Activities

Manufacturing, marketing and sale of composite hose and fittings

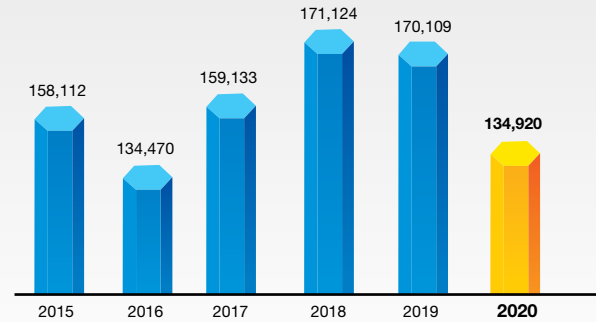
SIX YEARS GROUP FINANCIAL REVIEW

NET EARNINGS PER SHARE SEN



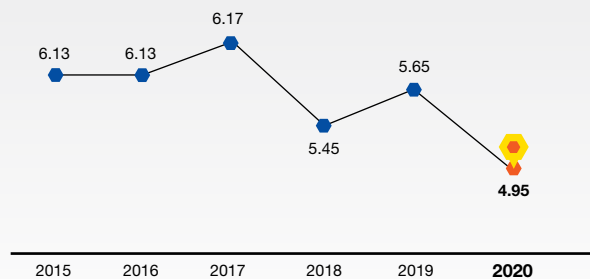
Financial Year Ended 30 September 2020

REVENUE RM'000



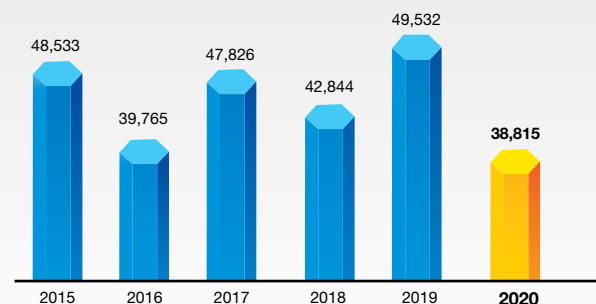
Financial Year Ended 30 September 2020

DIVIDEND PER SHARE SEN



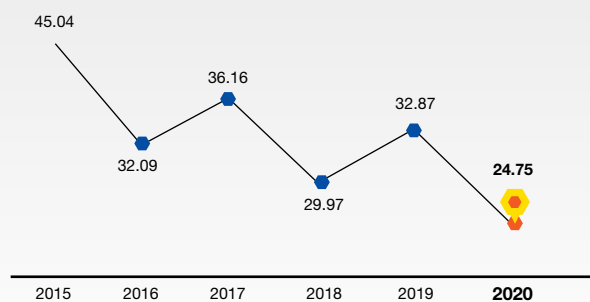
Financial Year Ended 30 September 2020

PROFIT BEFORE TAXATION RM'000



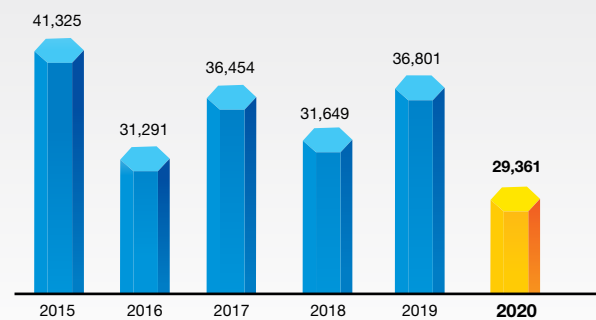
Financial Year Ended 30 September 2020

RETURN ON CAPITAL EMPLOYED %



Financial Year Ended 30 September 2020

PROFIT AFTER TAXATION RM'000



Financial Year Ended 30 September 2020

SIX YEARS GROUP FINANCIAL REVIEW
[CONT'D]

	Financial Year Ended 30 September					
	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	158,112	134,470	159,133	171,124	170,109	134,920
Earnings Before Interest, Depreciation and Taxation	52,526	46,212	53,603	47,794	53,576	43,359
Interest Expense	(482)	(977)	(933)	(386)	–	–
Interest Income	828	789	856	911	1,213	1,038
Depreciation	(4,339)	(6,259)	(5,700)	(5,475)	(5,257)	(5,582)
Profit Before Taxation	48,533	39,765	47,826	42,844	49,532	38,815
Tax Expense	(7,208)	(8,474)	(11,372)	(11,195)	(12,731)	(9,454)
Profit Attributable to Equity Holders	41,325	31,291	36,454	31,649	36,801	29,361
Net Assets/Shareholders' Equity (RM'000)	97,140	97,890	103,721	107,485	116,400	120,864
Total Assets (RM'000)	139,319	133,799	129,017	130,581	138,153	140,394
Net EPS (Sen) *	8.30	6.28	7.32	6.36	7.39	5.90
Net Dividend Per Share (Sen) * (single tier)	6.13	6.13	6.17	5.45	5.65	4.95
Return On Capital Employed (%)	45.04	32.09	36.16	29.97	32.87	24.75
Return On Assets (%)	33.58	22.91	27.74	24.38	27.39	21.08
Weighted Average Number of Shares in Issue ('000) *	497,948	497,948	497,948	497,948	497,948	497,948
Net Assets Per Share (Sen)	19.51	19.66	20.83	21.59	23.38	24.27

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 th Global Golden Solid Awards
2005	28th Taiwan & 14th 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	19th Outstanding Overseas Taiwanese SMEs Award



MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Stakeholders,

It is my honour to present the Annual Report and audited financial statements of Wellcall Holdings Berhad (“the Company”) and its subsidiary company (“Wellcall” or “the Group”) for the financial year ended 30th September, 2020 (“FYE 2020”).

OVERVIEW

The financial year under review was challenging not only to the Group but to all industries across Malaysia and globally. As the novel coronavirus (“Covid-19”) pandemic severely impacted economies globally, the global demand and supply chain had been disrupted by the worldwide lockdowns and travel restriction. In Malaysia, the government initially implemented Movement Control Order (“MCO”) on 18 March 2020 and extended it to 9 June 2020, later, moving to a Conditional MCO (“CMCO”) and finally to a Recovery MCO (“RMCO”) to mitigate the spread of Covid-19. These restrictions adversely affected the Group’s operations as the MCO lockdown required temporary closure and cessation of its operations during that period. However, with the approval from the Ministry of International Trade and Industry (“MITI”) the Group was able to recommence its operations during the MCO, operating under strict guidelines set by the National Security Council, Ministry of Health and MITI.

MCO and Covid-19 pandemic has had an profound effect on the operations of many of our customers, both locally and overseas, and thus our financial performance was somewhat adversely impacted but thankfully, not significantly.

The Management has coped well and will continue to prioritise protecting our workers and their families against Covid-19 as well as having contingency plans to deal with the various possible scenarios arising from the pandemic.

BUSINESS AND OPERATIONS REVIEW

The principal activity of the Company for FYE 2020 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 and property investment. 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.

We export our products to overseas covering over 70 countries where the export market accounted for approximately 90% of the Group’s revenue with the balance, from local market. Hence, the market sentiment in the global economy plays an important role in driving the demand for rubber hose especially for replacement as well as product variations and penetration to new markets. Our geographical market segment is as disclosed in Note 28 of the FYE 2020 financial statements.

We have been continuously leveraging on our extensive customer network, improved productivity, quality services and our product range in FYE 2020. We will continually strive to enhance our competitive strengths in these areas to stay ahead of market trends. Our vast experience in the rubber hose industry have served as a concrete platform for our presence in the rubber hose industry globally. Our product quality and reputable customer service have also aided us to maintain long term relationship with our esteemed customers. The Group also has a strong research and development team consisting of experienced personnel to deliver improved and innovative products and new processes. This value-added services and products customisation according to the customer’s specification are provided to our customers in order to meet their requirements.

The Group’s products range has expanded to various industry applications ranging from air and water, oil and gas, welding, automotive, ship building, abrasion, food and beverages and chemical applications. 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.

MANAGEMENT DISCUSSION AND ANALYSIS
[CONT'D]

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.

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 training has 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 welfare are well taken care of.

FINANCIAL PERFORMANCE REVIEW

Review on Statements of Comprehensive Income

The Group reported revenue of RM 135 million with a slight decrease of RM 35 million, representing reduction of 21% as compared to preceding financial year ended 30th September, 2019 ("FYE 2019"). The export and local market contributed approximately 90% and 10% respectively to the Group's annual revenue. The decrease in revenue over the year was mainly due to the outbreak of Covid-19 pandemic followed by the imposition of "lockdowns" by the various countries.

Despite a slight decrease in revenue for FYE 2020, the Group managed to achieve a higher gross profit margin at 38% compared to 36% for FYE2019. The impact of higher in gross profit margin was due to operational efficiency arising from effective costs management and productivity.

The following tables highlight the Group's key financial performance for FYE 2020:-

RM'mil	FYE 2020	FYE 2019	Change (%)
Revenue:			
(a) Export market	122	154	-21
(b) Local market	13	16	-19
Total	135	170	-21

RM'mil	FYE 2020	FYE 2019	Change (%)
Revenue	135	170	-21
Expenses	98	123	-20
Other Operating Income	3	3	-
Gross Profit	51	62	-18
Profit Before Taxation	39	50	-22
Profit After Taxation	29	37	-22
Gross Profit Margin	38%	36%	6
Pre-Tax Margin	29%	29%	-
Net Profit Margin	21%	22%	-5

The Group recorded a lower profit before taxation ("PBT") of RM 39 million for FYE 2020 compared to PBT of RM 50 million recorded in FYE 2019, representing a decrease of RM 11 million, approximately of 22%. Despite with the lower PBT, the Group was able to sustain its Net Profit Margin at 21% which has slightly decrease by 1% as compared to FYE 2019.

MANAGEMENT DISCUSSION AND ANALYSIS [CONT'D]

FINANCIAL PERFORMANCE REVIEW (CONT'D)

The Group also realises that non-financial performance measurement is equally essential for an organisation as it helps to establish a connection between strategies and daily tasks. The following are non-financial performance measurements for the Group:-

Customer Retention

In order to maintain customer retention, our Marketing team plays a vital role as they have to maintain regular contact with customer to ensure that all issues are addressed and followed up on a timely basis. The team has also performed data analytics on customers purchases in an attempt to predict their purchasing behaviour. The team regularly attempts to engage with inactive or dormant customers in order to win them back. Nevertheless, our Production team also play an important role in customer retention by providing the right products as per customers' requirements on a timely basis.

Customer Satisfaction

The Marketing team manages the feedback received from customers professionally and timely in order to keep and maintain the long-term relationship with our esteemed customers. All enquiries received from customers will be handled by the respective marketing person in charge on a timely basis in order to understand the customers' expectation on our products.

On Time Delivery

The Group practices order flexibility for customers in terms of order quantities as well as variety of product types. The Group also maintains a short sales lead time from placing of orders to delivery of goods. This is an essential requirement to customers by meeting the delivery time agreed upon during the order. On time delivery is essential for the Group to maintain its long-lasting relationship with customers as time factor is always key to the customer.

Review on Statements of Financial Position

RM'mil	FYE 2020	FYE 2019	Change (%)
Total Assets	140	138	1
Total Liabilities	20	22	-9
Total Equity	121	116	4
Total Borrowings	-	-	-
Cash and Bank Balances	56	53	6
Net Asset Per Share (sen) *	24.27	23.38	4
Basic Earnings Per Share (sen) *	5.90	7.39	-20
Dividend Per Share (sen) *	5.00	5.60	-11

* 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 RM 140 million for FYE 2020 compared to RM 138 million for FYE 2019. The increase was mainly due to increase in cash and cash equivalents from RM 53 million for FYE 2019 to RM 56 million for FYE 2020. Despite increase in cash and cash equivalents amounted to RM 3 million, inventories and trade receivables were decreased by RM 4 million for FYE 2020 compared to FYE 2019 due to more effective controls in stockholding period and credit controls for trade receivables. In addition, there was a purchase of investment property amounted to RM 3 million during the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS
[CONT'D]**FINANCIAL PERFORMANCE REVIEW (CONT'D)****Review on Statements of Financial Position (cont'd)**

Total liabilities have slightly decreased from RM 22 million to RM 20 million mainly due to reduce in trade and other payables.

The Group's financial position remains positively strong with net assets per share of 24.27 sen per share for FYE 2020 (FYE 2019: 23.38 sen per share) while basic earnings per share in FYE 2020 was 5.90 sen per share as compared to 7.39 sen per share in FYE 2019.

With the Company on sound financial footing, the Company has been declaring consistent dividend pay-out to reward its shareholders. The total dividend paid out of 5.00 sen per share for FYE 2020 is slightly lower as compared to FYE 2019 of 5.60 sen per share.

Review on Statements of Cash Flow

The Group recorded a net cash from operating activities of RM 38 million for FYE 2020, representing a reduction of RM 11 million, representing 22% decrease compared to FYE 2019. This is mainly due to the reduction in revenue for FYE 2020 which eventually led to a reduction in profit before taxation. The decrease in net cash from operating activities was the net off effect of decrease in net change in working capital changes and decreased in tax paid amounted to RM 10 million for FYE 2020 compared to RM 12 million for FYE 2019.

Net cash flow used in investing activities was amounted to RM 9 million for FYE 2020 compare to RM 6 million for FYE 2019. The investing activities mainly include the purchase of property, plant and equipment, investment property and investment in associate company for the financial year under review.

The Group's net cash used in financing activities amounted to RM 25 million for FYE 2020 compared to RM 28 million for FYE 2019. The difference was due to lower dividends paid out.

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 efficiency and productivity. In this respect, the Group had invested substantial capital in its property, plant and equipment in previous financial years. During the financial year, the Group's spent total of RM 1.33 million on property, plant and equipment which relate mainly to maintenance and upgrading of older production lines to further improve our productivity. An addition of RM 3.56 million on investment property was incurred to acquire a land and building at Mukim Belanja, Kinta.

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, Code of Conduct and Ethics for Company Directors, Fraud Policy, Anti-Bribery and Corruption Policy, Whistle Blowing Policy, Enterprise Risk Management Policy, Succession Planning Policy and Emergency.

The Board of Directors' responsibilities for preparing the annual audited financial statements are disclosed in the Directors' Responsibilities Statement set in this Annual Report 2020.

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

MANAGEMENT DISCUSSION AND ANALYSIS [CONT'D]

RISK RELATING TO OUR BUSINESS

Exposure to Credit Risk

The Group's exposure to credit risk arises primarily from trade receivables, especially during this Covid-19 pandemic which affected the global economic. Nevertheless, the Group continuously monitor the customers' credit evaluation and credit control closely in order to mitigate credit risk.

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. Realising this issue, the Group has taken necessary steps to reduce the risk of constant price fluctuations by plans the raw materials purchases systematically as well as negotiate the prices with the relevant suppliers before placing orders. The Group shall ensure that these initiatives are carried out without compromising its products quality.

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 improved the quality of our products while maintaining a competitive price in order to retain customers.

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.

Covid-19 Pandemic

There are uncertainties on the Covid-19 pandemic and its potential impact to societies, businesses and supply chain. In order to mitigate the risk, the Group adhere strictly to the Standard Operating Procedures ("SOPs") and government regulations to ensure the health and safety of our employees, suppliers, customers and business associates amidst the pandemic.

INDUSTRY TREND, DEVELOPMENT AND PROSPECT

The demand for industrial rubber hoses will continue to see a gradual recovery from both emerging and developed economies. However, with the prevailing issues, the Group believes that the outlook for financial year ending 30th September, 2021 ("FYE 2021") would be more challenging than previous years. Moving forward, the Group shall take prudent measures to enhance safety of its employees, mitigate business risks, strengthen internal controls and among others, to sustain the businesses during this time of uncertainty. In the near term, the Group expects the raw material prices to continue an upward trend due to limited supply and increasing demand of raw materials as well as foreign exchange volatility. The USD continues to weaken which often indirectly contributes to higher inflation for businesses and later impact the Group's profitability eventually.

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 due to Covid-19 crisis, the Board believes

MANAGEMENT DISCUSSION AND ANALYSIS
[CONT'D]

INDUSTRY TREND, DEVELOPMENT AND PROSPECT (CONT'D)

that the Group's prospects in the forthcoming FYE 2021 continues to remain positive despite challenges ahead and hopes to achieve a better result than this year. Although, FYE 2020 was characterised by uncertainties, the Group believes that the overall impact of the pandemic to the global economy is temporary in nature. The Group will continue to be well positioned to improve our performance in forthcoming FYE 2021, 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.

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 attended to promptly and accurately by team members.

DIVIDEND

For FYE 2020, the Company had:

- i) On 26th March, 2020, paid a first single tier dividend of 1.45 sen per share on 497,947,555 ordinary shares amounting to RM 7,220,242;
- ii) On 26th June, 2020, paid a second single tier dividend of 1.10 sen per share on 497,947,555 ordinary shares amounting to RM 5,477,625;
- iii) On 25th September, 2020, paid a third single tier dividend of 1.00 sen per share on 497,947,555 ordinary shares amounting to RM 4,979,478; and
- iv) On 23rd December, 2020, paid a fourth single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounting to RM 6,971,266.

The Group has been consistently paying out dividends over its financial years. The Group has also exceeded its dividend pay-out ratio over the past six (6) financial years. The Company's policy is to maintain a 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 as well as its profit availability test.

APPRECIATION

On behalf of the Management, I would like to take this opportunity to thank all our valued customers, business partners, bankers and professional advisers for their invaluable contribution, dedication and continued support. Our appreciation is also extended to our employees for their commitment, dedication, contribution and professionalism towards the performance of the Group. I would also like to thank our Board of Directors for their valuable advice, guidance and support rendered the Group.

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

DIRECTORS' PROFILE

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

Age	:	68
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) Bonia Corporation Berhad
- (c) Sinmah Capital Berhad
- (d) ICapital.Biz Berhad (*Resigned w.e.f. 24 November 2020*)

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.

DIRECTORS' PROFILE
[CONT'D]**HUANG SHA, P.M.P.**

Age	:	65
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 : 16,945,317 ordinary shares
 (b) Indirect : 168,750 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

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.

DIRECTORS' PROFILE
[CONT'D]

LEONG HON CHONG

Age	:	75
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 extent 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.

DIRECTORS' PROFILE
[CONT'D]**HUANG YU FEN**

Age	:	41
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

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 extent 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.

DIRECTORS' PROFILE
[CONT'D]

HUANG KAI LIN

Age	:	36
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 extend 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 as the Executive Director of WHSB on 1st June, 2018.

Note:

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

DIRECTORS' PROFILE
[CONT'D]**TAN KANG SENG**

Age	:	53
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	Malaysian Certificate of Education
Occupation	:	Company Director
Position	:	Non-Independent 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 extent 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.

DIRECTORS' PROFILE
[CONT'D]

TAN KANG FOON

Age	:	30
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.

DIRECTORS' PROFILE
[CONT'D]**YONG PENG TAK**

Age	:	52
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	(a) Bachelor of Accountancy (Hons) The National University of Singapore (b) Master of Business Administration Imperial College, University of London (c) Fellow Chartered Accountant Institute of Singapore Chartered Accountants (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.

DIRECTORS' PROFILE
[CONT'D]

GOH HOON LEUM

Age	:	70
Gender	:	Male
Nationality	:	Singaporean
Qualification	:	(a) Master of Property University of Newcastle, Australia (b) Bachelor of Land Economics (2 nd 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. 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.

DIRECTORS' PROFILE
[CONT'D]**YANG CHONG YAW, ALAN**

Age	:	51
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

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 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 and a data sharing platform for distributed teams to store, manage and share data captured from business documents and cloud services.

DIRECTORS' PROFILE
[CONT'D]

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

Age	:	66
Gender	:	Male
Nationality	:	Malaysian
Qualification	:	(a) Bachelor of Economics (Hons) University Kebangsaan Malaysia (b) Master in Business Administration University of Dubuque, Iowa, USA,
Occupation	:	Company Director
Position	:	Independent Non-Executive Director
Board Committee	:	None
Date First Appointed to the Board	:	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 65

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

LEONG HON CHONG

Non-Independent Executive Director
Malaysian, Male, aged 75

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

HUANG YU FEN

Non-Independent Executive Director
Taiwanese (Malaysian Permanent Resident), Female, aged 41

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

HUANG KAI LIN

Alternate Director to Leong Hon Chong
Taiwanese (Malaysian Permanent Resident), Male, aged 36

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

YU TAT KEONG

Financial Controller
Malaysian, Male, aged 43

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.

Mr. Yu currently is temporary overseeing the functions of Administration & Human Resource after the departure of the previous Administration & Human Resource Manager.

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

KEY SENIOR MANAGEMENT PROFILE
[CONT'D]

LIEW KEAN PENG

Senior Manager – Production
Malaysian, Male, aged 62

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 (RESIGNED W.E.F. 9TH SEPTEMBER 2020)

Administration & Human Resource Manager
Malaysian, Female, aged 46

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.

Ms. Tan left the Company on 9th September 2020.

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

KEY SENIOR MANAGEMENT PROFILE
[CONT'D]**TAN BEE LENG**

Marketing Manager
Malaysian, Female, aged 49

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

CHEE CHIN SHIAN

Finance Manager
Malaysian, Female, aged 42

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

KEY SENIOR MANAGEMENT PROFILE [CONT'D]

FOO LAI BEE

Finance Manager - Treasury
Malaysian, Female, aged 49

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 51

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”) continues to be committed in promoting and maintaining good standards of corporate governance practices in line with the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) in managing the business affairs of the Group to protect and enhance sustainable shareholders’ value and the financial performance of the Group.

Pursuant to Paragraph 15.25 of the Main Market Listing Requirement (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), this Corporate Governance Overview Statement (“Statement”) sets out how the Company has applied the Principles of the 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 is responsible for the leadership, oversight and overall management of the Company and its subsidiary. An effective Board is the one that made up of a combination of Executive Directors with intimate knowledge of the business and Non-Executive Directors from diversified industries / businesses background to bring broad business and commercial experience to the Group. The Board 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]

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

Part I – Board Responsibilities (cont'd)

1.1 Strategic Aims, Values and Standards (cont'd)

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following respective Board Committees:-

- 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 Chairman of each Board Committee will report to the Board on the outcome of the Committee's meetings which also include the key issues deliberated at the Committee's meetings. 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, 2020, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]**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 Acknowledges the importance of continuous education and training to equip themselves for the effective discharge of its duties.

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 (“MAP”) conducted by the body duly accredited by Bursa Securities within the stipulated time frame required by the Listing Requirements. All Directors have attended the MAP prescribed by Bursa Securities. In addition to that, the Directors are briefed and updated at the quarterly meetings by the External Auditors, Internal Auditors and/or the Company Secretaries on relevant amendments to the Listing Requirements, corporate governance practices and principles, risk management and internal control approaches, Malaysian Financial Reporting Standards as well as auditing requirements. The Directors also gained insights to the market development through constructive and active deliberations at the Board meetings.

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	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

Mr. Huang Sha

No	Date	Course
1	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

Mr. Leong Hon Chong

No	Date	Course
1	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

Mr. Tan Kang Seng

No	Date	Course
1	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

Mr. Tan Kang Foon

No	Date	Course
1	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

Ms. Huang Yu Fen

No	Date	Course
1	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]

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	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

Mr. Huang Kai Lin

No	Date	Course
1	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

Mr. Goh Hoon Leum

No	Date	Course
1	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

Mr. Yong Peng Tak

No	Date	Course
1	6th January 2020	CGS-CIMB 12th Annual Malaysia Corporate Day
2	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption

Mr. Yang Chong Yaw, Alan

No	Date	Course
1	24th February 2020	Adequate Procedures: Anti-Bribery & Corruption
2	17th August 2020	Cloud Accounting & Computing AI For Finance
3	18th August 2020	Strategic Tax Considerations For Corporate Restructuring In The Face of Pandemic

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]**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 provides overall leadership to the Board and is primarily responsible for the orderly conduct and function of the Board. 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;

CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

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

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors and External Auditors and, may seek advice from the Management on issues under their respective purview.

For each Board meeting, notice for calling the meeting is issued at least seven (7) days in advance of the meeting with the relevant agendas detailing the matters to be transacted at the meeting and the Board papers detailing the key issues so that the Directors have ample time to review and consider the relevant information.

The Directors may also interact directly with, or request further explanation, information or updates, on any aspect of the Company's operations or business concerns from the Management to enable the Board to discharge its duties in relation to the matter being deliberated.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advices and explanations on specific items on the meeting agendas.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]**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, serves as a guide to the Board members of their roles and responsibilities in discharging their duties as Directors. The principles of good corporate governance as set out in MCCG 2017 and the provision of MMLR of Bursa Securities were taken into consideration during the process of finalizing the Board Charter.

In line with Recommendation 2.1 of the MCCG 2017, the Board will review and revisit the Board Charter of the Company when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remain consistent with the policies and procedures of the Board.

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 ("the Code for 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 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 has reviewed the Code for Directors and embed the following new requirements:-

- 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.

The Code of Conduct and Ethics for the Directors and the Code of Conduct for Employees have been uploaded on the Company's website for public viewing.

CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

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 Board has in place a Whistleblowing Policy to foster an environment in which integrity and ethical behavior is upheld to the highest standards. The Board acknowledges that misconduct and any illegal improper actions within the Group are usually known first by people who work in or with the Group. As such, the Board views the Whistleblowing Policy and procedures as a good early warning system to help the Group detect any wrongdoings and to take corrective actions before the problem escalates.

The Whistleblowing Policy was reviewed and approved by the Board on 28 May 2020. The details of the Whistleblowing Policy are available for reference on the Company's website at www.wellcallholdings.com.

3.3 Anti-Bribery & Corruption Policy

In line with the Guideline on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Company has developed an Anti-Bribery & Corruption Policy, which was approved by the Board and adopted by the Company on 28 May 2020. The details of the Anti-Bribery & Corruption Policy are available for reference on the Company's website at www.wellcallholdings.com.

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 of:-

- 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 MMLR of Bursa Securities, which required at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors, and the MCCG 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 Bursa Securities, 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 Bursa Securities. At the forthcoming 15th AGM, the following Directors are due for retirement and being eligible, have offered themselves for re-election:

- a) Mr. Yang Chong Yaw, Alan (Independent Non-Executive Director)
- b) Mr. Goh Hoon Leum (Independent Non-Executive Director)
- c) Mr. Tan Kang Foon (Non-Independent Non-Executive Director)

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]**PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part II – Board Composition (cont'd)****4.1 Board Balance (cont'd)**

The Company's Constitution also provides that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. During the financial year 2020, there were no newly-appointed directors in the Company.

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 MCGG 2017 whereas the 9-year tenure limit of Datuk Ng Peng Hong @ Ng Peng Hay, the Independent Non-Executive Chairman and Dato' Haji Mohtar Bin Nong, the Independent Non-Executive Director will be expired on 5 January 2021 and 3 January 2021 respectively. Hence, the Board has through the Nomination Committee after conducting an assessment on their performance as Independent Directors, recommended that Mr. Goh Hoon Leum, Datuk Ng Peng Hong @ Ng Peng Hay and Dato' Haji Mohtar Bin Nong to continue to act as Independent Non-Executive Directors 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 MCGG 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, Mr. Goh Hoon Leum, Datuk Ng Peng Hong @ Ng Peng Hay and Dato' Haji Mohtar Bin Nong 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, Mr. Goh Hoon Leum, Datuk Ng Peng Hong @ Ng Peng Hay and Dato' Haji Mohtar Bin Nong 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, Datuk Ng Peng Hong @ Ng Peng Hay and Dato' Haji Mohtar Bin Nong and through a two-tier voting process pursuant to Practice No. 4.2 of the MCGG 2017 for Mr. Yang Chong Yaw, Alan. The Ordinary Resolutions 7 and 8 on the Proposed Continuation of Office of Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum as Independent Non-Executive Directors as set out in the Notice of the Fourteenth ("14th") AGM of the Company duly passed at the Postponed 14th AGM held on 29 June 2020 had retained Mr. Yang Chong Yaw, Alan and Mr. Goh Hoon Leum 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

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 21.9% 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]**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, 2020 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	–	10.0	–	40.0	10.0	40.0	100.0

The total workforce of the Group by gender, age and races as at 30th September, 2020 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	3.0	1.0	2.3	1.3	2.5	1.5	2.0	–	3.0	2.5	2.3	0.5	21.9
Male	1.3	0.5	1.2	38.6	3.5	2.8	0.3	17.1	4.0	3.5	1.8	3.5	78.1
Total	4.3	1.5	3.5	39.9	6.0	4.3	2.3	17.1	7.0	6.0	4.1	4.0	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

The Nomination Committee shall responsible to the appointment of new director and to make recommendations to the Board for the appointment of Directors. 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.

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.

4.7 Nomination Committee

The Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, all of whom are independent, 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, and to assess the performance and effectiveness of the Board which includes assessment of independence of the Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT [CONT'D]

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

Part II – Board Composition (cont'd)

4.7 Nomination Committee (cont'd)

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 the Group.

The terms of reference of the Nomination Committee has been uploaded on the Company's website at 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 Company has established a formal remuneration policy for the Executive Directors to align with the business strategy and long-term objectives of the Company. The Board as a whole, determines the level of fees of Non-Executive Directors and Executive Directors.

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 comprising exclusively of Non-Executive Directors, all of whom are independent. The present members of the Remuneration 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 Foon (Non-Independent Non-Executive Director)

The Remuneration Committee is entrusted by the Board to establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]**PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part III – Remuneration (cont'd)****6.2 Remuneration Committee (cont'd)**

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) in a year. For the financial year 2020, 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**

The remuneration packages of Executive Directors, which comprising of salaries, benefits in kinds, incentives and bonus, are linked to the Group's performance. The fees of Non-Executive Directors consist of fixed fees and meeting allowances for their attendances and participation in Board and Board Committee meetings.

The details of the remuneration of the Directors of the Company as at financial year ended 30 September 2020 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
Executive Directors							
Huang Sha	-	-	-	4,200	-	-	4,200
Leong Hon Chong	-	-	-	4,200	-	-	4,200
Huang Kai Lin	-	-	-	4,200	-	-	4,200
Huang Yu Fen	-	-	-	4,200	-	-	4,200
	-	-	-	16,800	-	-	16,800
Non-Executive Directors							
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	120,000	22,200	-	-	142,200
Tan Kang Seng	-	-	82,000	16,200	-	-	98,200
Goh Hoon Leum	-	-	112,000	10,200	-	-	122,200
Yang Chong Yaw	-	-	102,000	10,200	-	-	112,200
Dato' Haji Mohtar Bin Nong	-	-	72,000	10,200	-	-	82,200
Tan Kang Foon	-	-	82,000	10,200	-	-	92,200
Yong Peng Tak	-	-	112,000	10,200	-	-	122,200
	-	-	682,000	89,400	-	-	771,400

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]

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
<u>Executive Directors</u>							
Huang Sha	1,380,000	1,945,382	–	22,200	28,000	593	3,376,175
Leong Hon Chong	504,000	126,000	–	14,200	23,950	593	668,743
Huang Kai Lin	540,000	135,000	–	14,200	22,313	81,924	793,437
Huang Yu Fen	240,000	60,000	–	4,200	–	36,923	341,123
	2,664,000	2,266,382	–	54,800	74,263	120,033	5,179,478
<u>Non-Executive Directors</u>							
Datuk Ng Peng Hong @							
Ng Peng Hay	–	–	350,000	22,200	–	–	372,200
Tan Kang Seng	–	–	222,000	16,200	–	–	238,200
Goh Hoon Leum	–	–	112,000	10,200	–	–	122,200
Yang Chong Yaw	–	–	102,000	10,200	–	–	112,200
Dato' Haji Mohtar Bin Nong	–	–	72,000	10,200	–	–	82,200
Tan Kang Foon	–	–	82,000	10,200	–	–	92,200
Yong Peng Tak	–	–	112,000	10,200	–	–	122,200
	–	–	1,052,000	89,400	–	–	1,141,400

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]**PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)****Part I – Audit Committee (cont'd)****8.1 Composition of Audit Committee (cont'd)**

The Audit Committee currently comprises of four (4) members, all of whom are Non-Executive Directors. The members 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. 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 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 MMLR 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 2020.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]

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 Committees 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 2020.

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 acknowledges the importance of an effective, transparent and regular communication with its stakeholders. As a public listed company, the Company has put in place procedures to abide by the corporate disclosure requirements of material information as set out by Bursa Securities. The Board members are kept informed of material matters which require public disclosures and they approve the announcement of material matters prior to public disclosure. The Board is mindful that material information is to be announced timely and that confidential information should be sensitively handled to avoid leakages leading to improper use of such information. In such circumstance, the Company will also closely monitor the market activity of its securities during a period where information is withheld. Where it is believed that such information has inevitably been leaked, immediate announcement will be made.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]**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)**

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.

The Board ensures the Company's general meeting 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 and made to Bursa Securities are published herein.

Part II – Conduct of General Meetings**12.1 Encourage Shareholders Participation at General Meetings**

The general meetings are the principal forum for dialogue with the shareholders. The shareholders will be notified of the AGM 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 Notices of general meetings, which set out the businesses transacted at the general meetings, were published in a major local newspaper. The Chairman of the Group will brief shareholders on the Group's projects and elaborate further on proposals for which the approval of shareholders were being sought at the general meetings.

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

The Covid-19 pandemic and the ensuing enforcement of a Movement Control Order followed by the Conditional Movement Control Order and Recovery Movement Control Order, the Postponed 14th AGM and the Postponed EGM of the Company held on 29 June 2020 were held as fully virtual meeting through live streaming and online remote voting from the broadcast venue. The Company leverages technology and adopts electronic voting to facilitate live streaming and online remote participation and voting by the shareholders. This allows shareholders to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely via the Remote Participation and Voting facilities provided by V-Cube Malaysia Sdn. Bhd..

The Company would continue leverages the advance of the technology to hold the Fifteenth ("15th") AGM of the Company fully virtual and entirely via remote participation and voting to ensure safe distancing requirement is observed. Detailed procedures for the registration and participation at the 15th AGM of the Company are set out in the "Administrative Guide for the 15th AGM" provided to the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT'D]

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

Part II – Conduct of General Meetings (cont'd)

12.2 Attendance of the Chair of the Board Committees at the General Meetings

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 do presence at the general meetings to facilitate the engagement with shareholders for any questions raised during general meetings.

12.3 Voting in Absentia and Remote Shareholders, Participation at General Meetings

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 2020. Shareholders are entitled to appoint proxy / proxies to attend, speak and vote on their behalf in their absence at the AGM or EGM in accordance with the relevant provisions of the Company's Constitution. Proxy form is available in the Company's Annual Report or Circular to shareholders circulated or the Company's website at www.wellcallholdings.com.

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 satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG 2017 as well as the relevant MMLR of Bursa Securities. Any practices in the MCCG 2017 which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30th September 2020. This Statement is presented and disclosed pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance. The scope of this Statement includes the Company and its wholly-owned subsidiary.

BOARD’S RESPONSIBILITY

The Board affirms its overall responsibility for maintaining an adequate and sound risk management framework and system of internal control, and for reviewing its adequacy and integrity to safeguard shareholders’ investment and the Group’s assets. The Board also establishes risk appetite of the Group based on the mission, vision, core values, strategies, business objectives, business context, business nature and corporate lifecycle. The review of the Group’s risk management and system of internal control is a concerted and continuing process. In the pursuit of this objective, the Directors are aware that the internal control system is designed to manage rather than eliminate the risk of failure to achieve the Group’s objectives and can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

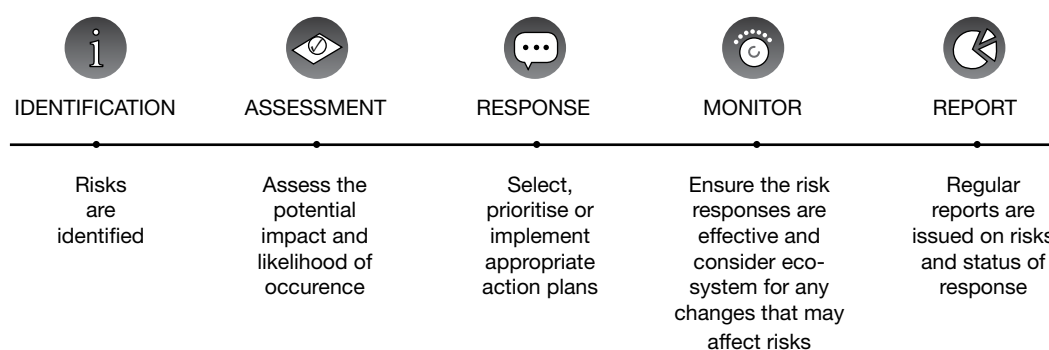
RISK MANAGEMENT GOVERNANCE AND SYSTEM

In line with Recommendation 9.1 of the Malaysian Code on Corporate Governance 2017, a formal risk management framework has been established with the aim of setting clear guidelines in relation to the level of risks acceptable to the Group. The framework is also designed to ensure proper management of the risks that may impede the achievement of the Group’s goals and objectives.

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 to identify, evaluate, monitor and manage all key risks faced by the Group. This statement on Risk Management and Internal Control does not deal with associated company as the Group does not have management control over their operations.

The key elements of the Group’s ERM Policy comprise the followings:-



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL [CONT'D]

RISK MANAGEMENT GOVERNANCE AND SYSTEM (CONT'D)

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 above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

INTERNAL AUDIT GOVERNANCE

The Group's internal audit function is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn. Bhd., which reports directly to the Audit Committee to provide the Audit Committee with the assurance required regarding the adequacy and integrity of the Group's system of internal control. The engagement director of the outsourced internal auditors, namely, Mr. Pang Nam Ming, is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors Global. The outsourced internal audit function is manned by one (1) engagement director, three (3) senior managers and nine (9) senior consultants as at the date of this Report. The activities undertaken by NeedsBridge during the financial year comprise the following:-

- conducted four cycles of internal audit on key processes such as Human Resources Management, Anti-Bribery & Corruption Management I & II and Fixed Asset Management;
- 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

Internal controls are important to support the function of the risk management system. The Group continually reviews and enhances its internal control procedures with the recommendation of auditors. The key features of the control framework and procedures in the Group are as follows:-

- Management organisation structure defining the management's responsibilities and hierarchical structure of reporting lines and accountability;
- Delegation and separation of responsibilities between the Board and Management and the establishment of various Board Committees and the presence of Independent Directors to overseeing the financial, compliance and operational performance of the Management;
- ISO Quality Manual sets out the operating procedures guiding staff members in carrying out their function effectively. This Quality Manual covers the monitoring of nonconformity controls and risk-based action. Annually, the quality system is subject to internal quality and annual independent surveillance audits;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
[CONT'D]**INTERNAL CONTROL SYSTEM (CONT'D)**

- Operational risks are shared by way of insurance to minimize Group's financial exposures and losses resulting from the risk of fire, public liability, group term life, workmen compensation and contractor's all risk; and
- Regular meetings with Head of departments which provide a platform for the Head of departments to communicate with, and provide feedback to, the Management.

In addition, with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018) that has come into force on 1 June 2020, the Group has also undertaken the assessment of bribery and corruption risks and identified areas of improvements required to be put in place in compliance with the Guideline on Adequate Procedures issued by MACC. The Group conducted corruption risk assessment according to the 5 principles of the Guidelines on adequate procedures, pursuant to Section 17A(5) of the Malaysian Anti-Corruption Act 2009 and any if its amends or re-enactments.

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

In accordance to the Guideline of Bursa Securities, Management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objective and performance.

Towards this end, the Board has received assurance from the Managing Director and Executive Director – Finance that, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

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

For the financial year under review, the Board is satisfied that the existing systems of risk management and internal control are effective and there were no losses resulted from significant control weakness.

The Board acknowledges that the risk management and internal control systems should be continuously improved. However, stakeholders should note that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

ASSURANCE PROVIDED BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of Main Market Listing Requirement, 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 their review, nothing has come to their attention that causes them to believe that the Statement intended to be included in the annual report is not prepared, in all material aspects, in accordance with the disclosures required by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the statement factually inaccurate.

This Statement is issued in accordance with a resolution of the Board dated 11th January, 2021.

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, 2020.

1. COMPOSITION AND DESIGNATION

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 ⁽¹⁾

Non-Independent Non-Executive Director
Tan Kang Seng

The members of the Audit Committee comprise wholly Non-Executive Directors.

Members of the Committee are financially literate, with diverse background, experience and knowledge in accountancy, business management, commercial and corporate laws.

⁽¹⁾ Mr. Yang Chong Yaw, Alan is a member of CPA Australia 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.

3. MEETINGS

There were five (5) meetings of the Audit Committee held during the financial year ended 30th September, 2020, 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%

AUDIT COMMITTEE REPORT
[CONT'D]**3. MEETINGS (CONT'D)**

The meeting dates where the Audit Committee met during the financial year were as follows:-

- i. 28th November, 2019,
- ii. 15th January, 2020,
- iii. 24th February, 2020,
- iv. 28th May, 2020 and
- v. 24th August, 2020.

Wellcall Holdings Berhad ("the Company") and its subsidiary company ("the Group")'s External Auditors attended all the Audit Committee meetings during the year.

In view of the Covid-19 pandemic, members of the Audit Committee had participated the meetings of the Audit Committee via telephone conferencing, video conferencing or by means of any communication equipment which allows them participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

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 ACTIVITIES

The activities undertaken by the Audit Committee in discharging its duties and functions during the financial year are summarized as follows:-

Reviewing the Group's Financial Results

The Audit Committee has reviewed the quarterly financial and operational reports of the Group before recommending to the Board for approval. The Audit Committee has also 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.

The Audit Committee has also reviewed the variation in results between the draft audited and unaudited fourth quarterly report of the Company before recommending to the Board for approval.

AUDIT COMMITTEE REPORT
[CONT'D]

4. SUMMARY OF ACTIVITIES (CONT'D)

Reviewing the Company's Dividend Declaration

The Audit Committee has reviewed the recommended dividend pay-outs including the related solvency tests for the financial year under review.

Reviewing FYE 2020 Internal Audit

The Audit Committee and Management work closely with the outsourced internal audit function to review the internal control issues and ensure that significant issues are brought to the attention of the Board. The activities carried out by the Audit Committee when reviewing FYE 2020 internal audit includes the following:-

- 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.

Reviewing FYE 2020 External Audit Planning Memorandum and the Independence of the External Auditors

The activities carried out by the Audit Committee when reviewing FYE 2020 external audit planning memorandum and the independence of the External Auditors includes the following:-

- 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 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.

AUDIT COMMITTEE REPORT
[CONT'D]**4. SUMMARY OF ACTIVITIES (CONT'D)****Reviewing FYE 2020 External Audit Planning Memorandum and the Independence of the External Auditors (cont'd)**

- 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.

Reviewing the Risk Management Function

The Audit Committee has 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.

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.

Reviewing the Related Parties Transactions

The Audit Committee has reviewed the related party transactions during the financial year under review and was satisfied that the related party transactions were transacted on an arm's length basis and on normal commercial terms which are not unfavorable to the Group nor detrimental to the minority shareholders' interest of the Company.

The Audit Committee has also reviewed the Related Party Transactions Policy and Procedures before tabling to the Board for approval and adoption.

Reviewing Anti-Bribery and Corruption Policy

The Audit Committee has reviewed the readiness of the Group in relation to the implementation of the Anti-Bribery and Corruption Management System that in accordance with the objective of compliance with the Section 17A under the Malaysian Anti-Bribery Corruption Commission Act 2009 (Amendment 2018) from 1st June 2020 onwards. The Anti-Bribery and Corruption Policy was then tabled and approved at the Board meeting held thereafter.

AUDIT COMMITTEE REPORT
[CONT'D]

4. SUMMARY OF ACTIVITIES (CONT'D)

Annual Reporting

The Audit Committee also responsible in reviewing the Audit Committee Report, Statement on Risk Management & Internal Control, Corporate Governance Overview Statement and the 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

In addition, the Audit Committee also carried out the following activities during the FYE 2020:-

- a. reviewed the financial projection and its variation.
- b. reviewed the Board policies and procedures of the Group.
- c. reviewed and discussed the acquisition of the property held under Pajakan Negeri 259840, Lot 300827, Mukim Belanja, Daerah Kinta, Negeri Perak together with a factory building erected thereon bearing an address at Plot 26 (Pt 3249), Taman Perindustrian Perabot, 31550 Pusing, Perak by Wellcall Hose (M) Sdn. Bhd., the wholly-owned subsidiary of the Company.
- d. reviewed the circular in relation to the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.
- e. reviewed the tenancy agreement between Wellcall Hose (M) Sdn. Bhd., the wholly-owned subsidiary of the Company and Trelleborg Wellcall Sdn. Bhd., the joint venture company of the Company.
- f. reviewed the business continuity plan of the Group in response to the impact of Covid-19.

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.

AUDIT COMMITTEE REPORT
[CONT'D]**5. INTERNAL AUDIT FUNCTION**

During the financial year under review, the Group has outsourced the internal audit function to an independent professional firm, which report directly to the Audit Committee.

The Audit Committee reviews and approves the Internal Audit Engagement Plan and fees to ensure the independence and objectivity of the Internal Auditors. The principal role of the independent internal auditor 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. The total fees incurred for the internal audit function in respect of the financial year ended 30th September 2020 was RM 42,000.00.

The other main activities performed by the independent internal auditor as follows:-

- Reviewed internal controls systems and ascertain the extent of compliance with the established policies, procedures and statutory requirements; and
- Identified areas to improve controls of operations and processes in the Group.

During the financial year under review, four cycles of internal audit were carried out to assess the internal control systems as follows:-

No.	Audited Areas
1.	Human Resources Management
2.	Anti-Bribery & Corruption Management I
3.	Anti-Bribery & Corruption Management II
4.	Fixed Asset Management

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

INTRODUCTION

This statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on Sustainability Reporting Guide. Wellcall Holdings Berhad and its subsidiary company (“Wellcall” or “the Group”) maintains sustainability practices which are to ensure that Economic, Environmental and Social risks and opportunities (“EES”) are tied in with our governance framework and social responsibilities.

SCOPE AND BOUNDARY

The Group’s sustainability statement covers the Group’s efforts and initiatives undertaken within the financial year ended 30th September 2020. This statement is to be read in conjunction with the rest of the Group’s annual report for the year ended 30th September 2020, which highlights other financial and non-financial aspects of our operations.

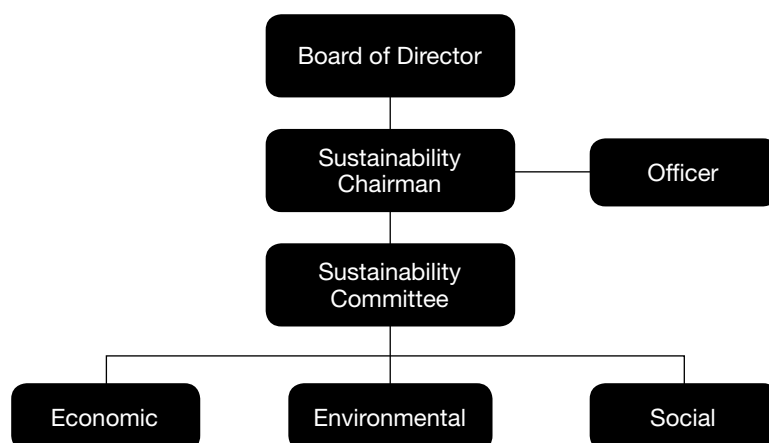
COMMITMENT TO SUSTAINABILITY

Our Board is committed to sustainability practices in our Group and responsible to ensure sustainability integrated into the Company’s objective and goals.

In implementing the overall sustainability-related strategies, the 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 the 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.

SUSTAINABILITY GOVERNANCE STRUCTURE



SUSTAINABILITY STATEMENT
[CONT'D]**ECONOMIC****i) Investors**

The Company maintains a good relationship with our investors and consistently provides improved sustainability disclosures and generated economic growth to help shareholders to prosper with the Company's continuous positive revenue and profit. Due to the Covid-19 pandemic, only virtual meetings with investors on the Company's performance and prospect were done. Despite, the Group's revenue declined during the financial year, mainly due to the outbreak of Covid-19 pandemic, the Group still maintains the dividend pay-out ratio of more than 90% to our shareholders. The Board continues with sustainability effort to ensure effective governance processes to drive investment decisions, working capital and source for new business opportunities to our future businesses without forgoing business opportunities and growth.

ii) Customer Satisfaction

The Group strives to put our customers at the forefront of everything and we aim to provide quality products to our valued customers. It is required to give high priority to customer satisfaction as we recognise that it is essential to the sustainability and on-going business growth to our Group. The Group delights customers' 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. We take all feedback received from our customers very seriously and an action plan will be developed expeditiously by our Marketing Team to address the issues. Our teams will follow up regularly with our customers to ensure that all issues and outstanding matters being solved on a timely basis.

iii) Product Quality

The Group believes that by delivering high-quality standard products to our customers are very essential in building the foundation of business sustainability. Our manufacturing processes are in accords with the principles of ISO 9001:2000 Quality Management Systems ("QMS"). In compliance of all quality procedure, an internal audit team assesses the effective and efficiency of the QMS periodically. The audit is conducted by key officers of the Company.

iv) Suppliers

The Group endeavors to maintain a healthy supply chain management through building of long-term relationship with our suppliers to realise mutual growth. We seek to set forth for the procurement of local raw materials and parts that made available in Malaysia to promote locally produce products which help to strengthen the economy. However, some niche materials and parts still need to source from foreign suppliers.

The Group conducts assessment and evaluation of existing and new suppliers whenever 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.

v) Business Ethics and Compliance

Our employees, Management and Directors are emphasized in compliance with all applicable policies, procedures, laws and regulations to achieve the highest standards of integrity and accountability. The Group believes that the essential of good corporate governance and ethical business practices are fundamental keys to sustainable business.

SUSTAINABILITY STATEMENT [CONT'D]

ECONOMIC (CONT'D)

v) Business Ethics and Compliance (cont'd)

The Group has implemented several policies in regard to maintain a strong corporate governance across our business as per follows:

a) Code of Ethics

All employees are required to discharge their duties and responsibilities in an ethical behaviour based on the Group's core principles.

b) Anti-Bribery and Corruption Policy

Under Section 17A of Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), commercial organisations are liable and punishable if the employees or associates are involved in corruption. Therefore, we are very emphasize on a zero-tolerance approach and disciplinary action will be taken if there any violation of the policy.

c) Whistleblowing Policy

A channel for all employees and third parties to report any genuinely suspects on a reasonable belief that an employee of the Group engaged, is engaged or is preparing to engage in any improper conduct or wrongdoing.

The whistleblower or persons connected will be protected from any detrimental action as a direct consequence of the disclosure. Additionally, the whistleblower's identity and such other confidential information will not be disclosed without the consent of the whistleblower or otherwise required by law.

ENVIRONMENT

As a responsible corporate citizen, we remain steadfast in our commitment to sustainable development and seek to operate in a way that minimises environmental impact. We have the responsibility to protect the environment and continue to manage the environmental footprint of our operations. To achieve less negative environmental impact, the Group constantly monitors its energy, water and fuel usages by implementing scheduled maintenance and structured production schedules to minimise stoppages, interruption and abnormal wastages in the manufacturing activities.

i) 3R Concept (Reduce, Reuse and Recycle)

The adoption of 3R concept has always been part of the business. Within the working environment, in the pace 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. We acknowledge that the impact of paper usage to the environmental is significant, employees are encouraged to go "paper-less" and printouts shall be done on both sides or done on recycled papers, if possible.

ii) Waste management

The Group 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 regulations and in a proper form. We manage our production waste in a proper area and the waste is regularly disposed of as scraps. However, we do not have any scheduled waste which requires special handling pursuant from the Environment Quality Act, 1974.

Moving forward, the Company will discuss as to how to reduce pollution, carbon footprint and preservation of the ecosystem practices.

SUSTAINABILITY STATEMENT
[CONT'D]**SOCIAL****i) Workplace**

The Group acknowledges that the sustainability of the Group highly dependent on a strong human capital. We recognise our employees are our greatest assets, hence managing talent at all level is a key priority. 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 developing its employee's skills and competency which include sponsoring for various fields pertaining to skill enhancement in order to remain industry relevant and dynamic. The Group 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.

ii) Occupational Health and Safety

We believe that providing workers with a safe and healthy working environment is essential for ensuring long term sustainability of business. We have complied the best of our ability to adhere with the existing standards, laws and regulations which relevant to the operation. The Group is continuously making improvements to our safety-related efforts to achieve of an injury-free workplace.

Our Response to Covid-19

The rapid outbreak of Covid-19 pandemic had disrupted businesses worldwide. In response to Covid-19 pandemic, we had undertaken various preventive measures in accordance with the guidelines and Standard Operating Procedures which are mandated by our government.

The below stated the precautionary measures which have been introduced to mitigate the potential risk of exposure to Covid-19 and to provide a healthy and safe workplace:

- a) Daily screening of body temperature prior to entrance;
- b) Distribution of face mask to all employees;
- c) Provided hand sanitizers to all departments; and
- d) Social distancing of 1 meter distance.

iii) Employee Retention, Development and Engagement**a) Employee Welfare**

The Group continues to ensure that the reward packages remain competitive to attract, retain and motivate the right talent with the respective of their work performance, qualification and experience.

The benefits and compensation of the Group include:

- i) Group personal accident;
- ii) Medical benefits;
- iii) Dental benefits;
- iv) Uniform; and
- v) Hostel.

SUSTAINABILITY STATEMENT
[CONT'D]

SOCIAL (CONT'D)

iii) Employee Retention, Development and Engagement (cont'd)

b) Employee Engagement

The Group believes that in engaging our employees promote cohesion and strengthen the relationship between peers. We continued our endeavours to bring closer ties among the employees which promote understanding between each other in order to create harmony and peace in workplace. Annually, we used to organise activities such as annual dinner, team building and other activities to our employees but unfortunately during the year we were unable to do so due to the outbreak of the Covid-19 pandemic in Malaysia.

c) Training and Development

We aspire to grow with our people and we invest in both their work-related and personal development. In general, we continuously monitor our employees and offer training and upskilling opportunities to their areas of work, positions, talents and interests. We provide both internal and external training, as well as on-the-job training, particularly in technical and management skills. Our established appraisal guidelines also enable us to identify and implement development programmes for our employees.

d) Community Contributions and Development

We believe delivering sustainable growth is a social obligation that not only for the Group, but for the people and the surrounding communities. As a responsible corporate citizen, 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.

During the year, we are also proud to have committed to the community for charity activities both in cash and in kind to the disable communities, local schools, old folks' home, home of orphanage as well as cultural activities.

Although the Covid-19 pandemic continues to have impact on the livelihood. Nevertheless, we still remain our Corporate Social Responsibility initiatives by making charitable contribution to the public.

As our business will continue to strive in future, we will continue our effort to be a responsible 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.

e) Workforce Diversity

The Group does not discriminate on the basis of age, gender, physical disability or religion where the evaluation of the suitability of candidates for filling of casual vacancy is solely based in the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

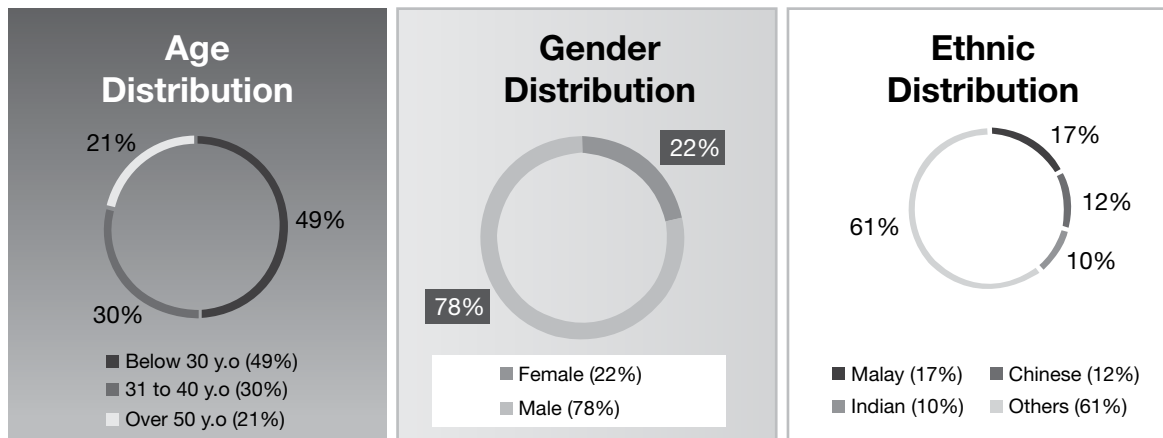
SUSTAINABILITY STATEMENT
[CONT'D]

SOCIAL (CONT'D)

iii) Employee Retention, Development and Engagement (cont'd)

e) Workforce Diversity (cont'd)

The distributions of workforce demographics for FY2020 are as per below:



The above demographics age shown that we are embrace and explore the benefits of young talent to bring to our business with 49% of our workforce which below the age of 30 years old. Currently, women only accounted for 22% of the workforce while the male accounted for 78% where we believe that women are not in favour in manufacturing roles. However, we are seeking to balance the gender distribution by providing more opportunities for women. The Group also endeavours to achieve a well balance in an equal mix of various ethnicity.

CONCLUSION

We acknowledge that there are still areas for improvement with respect to sustainability. This year has proven to be exceptionally challenging with the inclusion of heightened risks attributed to the Covid-19 pandemic. As the Group continues to establish our strategies to mitigate and recover from the effects of the pandemic, we hold steadfast to our goal of building a sustainable business for the future. We will continue to keep abreast with developments in our operating environments, actively engage our stakeholders and build on our foundation to further promote sustainable practices within our organisation.

ADDITIONAL COMPLIANCE INFORMATION

1. Audit and Non-Audit Fees

The audit and non-audit fees paid or payable for services rendered by external auditors and their affiliated company or firm to the Group and the Company for the financial year ended 30th September, 2020 are as follows:-

	Group RM'000	Company RM'000
Audit Fee	46.5	13.5
Non-Audit Fee	10.8	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, 2020.

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

The Company had, via the Postponed Extraordinary General Meeting held on 29th June 2020, obtained a general mandate from its Shareholders ("Shareholders' Mandate") for the following recurrent related party transaction of revenue and trading nature ("RRPT").

Pursuant to Practice Note No. 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the RRPT conducted during the financial year ended 30th September 2020 pursuant to the Shareholders' Mandate is set out as follows:-

Transacting Parties		Interested Director(s) and/or interested Major Shareholder(s) and/or Person(s) Connected with them	Nature of the Recurrent Related Party Transaction	Aggregate Value of Transaction During the Financial Year (RM'000)
Wellcall Group	Related Party			
Wellcall Hose (M) Sdn. Bhd. ("WHSB")	Global Rubber Industry (M) Sdn. Bhd. ("GRI")	Tan Kang Foon ⁽¹⁾ Huang Yu Fen ^{(2) (3)} Tan Joo Chin ⁽³⁾ Leong Ruen Ying ⁽⁴⁾ Huang Sha ^{(2) (3)} Huang Kai Lin ^{(2) (3)} Leong Hon Chong ⁽⁴⁾ Tan Kang Seng ⁽⁵⁾	Sub-contract services for topping of nylon cord and relevant add-on or further manufacturing process on semi-finished goods and/or hoses	5

ADDITIONAL COMPLIANCE INFORMATION
[CONT'D]Notes:-

- (1) Tan Kang Foon is Director of the Company who is also Director and Shareholder of GRI.
- (2) Huang Yu Fen is Director and Shareholder of the Company and Director of WHSB who is also Shareholder of GRI. Huang Sha, who is Director and Shareholder of the Company and Director of WHSB, Huang Kai Lin, who is Director of the Company and WHSB and Tan Joo Chin are Persons Connected with Huang Yu Fen.
- (3) Tan Joo Chin is Shareholder of the Company and GRI who is also Person Connected with Huang Sha, Huang Kai Lin and Huang Yu Fen.
- (4) Leong Ruen Ying is Shareholder of GRI who is also Person Connected with Leong Hon Chong, Director and Shareholder of the Company and Director of WHSB.
- (5) Tan Kang Seng is Director and Shareholder of the Company and Director of WHSB who is also Person Connected with Tan Kang Foon.

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.

STATEMENT OF **DIRECTORS' RESPONSIBILITY**

In respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the annual audited financial statements of the Company and of the Group are:-

- i. drawn up in accordance with applicable Financial Reporting Standards, the provisions of the Companies Act 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market so as to give a true and fair view of the state of affairs of the Company and of the Group for the financial year ended 30th September 2020, and
- ii. prepared with reasonable accuracy from the accounting records of the Company and of the Group so as to give a true and fair view of the financial position of the Company and of the Group as of 30th September 2020 and of their financial performance and cash flows for the year then ended.

In preparing the annual audited financial statements for the financial year ended 30th September 2020, the Directors have:-

- (a) adopted and applied the appropriate and relevant accounting policies on a consistent basis;
- (b) made judgements and estimates that are reasonable and prudent; and
- (c) prepared the audited financial statements on a going concern basis.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Company and of the Group to prevent and detect fraud and other irregularities.



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DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER, 2020

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, 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company and carry on business of trading, importing, exporting, marketing, supplying and dealing in direct marketing multi level marketing, networking of all kinds of hoses and articles in connection therewith. The principal activity of the subsidiary company is disclosed in Note 7 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	38,815,238	27,416,297
Tax expense	(9,454,074)	(67,423)
Profit for the year	29,361,164	27,348,874

DIVIDENDS

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

- i) 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 paid on 24th December, 2019.
- ii) a first single tier dividend of 1.45 sen per share on 497,947,555 ordinary shares amounting to RM7,220,242 in respect of the financial year ended 30th September, 2020 was paid on 26th March, 2020.
- iii) a second single tier dividend of 1.10 sen per share on 497,947,555 ordinary shares amounting to RM5,477,625 in respect of the financial year ended 30th September, 2020 was paid on 26th June, 2020.
- iv) a third single tier dividend of 1.00 sen per share on 497,947,555 ordinary shares amounting to RM4,979,478 in respect of the financial year ended 30th September, 2020 was paid on 25th September, 2020.
- v) a fourth 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, 2020 was declared on 23rd November, 2020 and paid on 23rd December, 2020. 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' REPORT
FOR THE YEAR ENDED 30TH SEPTEMBER, 2020
[CONT'D]**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 01.10.2019	Number of ordinary shares		Balance at 30.09.2020
		Bought	Sold	
Direct interest in ordinary shares of the Company				
Huang Sha, PMP	16,925,317	20,000	–	16,945,317
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
Deemed interest in ordinary shares of the Company				
Huang Sha, PMP*	731,250	–	–	731,250
Huang Kai Lin*	2,186,850	–	–	2,186,850
Indirect interest in ordinary shares of the Company				
Maximum Perspective Sdn. Bhd.				
Tan Kang Seng	54,929,478	1,060,000	–	55,989,478

* Deemed interested in shares by virtue of Section 59(11)(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, 2020 had any interest in the ordinary shares of the Company and its subsidiary company during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30TH SEPTEMBER, 2020
[CONT'D]

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 20 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30TH SEPTEMBER, 2020
[CONT'D]

OTHER STATUTORY INFORMATION (CONT'D)

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.

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.

AUDITORS' REMUNERATION

The amount paid or payable to the auditors as remuneration for their service is disclosed in Note 18 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: 11th January, 2021
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 75 to 119 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, 2020 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: 11th January, 2021
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 75 to 119 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)
11th January, 2021) LEONG HON CHONG

Before me,

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, 2020 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 75 to 119.

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, 2020, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional 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 10 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 by comparing against subsequent sales and purchases after the financial year.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WELLCALL HOLDINGS BERHAD
[CONT'D]**

Key Audit Matters (Cont'd)

Trade receivables

As at 30th September, 2020, the carrying amount of trade receivables of the Group was RM5,576,651 as disclosed in Note 11 to the financial statements. Trade receivables are subject to credit risk due to probability of default, thus the management needs to exercise judgement in determining the probability of default by trade receivables and recoverability.

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 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WELLCALL HOLDINGS BERHAD
[CONT'D]**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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WELLCALL HOLDINGS BERHAD
[CONT'D]**

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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: 11th January, 2021
Kuala Lumpur

STATEMENTS OF
FINANCIAL POSITION

AS AT 30TH SEPTEMBER, 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	56,893,282	61,218,835	–	–
Investment property	5	3,485,211	–	–	–
Capital work-in-progress	6	334,923	–	–	–
Investments in subsidiary company	7	–	–	57,540,803	57,540,803
Investment in associate company	8	4,133,612	–	4,419,648	49
Other investment	9	10,000	10,000	–	–
		64,857,028	61,228,835	61,960,451	57,540,852
Current assets					
Inventories	10	13,792,975	15,398,588	–	–
Trade and other receivables	11	5,657,905	8,703,293	7,350,000	7,510,913
Tax recoverable		5,892	–	5,892	–
Cash and bank balances	12	56,079,315	52,822,385	12,855,792	14,652,180
		75,536,087	76,924,266	20,211,684	22,163,093
TOTAL ASSETS		140,393,115	138,153,101	82,172,135	79,703,945
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	13	68,836,509	68,836,509	68,836,509	68,836,509
Reserves	14	52,027,139	47,563,560	13,201,657	10,750,368
Total equity		120,863,648	116,400,069	82,038,166	79,586,877
Non-current liabilities					
Deferred taxation	15	5,173,817	5,248,865	–	–
Current liabilities					
Trade and other payables	16	13,055,123	14,760,251	133,969	115,789
Tax payable		1,300,527	1,743,916	–	1,279
		14,355,650	16,504,167	133,969	117,068
Total liabilities		19,529,467	21,753,032	133,969	117,068
TOTAL EQUITY AND LIABILITIES		140,393,115	138,153,101	82,172,135	79,703,945

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, 2020

	Note	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Revenue		134,919,611	170,108,720	28,350,000	29,550,000
Cost of sales		(83,679,776)	(108,221,768)	–	–
Gross profit		51,239,835	61,886,952	28,350,000	29,550,000
Other operating income	17	2,730,440	3,139,118	284,725	449,147
Administrative expenses		53,970,275	65,026,070	28,634,725	29,999,147
		(11,031,929)	(10,685,013)	(1,218,428)	(1,117,825)
Selling and distribution costs		(3,256,175)	(4,484,575)	–	–
Other operating expenses		(385,651)	(81,390)	–	–
Profit from operations		39,296,520	49,775,092	27,416,297	28,881,322
Finance costs		(195,295)	(243,074)	–	–
Share of loss in associate company	8	(285,987)	(49)	–	–
Profit before taxation	18	38,815,238	49,531,969	27,416,297	28,881,322
Tax expense	21	(9,454,074)	(12,731,359)	(67,423)	(460,864)
Profit for the year		29,361,164	36,800,610	27,348,874	28,420,458
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		29,361,164	36,800,610	27,348,874	28,420,458
Earnings per share (sen)					
- Basic	22	5.90	7.39		
Dividend per share (sen)	23	5.00	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, 2020

	< Attributable to Equity Holders of the Company >				
		<--Non-distributable-->	Distributable		
	Note	Share capital RM	Share premium RM	Retained profit RM	Total equity RM
Group					
At 1st October, 2018		68,836,509	–	38,648,014	107,484,523
Total comprehensive income for the year		–	–	36,800,610	36,800,610
Dividends	23	–	–	(27,885,064)	(27,885,064)
At 30th September, 2019		68,836,509	–	47,563,560	116,400,069
Total comprehensive income for the year		–	–	29,361,164	29,361,164
Dividends	23	–	–	(24,897,585)	(24,897,585)
At 30th September, 2020		68,836,509	–	52,027,139	120,863,648
Company					
At 1st October, 2018		68,836,509	–	10,214,974	79,051,483
Total comprehensive income for the year		–	–	28,420,458	28,420,458
Dividends	23	–	–	(27,885,064)	(27,885,064)
At 30th September, 2019		68,836,509	–	10,750,368	79,586,877
Total comprehensive income for the year		–	–	27,348,874	27,348,874
Dividends	23	–	–	(24,897,585)	(24,897,585)
At 30th September, 2020		68,836,509	–	13,201,657	82,038,166

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2020

	Note	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
CASH FLOWS FROM/(USED IN)					
OPERATING ACTIVITIES					
Profit before taxation		38,815,238	49,531,969	27,416,297	28,881,322
Adjustments for:					
Depreciation of investment property		76,318	–	–	–
Depreciation of property, plant and equipment		5,505,205	5,256,952	–	–
Unrealised loss on foreign exchange		385,651	81,390	–	–
Share of loss in associate company		285,987	49	–	–
Gain on disposal of property, plant and equipment		(134,015)	–	–	–
Dividend income		–	(2,000)	–	–
Interest income		(1,038,225)	(1,212,658)	(284,725)	(449,147)
Operating profit before working capital changes		43,896,159	53,655,702	27,131,572	28,432,175
Decrease in inventories		1,605,613	3,474,121	–	–
Decrease/(increase) in trade and other receivables		3,011,875	4,656,735	160,913	(309,302)
(Decrease)/increase in trade and other payables		(1,906,931)	(1,879,036)	17,180	17,006
Cash generated from operations		46,606,716	59,907,522	27,309,665	28,139,879
Tax refund		–	2,838	–	2,838
Tax paid		(9,677,403)	(12,088,362)	(73,594)	(338,290)
Interest received		1,038,225	1,212,658	284,725	449,147
Net cash generated from operating activities		37,967,538	49,034,656	27,520,796	28,253,574
CASH FLOWS FROM/(USED IN)					
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		197,000	–	–	–
Investment in associate company		(4,419,599)	(49)	(4,419,599)	(49)
Dividend received		–	2,000	–	–
Capital work-in-progress		(334,923)	644,156	–	–
Purchase of investment property		(3,561,529)	–	–	–
Purchase of property, plant and equipment		(1,333,800)	(6,201,717)	–	–
Net cash used in investing activities		(9,452,851)	(5,555,610)	(4,419,599)	(49)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2020
[CONT'D]

	Note	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITY					
Dividends paid		(24,897,585)	(27,885,064)	(24,897,585)	(27,885,064)
Net cash used in financing activity		(24,897,585)	(27,885,064)	(24,897,585)	(27,885,064)
Net increase/(decrease) in cash and cash equivalents		3,617,102	15,593,982	(1,796,388)	368,461
Effect of exchange rate changes		(360,172)	(34,446)	–	–
Cash and cash equivalents at beginning of year		51,822,385	36,262,849	14,652,180	14,283,719
Cash and cash equivalents at end of year	A	55,079,315	51,822,385	12,855,792	14,652,180

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 2020 RM	2019 RM	Company 2020 RM	2019 RM
Deposits with licensed banks	15,970,000	32,070,000	12,650,000	14,500,000
Cash and bank balances	40,109,315	20,752,385	205,792	152,180
	56,079,315	52,822,385	12,855,792	14,652,180
Less: Deposit pledged with licensed bank	(1,000,000)	(1,000,000)	–	–
	55,079,315	51,822,385	12,855,792	14,652,180

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

NOTES TO THE FINANCIAL STATEMENTS

- 30TH SEPTEMBER, 2020

1. GENERAL INFORMATION

The Company is principally engaged as an investment holding company and carry on business of trading, importing, exporting, marketing, supplying and dealing in direct marketing multi level marketing, networking of all kinds of hoses and articles in connection therewith. The principal activity of the subsidiary company is disclosed in Note 7 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, 2020 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, 2019.

<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
Amendments to MFRS 112: Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)	1st January, 2019
Amendments to MFRS 123: Borrowing Costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)	1st January, 2019

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**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 for 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>
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
Amendments to MFRS 101: Presentation of Financial Statements – Definition of Material	1st January, 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: Interest Rate Benchmark Reform	1st January, 2020
Amendments to MFRS 3: Business Combinations – Definition of Business	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 are 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 of the Company.

(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").

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of Consolidation (cont'd)****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.

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:

	2020 RM	2019 RM
1 United States Dollar (USD)	4.09	4.13
1 Euro (EUR)	4.80	4.51

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 building under construction for intended use. 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	38 - 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%

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) Investment Property

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

Leasehold land and building are depreciated over the remaining period of their leases. The annual depreciation rate used for the depreciation is as follows:

Leasehold land and building	35 years
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NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Investment Property (cont'd)**

Investment property is derecognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

(e) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial Instruments (cont'd)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial Instruments (cont'd)****(v) Hedge accounting (cont'd)****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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont'd)

(v) Hedge accounting (cont'd)

b. Cash flow hedge (cont'd)

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.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Impairment (cont'd)****(i) Financial Assets and Contract Assets (cont'd)**

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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.

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Associate Company (cont'd)**

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.

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.

(i) 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) 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.

(l) 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.

(m) 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.

(n) Lease

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease. The Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted in favour of The Group if it is reasonable certain to assess that option, and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where The Group is contractually required to dismantle, remove or restore the leased asset.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(n) Lease (cont'd)**

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

(o) 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.

(p) 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 performance obligation is satisfied. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue (cont'd)

iv) Rental Income

Rental income is accounted for on a straight-line basis over the leased terms.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(q) 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.

(r) 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.

(s) 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.

(t) 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Significant Accounting Judgements and Estimates (cont'd)

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.

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 and Associate 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 and associate company.

The carrying amount of investment in subsidiary and associate company as at 30th September, 2020 were RM57,540,803 and RM4,419,648 (2019: RM57,540,803 and RM49). Further details are disclosed in Note 7 and 8. Based on management's review, no further adjustment for impairment is required for the investment in subsidiary and associate 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(t) Significant Accounting Judgements and Estimates (cont'd)**ii) Key Sources of Estimation Uncertainty (cont'd)

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.

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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Group	As at 1.10.2019 RM	Addition RM	Disposal/ Retirement RM	As at 30.09.2020 RM
2020				
COST				
Leasehold land	10,907,715	-	-	10,907,715
Factory buildings	26,583,601	-	-	26,583,601
Electrical installation	6,385,765	-	-	6,385,765
Fire fighting installation	2,452,297	200,000	-	2,652,297
Furniture and fittings	592,876	56,850	(4,541)	645,185
Motor vehicles	2,636,482	978,420	(919,041)	2,695,861
Office equipment	716,850	9,530	(10,985)	715,395
Plant and machinery	75,607,351	89,000	(91,163)	75,605,188
Renovation	16,384	-	-	16,384
	125,899,321	1,333,800	(1,025,730)	126,207,391

	As at 1.10.2019 RM	Charge for the year RM	Disposal/ Retirement RM	As at 30.09.2020 RM
ACCUMULATED DEPRECIATION				
Leasehold land	1,162,887	182,456	-	1,345,343
Factory buildings	4,618,482	538,623	-	5,157,105
Electrical installation	4,310,844	356,767	-	4,667,611
Fire fighting installation	1,604,345	150,569	-	1,754,914
Furniture and fittings	382,816	68,559	(4,540)	446,835
Motor vehicles	2,095,355	291,824	(856,057)	1,531,122
Office equipment	537,755	66,152	(10,985)	592,922
Plant and machinery	49,966,651	3,849,927	-	53,816,578
Renovation	1,351	328	-	1,679
	64,680,486	5,505,205	(871,582)	69,314,109

	As at 30.09.2020 RM
NET CARRYING AMOUNT	
Leasehold land	9,562,372
Factory buildings	21,426,496
Electrical installation	1,718,154
Fire fighting installation	897,383
Furniture and fittings	198,350
Motor vehicles	1,164,739
Office equipment	122,473
Plant and machinery	21,788,610
Renovation	14,705
	56,893,282

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

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

Group	As at 1.10.2018 RM	Addition RM	Disposal/ Retirement RM	As at 30.9.2019 RM
2019				
COST				
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
	119,715,652	6,201,717	(18,048)	125,899,321

	As at 1.10.2018 RM	Charge for the year RM	Disposal/ Retirement RM	As at 30.9.2019 RM
ACCUMULATED DEPRECIATION				
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
	59,441,582	5,256,952	(18,048)	64,680,486

	As at 30.9.2019 RM
NET CARRYING AMOUNT	
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
	61,218,835

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

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

Certain leasehold land and factory building of the Group with net carrying amount of RM616,089 (2019: RM633,239) has been pledged as security to financial institution for banking facilities.

The depreciation was charged to the followings:

	2020 RM	Group 2019 RM
Factory overheads	5,078,670	4,945,876
Administrative expenses	426,535	311,076
	5,505,205	5,256,952

5. INVESTMENT PROPERTY

	2020 RM	Group 2019 RM
Cost		
- Leasehold building	3,561,529	-
Accumulated depreciation		
- At beginning of year	-	-
- Depreciation during the year	76,318	-
- At end of year	76,318	-
Carrying amount	3,485,211	-

On 10th January, 2020, the subsidiary company entered into a Sales and Purchase Agreement to purchase a property with a factory building for a total purchase consideration of RM3,420,000 and the purchase was completed on 22nd January, 2020.

Investment property of the Group comprise of leasehold land and building which is being leased to associate company.

The fair value of investment property approximates the acquisition cost based on valuation carried out by independent professional valuer.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**6. CAPITAL WORK-IN-PROGRESS**

	Group	2019 RM
	2020 RM	
At cost:		
Building	334,923	–

7. INVESTMENT IN SUBSIDIARY COMPANY

	Company	2019 RM
	2020 RM	
Unquoted shares, at cost	57,540,803	57,540,803

The subsidiary company is as follow:

	Country of incorporation	Principal activity	Effective equity interest	
			2020	2019
Wellcall Hose (M) Sdn. Bhd.	Malaysia	Manufacturing of rubber hose and related products, property investment and other related activities.	100%	100%

8. INVESTMENT IN ASSOCIATE COMPANY

	Group	2019 RM	Company	2019 RM
	2020 RM		2020 RM	
Unquoted shares, at cost	4,419,648	49	4,419,648	49
Share of post-acquisition losses	(286,036)	(49)	–	–
	4,133,612	–	4,419,648	49

Represented by:

Group's share of net assets	4,133,612	–	–	–
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NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

8. INVESTMENT IN ASSOCIATE COMPANY (CONT'D)

The associate company is as follow:

	Country of incorporation	Principal activity	Effective equity interest	
			2020	2019
Trelleborg Wellcall Sdn. Bhd.	Malaysia	Dormant. The intended principal activities are manufacturing, marketing and sale of composite hose and fittings.	49%	49%

On 22nd October, 2019, the Company acquired additional 1,077,951 ordinary shares of RM4.10 each in Trelleborg Wellcall Sdn. Bhd. ("TWSB") for a cash consideration amount of RM4,419,599. The subscription of the additional shares did not result in any change of the Company's equity interest in TWSB.

The summarised unaudited financial information of the associate is as follows:

	2020 RM	2019 RM
Assets and liabilities		
Non-current assets	5,206,733	–
Current assets	4,894,312	100
Total assets	10,101,045	100
Non-current liabilities	(484,156)	–
Current liabilities	(1,180,945)	(46,791)
Net assets/(liabilities) attributable to owners of TWSB	8,435,944	(46,691)
Financial results		
Revenue	–	–
Loss before tax	(536,955)	(46,791)
Taxation	–	–
Net losses for the year	(536,955)	(46,791)

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

	2020 RM	Group 2019 RM
At 1st October	22,879	–
Share of current year loss	263,108	22,928
Share of post-acquisition losses	(285,987)	(49)
At 30th September	–	22,879

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

9. OTHER INVESTMENT

	2020 RM	Group 2019 RM
Unquoted shares in Malaysia, at cost	10,000	10,000

10. INVENTORIES

	2020 RM	Group 2019 RM
At cost:		
Raw materials	8,399,456	10,376,974
Work-in-progress	1,667,021	1,744,676
Finished goods	3,726,498	3,276,938
	13,792,975	15,398,588

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables	5,576,651	8,460,817	–	–
Amount due from subsidiary company	–	–	7,350,000	7,500,000
Other receivables	35,804	195,153	–	–
Deposits	19,350	27,250	–	–
Prepayments	26,100	20,073	–	10,913
	5,657,905	8,703,293	7,350,000	7,510,913

Trade receivables are non-interest bearing and are generally on 30 to 90 (2019: 30 to 90) days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Ageing analysis of trade receivables

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

	Group	
	2020 RM	2019 RM
Neither past due nor impaired	2,644,606	6,199,875
Due but not impaired		
1 - 30 days	2,794,044	1,765,390
31 - 60 days	95,375	459,640
61 - 90 days	7,550	2,178
91 days and above	35,076	33,734
	2,932,045	2,260,942
	5,576,651	8,460,817

(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 RM2,932,045 (2019: RM2,260,942) 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 is unsecured, non-interest bearing and is receivable on demand.

12. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash in hand and at banks	26,614,407	13,399,132	205,792	152,180
Cash management fund*	13,494,908	7,353,253	—	—
Deposits with licensed banks	15,970,000	32,070,000	12,650,000	14,500,000
	56,079,315	52,822,385	12,855,792	14,652,180

* Stated at market price.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**12. CASH AND BANK BALANCES (CONT'D)**

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

Deposits amounted to RM1,000,000 (2019: 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 rate at 1.70% to 3.35% (2019: 2.95% to 3.40%) per annum and have average maturities of 2 to 91 days (2019: 2 to 75 days).

13. SHARE CAPITAL

	Group and Company		Amount	
	Number of ordinary shares 2020	2019	2020 RM	2019 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.

14. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Retained profit	52,027,139	47,563,560	13,201,657	10,750,368

15. DEFERRED TAXATION

	Group	
	2020 RM	2019 RM
At beginning of year	5,248,865	4,899,238
Transfer (to)/from statement of profit or loss (Note 21)	(75,048)	349,627
At end of year	5,173,817	5,248,865
The deferred tax liabilities recognised is in respect of the following:		
- Temporary difference between depreciation and capital allowance	5,173,817	5,248,865

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables	5,326,176	4,629,957	–	–
Amount due to associate company	–	49	–	49
Other payables	5,475,349	7,519,091	42,469	97,240
Deposit received	36,000	–	–	–
Accruals	2,217,598	2,611,154	91,500	18,500
	13,055,123	14,760,251	133,969	115,789

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 (2019: 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 (2019: 90) days term.

17. OTHER OPERATING INCOME

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Dividend income	–	2,000	–	–
Gain on disposal of property, plant and equipment	134,015	–	–	–
Interest income				
- Fixed deposits	924,101	1,029,893	276,309	410,999
- Repo	114,124	182,765	8,416	38,148
Rental income	156,613	49,842	–	–
Realised gain on foreign exchange	1,318,930	1,715,151	–	–
Other income	82,657	159,467	–	–
	2,730,440	3,139,118	284,725	449,147

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**18. PROFIT BEFORE TAXATION**

The following items have been included in arriving at profit before taxation:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation is arrived at after charging:				
Auditors' remuneration				
- Current year's provision	45,000	41,500	12,000	10,000
- Underprovision in prior year	1,500	-	-	-
Depreciation of investment property	76,318	-	-	-
Depreciation of property, plant and equipment	5,505,205	5,256,952	-	-
Directors' remuneration (Note 20)	6,246,615	6,457,977	788,200	780,500
Employee benefits expenses (Note 19)	13,261,277	13,228,968	-	-
Rental of office equipment	2,976	3,340	-	-
Unrealised loss on foreign exchange	385,651	81,390	-	-

19. EMPLOYEE BENEFITS EXPENSES

	Group	
	2020 RM	2019 RM
Salaries, wages, bonus and others	12,442,860	12,453,619
E.P.F.	658,372	654,527
E.I.S.	9,355	9,889
Socso	150,690	110,933
	13,261,277	13,228,968

20. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fees	1,052,000	1,052,000	682,000	682,000
Remuneration	2,664,000	2,568,000	-	-
Allowance	84,200	76,500	46,200	38,500
Ex-gratia	60,000	60,000	60,000	60,000
Bonus	2,266,382	2,593,078	-	-
E.P.F.	117,000	102,600	-	-
E.I.S.	190	190	-	-
Socso	2,843	5,609	-	-
	6,246,615	6,457,977	788,200	780,500

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

21. TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysian income tax				
- Current year	9,766,635	11,847,171	66,108	104,534
- (Over)/underprovision in prior year	(237,513)	534,561	1,315	356,330
	9,529,122	12,381,732	67,423	460,864
Deferred taxation (Note 15)	(75,048)	349,627	-	-
Income tax expense recognised in statement of comprehensive income	9,454,074	12,731,359	67,423	460,864

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	38,815,238	49,531,969	27,416,297	28,881,322
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	9,315,656	11,887,673	6,579,911	6,931,517
Income not subject to tax	-	(480)	(6,804,000)	(7,092,000)
Non-deductible expenses	450,979	309,605	290,197	265,017
(Over)/underprovision of income tax in prior year	(237,513)	534,561	1,315	356,330
Overprovision of deferred tax in previous year	(75,048)	-	-	-
	9,454,074	12,731,359	67,423	460,864

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**22. 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.

	2020	Group 2019
Profit for the year attributable to equity holders of the Company (RM)	29,361,164	36,800,610
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)	5.90	7.39

(b) Diluted Earnings Per Share

There is no dilution of earnings per share during the financial year.

23. DIVIDENDS

During the financial year, the Company declared and paid dividends as follows:

	2020		2019	
	Net dividend per share Sen	Amount RM	Net dividend per share Sen	Amount RM
Fourth/special interim single tier dividend paid	1.45	7,220,240	1.40	6,971,266
First single tier dividend paid	1.45	7,220,242	1.40	6,971,266
Second single tier dividend paid	1.10	5,477,625	1.40	6,971,266
Third single tier dividend paid	1.00	4,979,478	1.40	6,971,266
Total	5.00	24,897,585	5.60	27,885,064

Subsequent to the financial year, a fourth 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, 2020 was declared on 23rd November, 2020 and paid on 23rd December, 2020. This dividend has not been accounted for in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

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)	11
Cash and bank balances (excluding cash management fund)	12
Trade and other payables (current)	16

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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****(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.

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 11 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 11 to the financial statements.

Financial assets that are not impaired

Information regarding trade and other receivables that are not impaired is disclosed in Note 11 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.

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (cont'd)

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.

	<-----30.9.2020----->		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial Liabilities			
Trade and other payables	13,055,123	–	13,055,123

Company			
Financial Liabilities			
Trade and other payables	133,969	–	133,969

	<-----30.9.2019----->		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial Liabilities			
Trade and other payables	14,760,251	–	14,760,251

Company			
Financial Liabilities			
Trade and other payables	115,789	–	115,789

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****(c) 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:

	2020 RM	2019 RM
United States Dollar ("USD")	20,750,931	10,037,526
Euro ("EUR")	1,350,035	2,080,211
	22,100,966	12,117,737

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	
	2020 RM	2019 RM
USD/RM - strengthened 10%	2,075,093	1,003,753
- weakened 10%	(2,075,093)	(1,003,753)
EUR/RM - strengthened 10%	135,004	208,021
- weakened 10%	(135,004)	(208,021)

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

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:

	Group 2020 RM	2019 RM
Rental of factory	108,000	–
Sub-contract services for topping of nylon cord on hoses	5,000	–

The significant related parties are Trelleborg Wellcall Sdn. Bhd. and Global Rubber Industry (M) Sdn. Bhd. in which certain executive directors of the Company have either common directorship or/and substantial equity interest.

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 20.

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
30.9.2020			
Financial assets			
Group			
Other investments	10,000	10,000	–
Trade and other receivables (excluding prepayment)	5,631,805	5,631,805	–
Cash and bank balances	56,079,315	42,584,407	13,494,908
Company			
Trade and other receivables (excluding prepayment)	7,350,000	7,350,000	–
Cash and bank balances	12,855,792	12,855,792	–

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

27. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	Carrying amount RM	AC RM	
30.9.2020			
Financial liabilities			
Group			
Trade and other payables	13,055,123	13,055,123	
<hr/>			
Company			
Trade and other payables	133,969	133,969	
<hr/>			
	Carrying amount RM	AC RM	FVTPL RM
30.9.2019			
Financial assets			
Group			
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
<hr/>			
Company			
Trade and other receivables (excluding prepayment)	7,500,000	7,500,000	–
Cash and bank balances	14,652,180	14,652,180	–
<hr/>			
	Carrying amount RM	AC RM	
30.9.2019			
Financial liabilities			
Group			
Trade and other payables	14,760,251	14,760,251	
<hr/>			
Company			
Trade and other payables	115,789	115,789	

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)

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.

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
2020			
Geographical location:			
Malaysia	13,416	136,250	1,334
Middle East	13,801	-	-
Europe	23,563	-	-
USA/Canada	32,864	-	-
Australia/New Zealand	14,879	-	-
Asia	23,958	-	-
South America	8,326	-	-
Africa	4,113	-	-
Total	134,920	136,250	1,334
2019			
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	-	-
Total	170,108	138,143	6,201

NOTES TO THE FINANCIAL STATEMENTS
- 30TH SEPTEMBER, 2020
(CONT'D)**29. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

- (a) On 22nd October, 2019, the Company had 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 building for a total purchase consideration of RM3,420,000 and the purchase was completed on 22nd January, 2020.
- (c) On 24th February, 2020, the Company ventured into additional business to carry on business of trading, importing, exporting, marketing, supplying and dealing in direct marketing, multi level marketing, networking of all kinds of hoses and articles in connection therewith.
- (d) The Covid-19 outbreak has caused the global and domestic economy into turmoil. The Movement Control Order ("MCO") implemented by the Government of Malaysia on 18th March, 2020, which has since been extended and replaced with Conditional MCO and Recovery MCO up to 31st December, 2020 and global lockdown by other countries in response to the Covid-19 pandemic has caused disruptions to the Group's business operations.

The Group has taken initiative and steps to mitigate the exposure and disruptions in the business operations. Despite sales order flows from customers remain consistent and sustainable, the extension of MCO coupled with continuous lockdown from other countries in regards to the Covid-19, have been affecting global trade activities.

The Group will focus on continuous innovations to maintain product quality and enhancing production efficiencies to manage operating costs.

30. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 30th September, 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 11th January, 2021.

LIST OF PROPERTIES OWNED BY THE GROUP

AS AT 22 JANUARY 2021

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 2020 (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.	24	217,600	150,000	Leasehold expiring on 6th May, 2056	5,235,947	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.	14	286,973	190,000	Leasehold expiring on 6th May, 2056	6,576,587	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.	6	370,260	186,000	Leasehold expiring on 31st July, 2111	16,152,288	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	3,024,046	2019
Lot 300827, Kawasan Perindustrian Perabot Negeri Perak, 31550, Pusing, Perak Darul Ridzuan Held Under: Geran HS (D) 45666 in Mukim Belanja, District of Kinta, State of Perak Darul Ridzuan	Industrial land erected with single storey detached factory/ office for purpose of renting out.	1	59,557	27,285	Leasehold expiring on 24th November 2055	3,485,211	2020

ANALYSIS OF
SHAREHOLDINGS

AS AT 18 DECEMBER 2020

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 18 December 2020	:	6,228

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	139	2.23	6,919	0.00***
100 – 1,000	736	11.81	497,387	0.10
1,001 – 10,000	3,220	51.71	16,118,636	3.23
10,001 – 100,000	1,811	29.08	57,178,112	11.49
100,001 – 24,897,377(*)	321	5.15	368,157,023	73.94
24,897,378 and above (**)	1	0.02	55,989,478	11.24
Total	6,228	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 18 DECEMBER 2020

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 ^o	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.
 (^o) 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..

**ANALYSIS OF SHAREHOLDINGS
AS AT 18 DECEMBER 2020
[CONT'D]**

DIRECTORS' SHAREHOLDINGS AS AT 18 DECEMBER 2020

Directors	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Ng Peng Hong @ Ng Peng Hay	—	—	—	—
Huang Sha	16,945,317	3.40	168,750*	0.03
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 18 DECEMBER 2020

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 18 December 2020.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES AS AT 18 DECEMBER 2020

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 2020.

ANALYSIS OF SHAREHOLDINGS
AS AT 18 DECEMBER 2020
[CONT'D]

THIRTY LARGEST SHAREHOLDERS AS AT 18 DECEMBER 2020

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)	24,280,775	4.88
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)	20,160,950	4.05
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	17,171,300	3.45
7	HUANG SHA	16,945,317	3.40
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	15,243,250	3.06
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UNION BANCAIRE PRIVEE, UBP SA, SINGAPORE BRANCH	15,026,250	3.02
10	HSBC NOMINEES (ASING) SDN BHD BNY MELLON FOR ONTARIO PENSION BOARD	12,288,300	2.47
11	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	11,349,500	2.28
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR FORTRESS VALUE TACTICAL FUND	9,857,000	1.98
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	8,284,755	1.66
14	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	7,751,100	1.56
15	HSBC NOMINEES (ASING) SDN BHD TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	5,501,900	1.10

ANALYSIS OF SHAREHOLDINGS
AS AT 18 DECEMBER 2020
[CONT'D]

THIRTY LARGEST SHAREHOLDERS AS AT 18 DECEMBER 2020 (CONT'D)

No	Shareholders	No. of Shares	%
16	LEONG HON CHONG	5,369,350	1.08
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	5,010,200	1.01
18	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN GEOK LAN	4,807,700	0.97
19	CHENG SHU NU	4,537,375	0.91
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	4,200,000	0.84
21	HSBC NOMINEES (ASING) SDN BHD QUINTET LUXEMBOURG FOR SAMARANG UCITS - SAMARANG ASIAN PROSPERITY	3,325,100	0.67
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	3,206,200	0.64
23	TAN GEOK LAN	3,170,000	0.64
24	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,101,450	0.62
25	UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR THE LEGACY PARTNERS INTERNATIONAL LIMITED	3,000,000	0.60
26	CHIU MING TE	2,874,375	0.58
27	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO LIA ENG (CCTS)	2,661,000	0.53
28	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-TEMP)	2,507,400	0.50
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KHONG SHOONG (E-IMO/JSI)	2,500,000	0.50
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN	2,250,000	0.45

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting ("15th AGM") of Wellcall Holdings Berhad ("the Company") will be held as a fully virtual meeting through live streaming and online remote voting from the broadcast venue at iSpace, Level 21, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan on Monday, 22 February 2021 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 2020 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To approve the payment of Directors' fees amounting to RM977,000.00 payable to the Non-Executive Directors of the Company on a monthly basis for the period from 1 October 2020 until the next Annual General Meeting of the Company. *(Please refer to Explanatory Note 2)*
(Ordinary Resolution 1)
3. To approve the Directors' benefits payable (excluding Directors' fees) an amount up to RM130,000.00 payable to Non-Executive Directors of the Company for the period from 23 February 2021 until the next Annual General Meeting of the Company. *(Please refer to Explanatory Note 2)*
(Ordinary Resolution 2)
4. To re-elect Mr. Yang Chong Yaw, Alan, 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. Goh Hoon Leum, 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 Mr. Tan Kang Foon, 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 2021 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

THAT subject to the passing of Ordinary Resolution 3, 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.

(Please refer to Explanatory Note 3)
(Ordinary Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING
[CONT'D]

9. Proposed Continuation of Office of Mr. Goh Hoon Leum as Independent Non-Executive Director

THAT subject to the passing of Ordinary Resolution 4, 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.

*(Please refer to
Explanatory Note 3)
(Ordinary Resolution 8)*

10. Proposed Continuation of Office of Datuk Ng Peng Hong @ Ng Peng Hay as Independent Non-Executive Director

THAT Datuk Ng Peng Hong @ Ng Peng Hay, 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.

*(Please refer to
Explanatory Note 3)
(Ordinary Resolution 9)*

11. Proposed Continuation of Office of Dato' Haji Mohtar Bin Nong as Independent Non-Executive Director

THAT Dato' Haji Mohtar Bin Nong, 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.

*(Please refer to
Explanatory Note 3)
(Ordinary Resolution 10)*

12. Authority to Issue Share Under Sections 75 and 76 of the Companies Act, 2016.

"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."

*(Please refer to
Explanatory Note 4)
(Ordinary Resolution 11)*

13. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT approval be given to the Company and/or its subsidiary company to enter into recurrent transactions of a revenue or trading nature with related parties which are necessary for the Company's and/or its subsidiary's day-to-day operations and carried out in the ordinary course of business on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority Shareholders as set out in the Company's Circular to Shareholders dated 22 January 2021 ("the Mandate");

*(Please refer to
Explanatory Note 5)
(Ordinary Resolution 12)*

NOTICE OF ANNUAL GENERAL MEETING
[CONT'D]

AND THAT the Directors be and are hereby empowered to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give full effect to the Mandate, with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT the Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016 (unless earlier revoked or varied by ordinary resolution of the Shareholders of the Company in general meeting)."

14. 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: 22 January 2021

Explanatory Notes on Ordinary and Special Businesses:-

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

Section 230(1) of the Companies Act, 2016 provides that 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 Company is seeking the Shareholders' approval for the payment of :-

- a) *Directors' fees for an amount of up to RM977,000.00 payable to the Non-Executive Directors of the Company for the period from 1 October 2020 until the next Annual General Meeting of the Company under Ordinary Resolution 1; and*
- b) *Directors' benefits for an amount of up to RM130,000.00 payable to the Non-Executive Directors of the Company for the period from 23 February 2021 until the next Annual General Meeting of the Company under Ordinary Resolution 2.*

**NOTICE OF ANNUAL GENERAL MEETING
[CONT'D]**

Explanatory Notes on Ordinary and Special Businesses (cont'd):-

The estimated Directors' fees and benefits proposed for the abovementioned financial period until the next Annual General Meeting of the Company are derived based on the current Board size and number of scheduled Board and Board Committees meetings to be held. These Resolutions are to facilitate payment of Directors' fees and benefits for the financial year 2021/2022.

In the event that the proposed Directors' fees and benefits payable are insufficient due to the enlarged Board size, the Company will seek Shareholders' approval at the next Annual General Meeting of the Company for the additional Directors' fees and benefits payable to meet the shortfall.

3. Items 8 to 11 of the Agenda

For Ordinary Resolutions 7 to 10 on the Proposed Continuation of Office as Independent Non-Executive Directors, the Nomination Committee of the Company has assessed the independence of Mr. Yang Chong Yaw, Alan, Mr. Goh Hoon Leum, Datuk Ng Peng Hong @ Ng Peng Hay and Dato' Haji Mohtar Bin Nong, 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. Below are the date of appointment of the following Directors as the Independent Non-Executive Directors of the Company:-

- a) *Mr. Yang Chong Yaw, Alan was appointed as Independent Non-Executive Directors on 17 April 2006*
- b) *Mr. Goh Hoon Leum was appointed as Independent Non-Executive Directors on 8 December 2010*
- c) *Datuk Ng Peng Hong @ Ng Peng Hay was appointed as an Independent Non-Executive Director on 5 January 2012; and*
- d) *Dato' Haji Mohtar Bin Nong was appointed as an Independent Non-Executive Director on 3 January 2012*

The abovementioned Directors have served the Company for more than nine (9) years as at the date of the notice of 15th AGM. However, all of them 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 the following Directors 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;*
- b) *Datuk Ng Peng Hong @ Ng Peng Hay to remain as an Independent Non-Executive Director subject to the approval from the Shareholder of the Company;*
- c) *Dato' Haji Mohtar Bin Nong to remain as an Independent Non-Executive Director subject to the approval from the Shareholder of the Company; and*
- d) *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.*

4. Item 12 of the Agenda

Ordinary Resolution 11 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.

NOTICE OF ANNUAL GENERAL MEETING
[CONT'D]**Explanatory Notes on Ordinary and Special Businesses (cont'd):-**

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 Postponed Annual General Meeting of the Company held on 29 June 2020 and which will lapse at the conclusion of the 15th 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.

5. Item 13 of the Agenda

Ordinary Resolution 12 proposed under Item 13 of the Agenda, if passed, will enable the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature in the ordinary course of business which are necessary for the Group's day-to-day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority Shareholders of the Company. The procurement of the Proposed Shareholders' Mandate would reduce substantially administrative time, effort and expenses associated with the convening of separate general meetings to seek members' approval as and when potential Recurrent Related Party Transactions arise.

The authority given for Ordinary Resolution 12 mentioned above unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Further information on Ordinary Resolution 12 is set out in the Circular to Shareholders of the Company dated 22 January 2021 which is despatched together with the Annual Report 2020.

Virtual Annual General Meeting:-

- i. *As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the 15th AGM of the Company will be held as a fully virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV") provided by One Capital Market Services Sdn. Bhd. ("One Capital") through its website at <http://www.onecapital.com.my/>. This is also in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 15 July 2020 (including any amendments that may be made from time to time) ("**Guidance Note**"). Please follow the procedures as set out in the Administrative Guide which is available at the Company's website at www.wellcallholdings.com or despatched together with the Annual Report 2020.*
- ii. *In compliance with Section 327(2) of the Companies Act, 2016, the Chairperson of the meeting shall be present at the main venue of the meeting in Malaysia and pursuant to the Securities Commission Malaysia's Guidance Note, the broadcast venue will be strictly limited to only essential individuals for organising and conducting the virtual AGM.*
- iii. *Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 15th AGM, instead are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 15th AGM via the RPV provided by One Capital.*

Notes:-

1. *A member of the Company who is entitled to attend, speak and vote at this 15th 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.*
2. *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.*

**NOTICE OF ANNUAL GENERAL MEETING
[CONT'D]**

Notes (cont'd):-

3. *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.*

4. *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.

5. *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.*

6. *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 office of the Company's Share Registrar, One Capital Market Services Sdn. Bhd. at Level 18, Plaza VADS, No. 1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.*

Kindly refer to the Administrative Guide for the 15th AGM for the procedures on Remote Participating and Voting ("RPV").

7. *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 Constitution of the Company.*

8. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 February 2021 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 15th AGM.*

9. *Any alteration in the form of proxy must be initialed.*

10. *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 15th AGM will be put to the vote by poll.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 15th 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 FIFTEENTH 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 15th 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 4 of the Notice of the 15th AGM set out on Page 128.

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WELLCALL HOLDINGS BERHAD
(Registration No. 200501025213 (707346-W))
(Incorporated in Malaysia)

FORM OF PROXY

Number of Shares Held		CDS Account No.	
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*I/We (FULL NAME IN CAPITAL LETTERS) NRIC No.

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 Fifteenth Annual General Meeting ("15th AGM") to be held as a fully virtual meeting through live streaming and online remote voting from the broadcast venue at iSpace, Level 21, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan on Monday, 22 February 2021 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 2020 together with the Reports of the Directors and Auditors thereon.			
		Resolution	For	Against
2	To approve the payment of Directors' fees amounting to RM977,000.00 payable to the Non-Executive Directors of the Company on a monthly basis for the period from 1 October 2020 until the next Annual General Meeting of the Company.	1		
3	To approve the Directors' benefits payable (excluding directors' fees) an amount up to RM130,000.00 payable to Non-Executive Directors of the Company for the period from 23 February 2021 until the next Annual General Meeting of the Company.	2		
4	To re-elect Mr. Yang Chong Yaw, Alan, 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. Goh Hoon Leum, 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 Tan Kang Foon, 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 2021 and to authorise the Directors to deliberate on the Auditors' remuneration.	6		
	Special Business			
8	Proposed Continuation of Office of Mr. Yang Chong Yaw, Alan as Independent Non-Executive Director	7		
9	Proposed Continuation of Office of Mr. Goh Hoon Leum as Independent Non-Executive Director	8		
10	Proposed Continuation of Office of Datuk Ng Peng Hong @ Ng Peng Hay as Independent Non-Executive Director	9		
11	Proposed Continuation of Office of Dato' Haji Mohhtar Bin Nong as Independent Non-Executive Director	10		
12	Authority to Issue Share Under Sections 75 and 76 of the Companies Act, 2016.	11		
13	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	12		

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 15th 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 office of the Company's Share Registrar, One Capital Market Services Sdn. Bhd. at Level 18, Plaza VADS, No. 1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Kindly refer to the Administrative Guide for the 15th AGM for the procedures on Remote Participating and Voting ("RPV").
- 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 Constitution of the Company.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 February 2021 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 15th 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 15th 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 15th 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 15th AGM dated 22 January 2021.



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Stamp

The Share Registrar of
WELLCALL HOLDINGS BERHAD
[Registration No. 200501025213 (707346-W)]
c/o ONE CAPITAL MARKET SERVICES SDN. BHD.
[Registration No. 201901023363 (1332692-M)]
Level 18, Plaza VADS
No.1, Jalan Tun Mohd Fuad
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Wilayah Persekutuan

Please fold here



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Kawasan Perindustrian Pengkalan II,
Fasa II, 31550 Pusing,
Ipoh, Perak Darul Ridzuan

Tel : 605 3668805 / 06 / 07
Fax : 605 3668768

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