



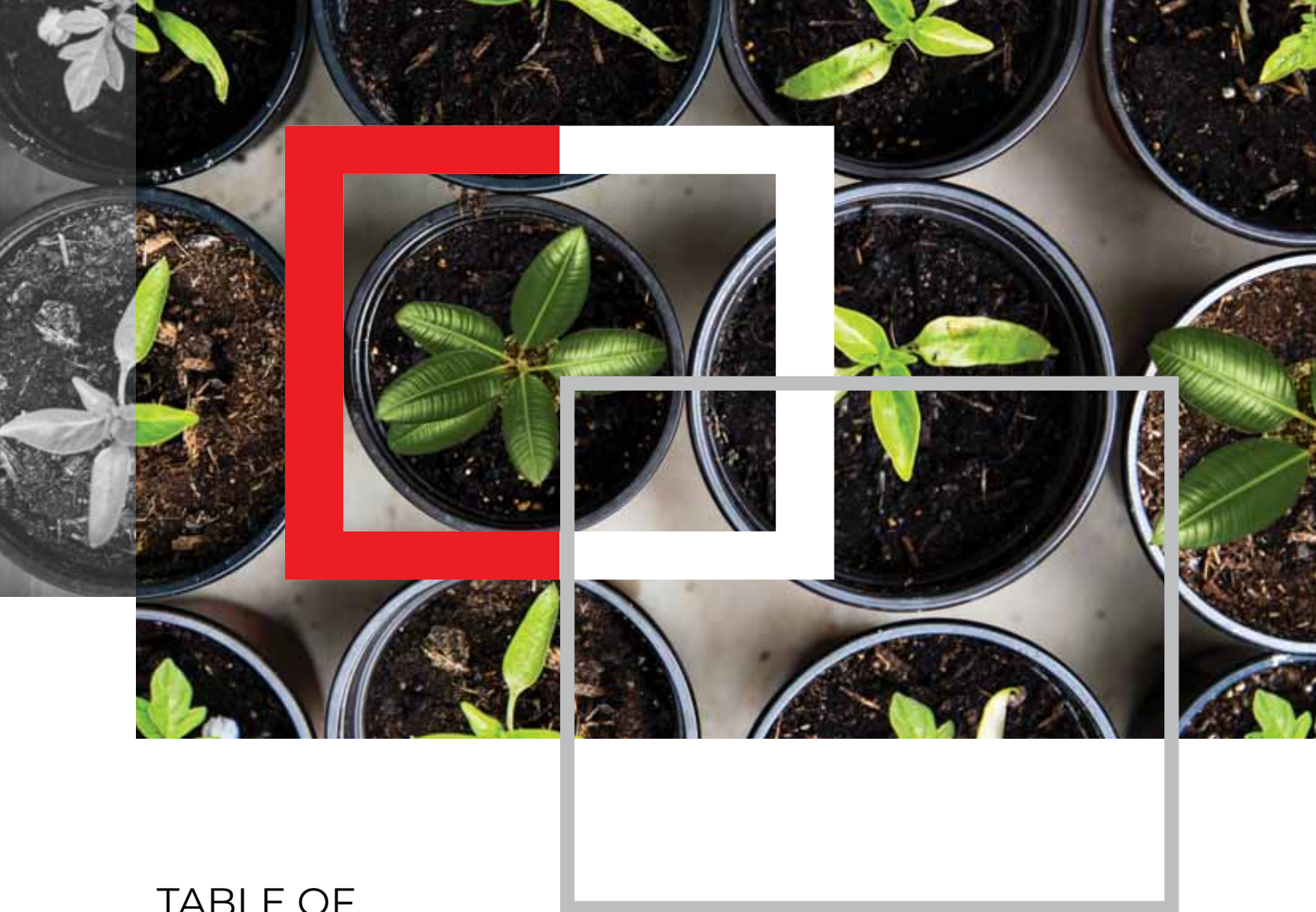
# Wellcall Holdings Berhad

200501025213 (707346-W)



A N N U A L  
R E P O R T

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## TABLE OF CONTENTS

Corporate Information .....	002	Corporate Governance Overview Statement .....	027	Analysis of Shareholdings .....	130
Corporate Structure .....	004	Statement on Risk Management and Internal Control .....	045	Notice of Annual General Meeting .....	134
Six Years Group Financial Review .....	005	Audit Committee Report .....	050	Statement Accompanying the Notice of the Sixteenth Annual General Meeting .....	143
Awards .....	007	Sustainability Statement .....	056	Form of Proxy	
Management Discussion and Analysis .....	008	Additional Compliance Information .....	072		
Directors' Profile .....	012	Statement of Directors' Responsibility .....	074		
Key Senior Management Profile .....	023	Financial Statements .....	075		
		List of Properties Owned by the Group .....	129		

## 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

### CORPORATE DISCLOSURE COMMITTEE

**Chairman**

Huang Kai Lin

**Members**

Leong Hon Chong

Yu Tat Keong

### AUDIT COMMITTEE

**Chairman**

Goh Hoon Leum

**Members**

Yong Peng Tak

Yang Chong Yaw, Alan

Tan Kang Seng

### RISK MANAGEMENT COMMITTEE

**Chairman**

Huang Kai Lin

**Members**

Yu Tat Keong

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

### NOMINATION COMMITTEE

**Chairman**

Yong Peng Tak

**Members**

Goh Hoon Leum

Yang Chong Yaw, Alan



## CORPORATE INFORMATION

[CONT'D]

**SUSTAINABILITY COMMITTEE****Chairman**

Huang Kai Lin

**Members**

Yu Tat Keong  
 Chee Chin Shian  
 Huang Yu Fen  
 Chong Phooi Fun  
 Jacqueline Chong Kar Xin  
 Yee Ying Fern  
 Su Mee Ping  
 Lee Kah Yin  
 Yip Kok Kit

**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****One Capital Market Services Sdn. Bhd.**

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 HOLDINGS BERHAD

[Registration No. 200501025213 (707346-W)]

**100%**

Wholly owned subsidiary

#### Principal Activities

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

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

[Registration No. 199501014529  
(343730-A)]

### TRELLEBORG WELLCALL SDN. BHD.

[Registration No. 201901009745  
(1319073-X)]

**49%**

Owned joint venture with  
Trelleborg Holding AB

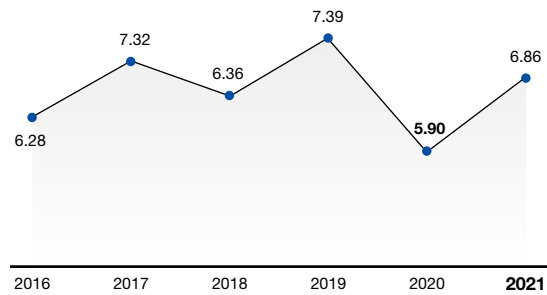
#### Principal Activities

Manufacturing,  
marketing and sale of  
composite hose and  
fittings

# SIX YEARS GROUP FINANCIAL REVIEW

## NET EARNINGS PER SHARE

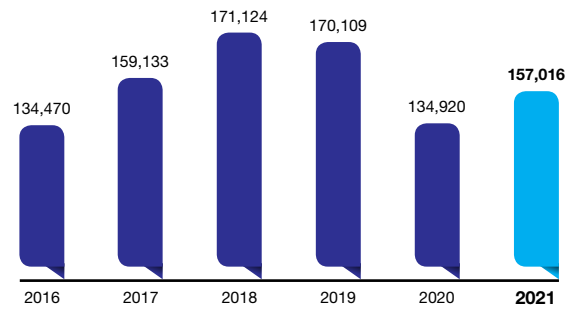
SEN



Financial Year Ended 30 September 2021

## REVENUE

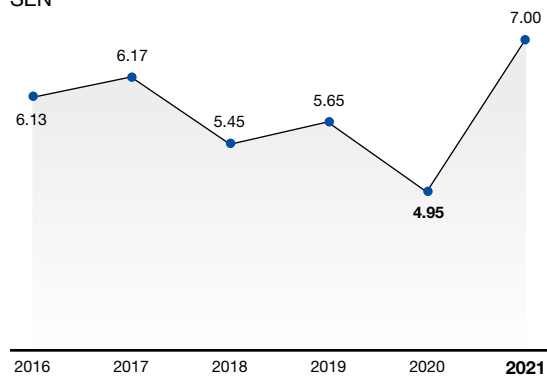
RM'000



Financial Year Ended 30 September 2021

## DIVIDEND PER SHARE

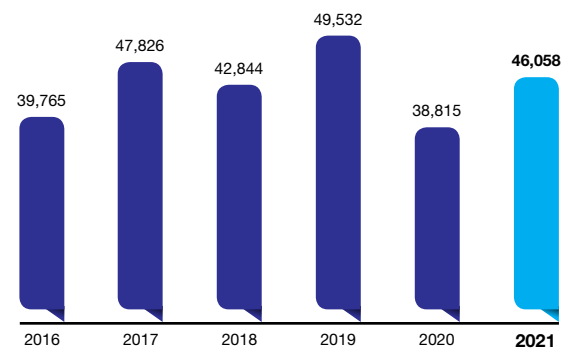
SEN



Financial Year Ended 30 September 2021

## PROFIT BEFORE TAXATION

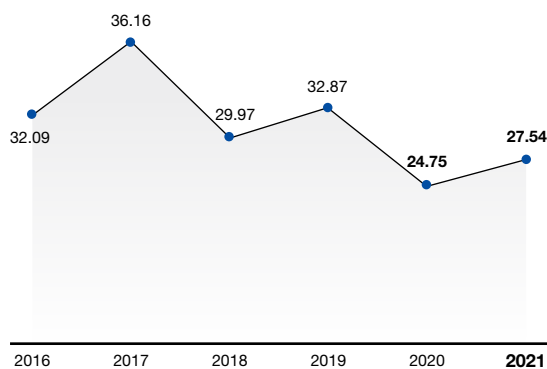
RM'000



Financial Year Ended 30 September 2021

## RETURN ON CAPITAL EMPLOYED

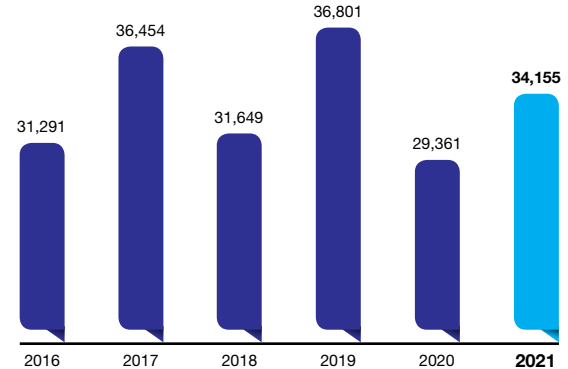
%



Financial Year Ended 30 September 2021

## PROFIT AFTER TAXATION

RM'000



Financial Year Ended 30 September 2021

## SIX YEARS GROUP FINANCIAL REVIEW

[CONT'D]

	Financial Year Ended 30 September					
	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	134,470	159,133	171,124	170,109	134,920	157,016
Earnings Before Interest, Depreciation and Taxation	46,212	53,603	47,794	53,576	43,359	50,904
Interest Expense	(977)	(933)	(386)	–	–	–
Interest Income	789	856	911	1,213	1,038	534
Depreciation	(6,259)	(5,700)	(5,475)	(5,257)	(5,582)	(5,380)
Profit Before Taxation	39,765	47,826	42,844	49,532	38,815	46,058
Tax Expense	(8,474)	(11,372)	(11,195)	(12,731)	(9,454)	(11,903)
Profit Attributable to Equity Holders	31,291	36,454	31,649	36,801	29,361	34,155
Net Assets/Shareholders' Equity (RM'000)	97,890	103,721	107,485	116,400	120,864	127,134
Total Assets (RM'000)	133,799	129,017	130,581	138,153	140,394	147,967
Net EPS (Sen) *	6.28	7.32	6.36	7.39	5.90	6.86
Net Dividend Per Share (Sen) * (single tier)	6.13	6.17	5.45	5.65	4.95	7.00
Return On Capital Employed (%)	32.09	36.16	29.97	32.87	24.75	27.54
Return On Assets (%)	22.91	27.74	24.38	27.39	21.08	23.69
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)	19.66	20.83	21.59	23.38	24.27	25.53

**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

**2004**

6<sup>th</sup> Global Golden Solid Awards



**2005**

28<sup>th</sup> Taiwan & 14<sup>th</sup> Overseas Entrepreneurs Awards



**2008**

KPMG Shareholder Value Awards



**2013**

Forbes Asia's Top 200 Best Under Billion Awards



**2017**

19<sup>th</sup> Outstanding Overseas Taiwanese SMEs Award

**2015**

Malaysia Rubber Export Promotion Council Industry Awards 2015 – Malaysia Largest Exporter of Dry Rubber Products Awards

Asia Pacific Entrepreneurship Awards 2015 Malaysia – Outstanding Category

Golden Eagle Award – Eminent Eagles

Best Under Billion Awards (BUBA) 2015 – Best Return on Assets



**2016**

Best Under Billion Awards (BUBA) 2016 – Best in Transparency





## MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Stakeholders,

On behalf of the Board of Directors (“the Board”) of Wellcall Holdings Berhad (“the Company”), we are pleased to present the Annual Report and the Audited Financial Statements (“AFS”) of the Company and its subsidiary company (“Wellcall” or “the Group”) for the financial year ended 30th September 2021 (“FYE 2021”).

The following management discussion and analysis of the operating performance and financial condition of the Group for the twelve (12) months ended 30th September 2021 should be read in conjunction with the AFS for the FYE 2021 and related notes thereto.

### OVERVIEW

The financial year under review continued to be challenging to the Group’s operating environment due to the ongoing Covid-19 pandemic. The pandemic has disrupted supply chains around the world. Since the emergence of the coronavirus in early year 2020, supply chains across the world drastically slowed for a variety of reasons, including but not limited to disrupted shipping lanes, constrained cargo capacity, unprecedented logistical challenges, labour and material shortages, fluctuating demand and volatile foreign currency movements. Despite the extended Movement Control Order (“MCO”) nationwide due to the resurgence of the pandemic cases in Malaysia, the Group has seen a steady improvement in revenue during the gradual reopening of the economies globally without major disruption to the business of the Group. The Group was allowed by relevant authorities to continue its operations with permitted workforce capacity limits and Standard Operating Procedures (“SOP”) which we are also complying with MITI’s rules and regulations during the period.

Despite all the challenges and uncertainty due to the multiple variants of Covid-19 that continues to spread throughout the globe, we are proud to announce that there have been no pay cuts or lay-offs of our employees during the financial year under review. In response to the pandemic, the Group had implemented various precautionary measures at its factories and offices to minimise the risk of Covid-19 infections and to ensure compliance with all the standard operating procedures imposed by the Government. Nevertheless, the Group remains cautious, and continue to focus on its operational efficiencies and improvement on all areas of operations, technology, manpower and logistics.

### BUSINESS AND OPERATIONS REVIEW

The principal activity of the Company is investment holding, while the principal activity of a wholly owned subsidiary company is manufacturing of low and medium pressure industrial rubber hose 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 for varieties of application markets. Our geographical market segment is disclosed in Note 28 of the AFS of FYE 2021.

While FYE 2021 has intensively tested the resilience of all economic sectors with the widespread impact of Covid-19, the Group undertook extensive efforts to manage its implications, with the aim of establishing operational stability as best as we could, to continue serving our customers and to meet stakeholders’ expectations.

From the onset of the Covid-19 pandemic and the subsequent enforcement of the SOPs by the Ministry of Health, the Group primary priority remained steadfast in ensuring the health and safety of all its employees.

In line with this, the Group spared no effort in establishing strict protocols in our manufacturing facilities. These entailed enforcing social distancing in all common areas including the production floor and office and undertaking regular disinfection of business premises.

To drive home the importance of good personal hygiene habits, we equipped our workforce with face masks, and hand sanitisers, and conducted educational sessions for our employees to inculcate higher standards of cleanliness as a way of life.

The Group has also successfully vaccinated our workforce against Covid-19, through the joint effort from Malaysian Rubber Council (“MRC”). We are pleased to state that all of our workers were fully vaccinated as at November 2021, which moves us forward in achieving optimal operations efficiency.

## MANAGEMENT DISCUSSION AND ANALYSIS

[CONT'D]

**FINANCIAL PERFORMANCE REVIEW****Review on Statements of Comprehensive Income**

The Group reported revenue of RM157 million, an increase of RM22 million, representing a rise of 16% as compared to the preceding financial year ended 30th September 2020 ("FYE 2020"). The export and local market contributed approximately 92% and 8% respectively to the Group's annual revenue. The favourable variance in revenue over the year was mainly due to the imposition of Movement Control Order ("MCO"), Conditional MCO ("CMCO") and Recovery MCO ("RMCO") resulted from global Covid-19 pandemic during the preceding financial year.

The Group recorded a higher profit before taxation ("PBT") of RM46 million for FYE 2021 compared with a PBT of RM39 million recorded in FYE 2020, representing an increase of RM7 million or approximately 18%. The higher PBT recorded by the Group was due to the continuation of recovery in global demand for industrial rubber hoses as well as the increasing improvement in the general economy as compared to the imposition of various Movement Control Orders during the preceding financial year.

However, 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**

Although, our Marketing team was working remotely during the period of reimposed MCO but our team continued their effort to maintain regular contact with customers to ensure that all issues are addressed and followed up on a timely basis. The team also has established studies and data analytics on our customers purchasing pattern to better understand our customers purchase requirements. The team has attempted to re-engage with inactive or dormant customers in order to revive their orders. Nevertheless, our Production team also plays an important role in customer retention by providing the right quality products as per customers' requirements on a timely basis.

**Customer Satisfaction**

In order to keep and maintain the long-term relationship with our esteemed customers, the Marketing team manages the feedback received from customers professionally and in a timely basis. 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**

Our Group continues to practice flexibility for customers' orders in terms of order quantities with a variety of product types. The Group also maintains short sale lead time from the time of placement of orders until the delivery of goods. This is an essential customer service to meet the agreed delivery time. Although capacity remains constrained, customers' shipments are being affected by the frequent changes in shipment schedule and coupled with freight cost volatility, the Group acknowledges that on-time delivery is essential in order to maintain its long-lasting relationship with customers.

**Review on Statements of Financial Position**

The Group's total assets stood at RM148 million for FYE 2021 compared to RM140 million for FYE 2020. The increase was mainly due to an increase in cash and cash equivalents from RM56 million for FYE 2020 to RM62 million for FYE 2021. Despite the increase in cash and cash equivalents which amounted to RM6 million, inventories and trade receivables were also increased by RM7 million for FYE 2021 compared to FYE 2020. This increase in holding of inventories was taken as a defensive strategy to mitigate disruption in our supply chain. In addition, there was an addition of investment property that amounted to RM0.7 million during the financial year under review.

Total liabilities have slightly increased from RM20 million for FYE 2020 to RM21 million for FYE2021 mainly due to the increase in trade and other payables.

## MANAGEMENT DISCUSSION AND ANALYSIS

[CONT'D]

### FINANCIAL PERFORMANCE REVIEW (CONT'D)

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

The Group has no short-term and long-term borrowings during the financial year under review.

The Group's financial position remains positively strong with net assets per share of 25.53 sen per share for FYE 2021 (FYE 2020: 24.27 sen per share) while basic earnings per share in FYE 2021 was 6.86 sen per share as compared to 5.90 sen per share in FYE 2020.

Despite of all the challenges and uncertainty due to the on-going pandemic, the Company has been declaring a consistent dividend pay-out to reward its shareholders. A higher total dividend of 5.60 sen per share for FYE 2021 was declared as compared to FYE 2020 of 5.00 sen per share.

#### Review on Statements of Cash Flow

The Group recorded a net cash from operating activities of RM34 million for FYE 2021, representing a reduction of RM4 million, or 11% decrease compared to FYE 2020. The decrease in net cash from operating activities was due to an increase in net change in working capital changes and tax paid amounted to RM11 million for FYE 2021 compared to RM10 million for FYE 2020.

Net cash flow used in investing activities amounted to RM0.8 million for FYE 2021 compare to RM9 million for FYE 2020. The investing activities mainly include the purchase of property, plant and equipment and investment property for the financial year under review.

The Group's net cash used in financing activities amounted to RM28 million for FYE 2021 compared to RM25 million for FYE 2020. The different was due to a higher amount of dividends paid out.

#### Capital Expenditure

During the financial year, the Group's spent total of RM0.11 million on property, plant and equipment which relate mainly to maintenance and upgrading of older production lines to further improve efficiency in productivity. An additional of RM0.7 million on investment property was incurred to a land and building at Mukim Belanja, Kinta.

### RISK RELATING TO OUR BUSINESS

#### Exposure to Credit Risk

The Group's exposure to credit risk arises primarily from trade receivables, especially during this prolonged pandemic which has affected the global economy. Nevertheless, the Group continuously monitors our customers' credit evaluation and credit control closely to mitigate credit risk.

#### Supply and Cost of Raw Materials

The Group is exposed to raw materials cost fluctuation which may adversely affect the cost of sales and gross profit margin of the Group. The Group maintains close communications with suppliers and regularly monitors raw material prices to facilitate competitive costing and to ensure stable supply of key raw materials.

#### Covid-19 Pandemic

The ongoing pandemic presents a disruption to global supply chains and our business processes, which may affect operational efficiency and order deliverability as well as the safety and health of our workforce. To mitigate this, the Group is adhering to strict SOPs and government regulations to ensure the health and safety of our employees, suppliers, customers and business associates and to ensure minimal disruption to our business.

## MANAGEMENT DISCUSSION AND ANALYSIS

[CONT'D]

**INDUSTRY TREND, DEVELOPMENT AND PROSPECT**

Despite the demand for industrial rubber hoses will continue to see a gradual recovery from both emerging and developed economies. Unfortunately, we are currently facing shortages of foreign workers which is mainly due to the end of their contracts during the period coupled with the freeze in foreign worker recruitment by the Malaysian Government. In spite of that, we have managed to source local workers to support the production lines to fulfil and meet delivery orders. With these prevailing issues, the Group believes that the financial year ending 30th September 2021 ("FYE 2021") has been extremely challenging as compared with previous years. Moving forward, the Group shall continue to take prudent measures to enhance the safety of its employees, mitigate business risks, strengthen internal controls and among others, to sustain the businesses during this prolonged pandemic. In the near term, the Group expects raw material prices and freight costs to continue to be volatile due to the disruption of supply chains around the world. The US Dollar exchange rate is also expected to be volatile which impacts the Group's profitability.

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 the prolonged Covid-19 crisis, the Board believes that the momentum heading into the forthcoming FYE 2022 will be commendable especially with the continuous demand from our customers and in line with the industrial rubber hose market forecasts. Although FYE 2021 was filled with uncertainties, the Group believes that the overall impact of the prolonged pandemic to the economy will be slowly improved in the near future through mass vaccinations across the country and the implementation of National Recovery Plan. The Group will continue to be well positioned to improve our performance in FYE 2022, strive towards maintaining the Group's vision to be the world's leading manufacturer with excellent quality industrial rubber hoses. We are also encouraged by our customers for continued growth and expansion in our core business with the support from all stakeholders.

**DIVIDEND**

The Group has paid out dividends consistently over the previous financial years. The Group has also exceeded its dividend pay-out ratio over the past six (6) financial years of more than 70%. The Company policy is to maintain a dividend pay-out ratio of at least fifty percent (50%) of its net profit per year. Prior to recommending a dividend declaration for approval, the Group ensures that it meets the Companies Act, 2016 provisions and satisfies the solvency test as well as the profit availability test.

**APPRECIATION**

On behalf of the Management, I would like to take this opportunity to express my sincere appreciation to all our valued stakeholders for their invaluable contribution, dedication and continued support especially during this prolonged pandemic period. Our appreciation is also extended to our management and employees for their commitment, dedication, contribution and professionalism towards the performance of the Group. I would also like to thank our Board of Directors as well for their valuable advice, guidance and support rendered the Group.

Please stay safe no matter wherever you are.

**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.

<b>Age</b>	: 69
<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Malaysia Certificate of Education
<b>Occupation</b>	: Company Director
<b>Position</b>	: Group Independent Non-Executive Chairman
<b>Board Committee</b>	: None
<b>Date First Appointed to the Board</b>	: 17th April, 2006

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

- (a) CRG Incorporated Berhad
- (b) Bonia Corporation Berhad
- (c) Sinmah Capital Berhad

#### Conflict of Interest

None

#### Board Meetings Attended in the Financial Year

5 out of 5

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

None

#### Securities Holding in the Company

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

#### Securities Holding in Subsidiary Company

Nil

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

None

#### Working Experience

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



## DIRECTORS' PROFILE

[CONT'D]

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

<b>Age</b>	: 66
<b>Gender</b>	: Male
<b>Nationality</b>	: Taiwanese (Malaysian Permanent Resident)
<b>Qualification</b>	: Secondary Education, Taiwan
<b>Occupation</b>	: Managing Director
<b>Position</b>	: Group Non-Independent Managing Director
<b>Board Committee</b>	: None
<b>Date First Appointed to the Board</b>	: 17th April, 2006

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

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**

<b>Age</b>	: 76
<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Bachelor of Commerce (Accountancy) University of Otago, New Zealand
<b>Occupation</b>	: Company Director
<b>Position</b>	: Non-Independent Executive Director
<b>Board Committee</b>	: None
<b>Date First Appointed to the Board</b>	: 17th April, 2006

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

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**

<b>Age</b>	: 42
<b>Gender</b>	: Female
<b>Nationality</b>	: Taiwanese (Malaysian Permanent Resident)
<b>Qualification</b>	: Diploma in London Chamber of Commerce and Industry (LCCI), UK
<b>Occupation</b>	: Manager
<b>Position</b>	: Non-Independent Executive Director
<b>Board Committee</b>	: Member of Sustainability Committee
<b>Date First Appointed to the Board</b>	: 23rd May, 2018

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

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**

<b>Age</b>	: 37
<b>Gender</b>	: Male
<b>Nationality</b>	: Taiwanese (Malaysian Permanent Resident)
<b>Qualification</b>	: Bachelor of Chemical Engineering National Taiwan University, Taiwan
<b>Occupation</b>	: Company Director
<b>Position</b>	: Alternate Director to Leong Hon Chong
<b>Board Committee</b>	: (a) Chairman of Corporate Disclosure Committee (b) Chairman of Risk Management Committee (c) Chairman of Sustainability Committee
<b>Date First Appointed to the Board</b>	: 12th April, 2010

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

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 Board Meetings by invitation.

## DIRECTORS' PROFILE

[CONT'D]

**TAN KANG SENG**

<b>Age</b>	: 54
<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Malaysian Certificate of Education
<b>Occupation</b>	: Company Director
<b>Position</b>	: Non-Independent Non-Executive Director
<b>Board Committee</b>	: Member of Audit Committee
<b>Date First Appointed to the Board</b>	: 17th April, 2006

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

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**

<b>Age</b>	: 31
<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: Bachelor of Commerce University of Melbourne, Australia
<b>Occupation</b>	: Company Director
<b>Position</b>	: Non-Independent Non-Executive Director
<b>Board Committee</b>	: Member of Remuneration Committee
<b>Date First Appointed to the Board</b>	: 24th August, 2016

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

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 obtained his Bachelor of Commerce from University of Melbourne, Australia in 2013. He began his career in September 2013 in KPMG Services Pte Ltd Singapore, as an audit associate in external audit department focusing in the auditing of consumer and properties development industries.

## DIRECTORS' PROFILE

[CONT'D]

**YONG PENG TAK**

<b>Age</b>	: 53
<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: (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
<b>Occupation</b>	: Company Director
<b>Position</b>	: Senior Independent Non-Executive Director
<b>Board Committee</b>	: (a) Chairman of Nomination Committee (b) Member of Audit Committee
<b>Date First Appointed to the Board</b>	: 1st April, 2015

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

Paragrene Land Berhad (*Appointed w.e.f. 9th July 2021*)

**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. He is currently a director of Paragrene Land Berhad.

## DIRECTORS' PROFILE

[CONT'D]

**GOH HOON LEUM**

<b>Age</b>	: 71
<b>Gender</b>	: Male
<b>Nationality</b>	: Singaporean
<b>Qualification</b>	: (a) Master of Property University of Newcastle, Australia (b) Bachelor of Land Economics (2nd Class Honours) University of Technology, Sydney (c) Diploma in Management Association of Business Executive, UK
<b>Occupation</b>	: Company Director
<b>Position</b>	: Independent Non-Executive Director
<b>Board Committee</b>	: (a) Chairman of Audit Committee (b) Chairman of Remuneration Committee (c) Member of Nomination Committee
<b>Date First Appointed to the Board</b>	: 8th December, 2010

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

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**

<b>Age</b>	: 52
<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: (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
<b>Occupation</b>	: Independent Director
<b>Position</b>	: Independent Non-Executive Director
<b>Board Committee</b>	: (a) Member of Audit Committee (b) Member of Remuneration Committee (c) Member of Nomination Committee
<b>Date First Appointed to the Board</b>	: 17th April, 2006

**Other Directorships in Public Companies and Listed Issuers**Paragrene Land Berhad (*Appointed w.e.f. 3rd August 2021*)**Conflict of Interest**

None

**Board Meetings Attended in the Financial Year**

5 out of 5

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

None

**Securities Holding in the Company**

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

**Securities Holding in Subsidiary Company**

None

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

None

**Working Experience**

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

## 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.**

<b>Age</b>	: 67
<b>Gender</b>	: Male
<b>Nationality</b>	: Malaysian
<b>Qualification</b>	: (a) Bachelor of Economics (Hons) University Kebangsaan Malaysia (b) Master in Business Administration University of Dubuque, Iowa, USA
<b>Occupation</b>	: Company Director
<b>Position</b>	: Independent Non-Executive Director
<b>Board Committee</b>	: None
<b>Date First Appointed to the Board</b>	: 17th April, 2006

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

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 66

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

**LEONG HON CHONG**

Non-Independent Executive Director  
Malaysian, Male, aged 76

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

**HUANG YU FEN**

Non-Independent Executive Director  
Taiwanese (Malaysian Permanent Resident), Female, aged 42

*(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 37

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

## KEY SENIOR MANAGEMENT PROFILE

[CONT'D]

**YU TAT KEONG**

Financial Controller

Malaysian, Male, aged 44

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 also assists in overseeing the functions of Administrative & Human Resource 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

**LIEW KEAN PENG**

Senior Manager – Production

Malaysian, Male, aged 63

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

## KEY SENIOR MANAGEMENT PROFILE

[CONT'D]

**TAN BEE LENG**

Marketing Manager

Malaysian, Female, aged 50

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 43

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 50

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 52

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

**Directorships in Public Companies and Listed Issuers**

None

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

None

**Conflict of Interest with Listed Issuers**

None

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

None

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Wellcall Holdings Berhad (“the Company”) is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiary in discharging its responsibilities with integrity, transparency and professionalism to protect the assets of the Group and enhance shareholders’ value and the financial position of the Group. The Board has always been vigilant of the fiduciary duties entrusted upon the Board as a principle guide in discharging its duties.

The Board recognises the importance of having sound corporate governance practices and supports the practices promulgated in the Malaysian Code on Corporate Governance (“the Code”) to enhance business prosperity and maximise shareholders’ value. The Board recognizes that the principles of integrity, transparency and accountability are key components for the Group’s continued growth and success.

This Corporate Governance Overview Statement (“Statement”) for the financial year ended 30th September 2021 is made pursuant to Paragraph 15.25(1) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirement (“MMLR”) with guidance from Practice Note 9 of Bursa Securities MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities. This Statement is to be read together with the Corporate Governance Report (“CG Report”) as published on the Company’s website at [www.wellcallholdings.com](http://www.wellcallholdings.com) as well as on Bursa Securities’ website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### 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:-

- together with the senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on management’s proposals for the Company, and monitor its implementation by management;
- ensure that the strategic plan of the Company supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess management performance to determine whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the Company’s business and recognise that business decisions involve the taking of appropriate risks;
- 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;
- 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;
- ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- 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:-

- Audit Committee;
- Nomination Committee;
- Remuneration Committee;
- Risk Management Committee;
- Corporate Disclosure Committee; and
- 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, 2021, five (5) Board meetings were held. Details of the attendance are as follows:-

Directors	Position	No. of Board Meetings Attended	Percentage (%)
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%

## 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)**

Directors	Position	No. of Board Meetings Attended	Percentage (%)
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.

The Board acknowledges the importance of continuous education and training to equip themselves for the effective discharge of its duties.

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.

## 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)**

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

Directors	Date	Course
Datuk Ng Peng Hong @ Ng Peng Hay	27.09.2021	Update on Malaysian Code of Corporate Governance 2021
Mr. Huang Sha	27.09.2021	Update on Malaysian Code of Corporate Governance 2021
Mr. Leong Hon Chong	27.09.2021	Update on Malaysian Code of Corporate Governance 2021
Ms. Huang Yu Fen	27.09.2021	Update on Malaysian Code of Corporate Governance 2021
Dato' Haji Mohtar Bin Nong	27.09.2021	Update on Malaysian Code of Corporate Governance 2021
Mr. Huang Kai Lin	27.09.2021	Update on Malaysian Code of Corporate Governance 2021
Mr. Goh Hoon Leum	27.09.2021	Update on Malaysian Code of Corporate Governance 2021
Mr. Yong Peng Tak	27.09.2021	Update on Malaysian Code of Corporate Governance 2021
Mr. Yang Chong Yaw, Alan	25.11.2020	Post Budget 2021 – Live Webinar
	10.12.2020	Latest Developments on Tax Incentives in Malaysia – Live Webinar
	12.08.2021	Real Property Gain Tax and Real Property Company – A Brief Comprehensive Overview – Live Webinar
	13.08.2021	Applying MFRS 15 For Construction Contracts and Property Development Activities – Live Webinar
	27.09.2021	Update on Malaysian Code of Corporate Governance 2021

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 Secretaries 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.

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

The Chairman holds a Non-Executive position and plays a crucial leadership and pivotal role to ensure that the Board works effectively in the oversight of management. Datuk Ng Peng Hong @ Ng Peng Hay was appointed as the Group Independent Non-Executive Chairman of the Company.

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****Part I – Board Responsibilities (Cont'd)****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 Company has adopted a Board Charter which sets out the role of the Company Secretary as follows:-

- the responsibility of the modern-day Company Secretary has evolved from merely advising on administrative matters to now advising boards on governance matters;
- 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;
- manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications;
- advise the board on its roles and responsibilities;
- facilitate the orientation of new directors and assist in director training and development;
- advise board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- manage processes pertaining to the general meetings;
- monitor corporate governance developments and assist the board in applying governance practices to meet the board's needs and stakeholders' expectations; and
- 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, governance, company secretaryship, and other areas of compliance such as the listing requirements.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****Part I – Board Responsibilities (Cont'd)****1.5 Access to Information and Advice**

The Board will be provided with an agenda and a set of Board papers containing information relevant to the business on a timely manner prior to the scheduled Board/ Board Committees meeting. This is to enable the Directors to look at both qualitative and quantitative factors so that informed decisions are made.

The Board papers are circulated to Director at least seven (7) days in advance. This is to accord sufficient time for the Directors to peruse through the Board papers to enable them to effectively discharge their duties and responsibilities. All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting in accordance with the provision of the Companies Act, 2016 ("the Act"). Minutes of meeting of each Committee are also circulated to the Board Members for review.

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.

**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 the Code 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 Code, 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****3 – Good Business Conduct and Corporate Culture****3.1 Code of Conduct**

The Board also observes a set of the 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.

**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 details of the Whistleblowing Policy are available for reference on the Company’s website at [www.wellcallholdings.com](http://www.wellcallholdings.com).

**3.3 Anti-Bribery & Corruption Policy**

The Company committed to conduct its business in a lawful and ethical way in order to maintain high standards and integrity. Hence, the Company had established Anti-Bribery & Corruption Policy which in line with the Guideline on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The details of the Anti-Bribery & Corruption Policy are available for viewing on the Company’s website at [www.wellcallholdings.com](http://www.wellcallholdings.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****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.

Our Board consists of ten (10) members comprising of an Independent Non-Executive Chairman, a 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 an 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 Code, 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 16th AGM, the following Directors are due for retirement and being eligible, have offered themselves for re-election:

- (a) Datuk Ng Peng Hong @ Ng Peng Hay (Group Independent Non-Executive Chairman)
- (b) Mr. Huang Sha (Group Non-Independent Managing Director)
- (c) Mr. Yong Peng Tak (Senior Independent Non-Executive Director)
- (d) Ms. Huang Yu Fen (Non-Independent Executive Director)

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 under review, 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****Part II – Board Composition (Cont'd)****4.2 Tenure of Independent Directors**

The Board notes the Code's recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of nine (9) years and if the Board continues to retain the Independent Director after the ninth (9th) year, a two-tier voting process should be applied. Mr. Yang Chong Yaw, Alan, Mr. Goh Hoon Leum, Datuk Ng Peng Hong @ Ng Peng Hay and Dato' Haji Mohtar Bin Nong have served the Board as Independent Non-Executive Director beyond the 9-year tenure limit promulgated by the Code. Hence, the Board has through the Nomination Committee after conducting an assessment on their performance as Independent Directors, recommended that Mr. Yang Chong Yaw, Alan, 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. All the four Independent Non-Executive Directors are subject to the approval of the shareholders of the Company through a two-tier voting process pursuant to the Code based on the following justifications:-

- 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;
- they have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and
- 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 MMLR. The Board upon the recommendation from the Nomination Committee of the Company, therefore, they have considered 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 the retention of Mr. Yang Chong Yaw, Alan, Mr. Goh Hoon Leum, Datuk Ng Peng Hong @ Ng Peng Hay and Dato' Haji Mohtar Bin Nong as the Independent Non-Executive Directors of the Company subject to approval from the shareholders of the Company through two-tier voting process pursuant to the Code. The Ordinary Resolutions 8, 9, 10 and 11 on the proposed continuation of office of Mr. Yang Chong Yaw, Alan, Mr. Goh Hoon Leum, Datuk Ng Peng Hong @ Ng Peng Hay and Dato' Haji Mohtar Bin Nong as Independent Non-Executive Directors as set out in the Notice of the Fifteenth ("15th") AGM of the Company duly passed at the 15th AGM held on 22nd February 2021 had retained them 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.

**4.3 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 Group is discouraged from appointing active politicians on the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****Part II – Board Composition (Cont'd)****4.4 Diversity Policy**

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:-

- who have the required mix skills, experience and other qualities and competencies;
- who exercise the highest standard of conduct and integrity are maintained;
- who fulfil the regulatory compliance and selection criteria;
- who can provide effective contribution and support to the functions of the Board; and
- 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. During the financial year under review, the Group has achieved 26.2% 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.

The diverse backgrounds of the Board of the Company by gender, age and races as at 30th September, 2021 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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****Part II – Board Composition (Cont'd)****4.4 Diversity Policy (Cont'd)**

The total workforce of the Group by gender, age and races as at 30th September, 2021 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	2.1	1.1	3.1	1.9	3.4	1.6	1.9	0.3	4.0	2.9	3.4	0.5	26.2
Male	2.4	0.8	2.4	32.5	3.4	2.9	0.5	13.8	4.2	4.8	2.4	3.7	73.8
Total	4.5	1.9	5.5	34.4	6.8	4.5	2.4	14.1	8.2	7.7	5.8	4.2	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.

**4.5 New Candidates for Board Appointment**

The Nomination Committee shall be 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.

**4.6 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.

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 have been uploaded on the Company's website at [www.wellcallholdings.com](http://www.wellcallholdings.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****Part II – Board Composition (Cont'd)****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.

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 under review, 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****Part II – Board Composition (Cont'd)****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 30th September 2021 are set out below and in notes to the financial statements:-

**Company**

<b>Directors' Remuneration</b>	<b>Salary RM</b>	<b>Bonus RM</b>	<b>Fee RM</b>	<b>Allowances RM</b>	<b>Benefits- in kind RM</b>	<b>Socso, EPF &amp; EIS RM</b>	<b>Total RM</b>
<b><u>Executive Directors</u></b>							
Huang Sha	-	-	-	3,500	-	-	3,500
Leong Hon Chong	-	-	-	3,500	-	-	3,500
Huang Kai Lin	-	-	-	3,500	-	-	3,500
Huang Yu Fen	-	-	-	3,500	-	-	3,500
	-	-	-	14,000	-	-	14,000
<b><u>Non-Executive Directors</u></b>							
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	120,000	26,500	-	-	146,500
Tan Kang Seng	-	-	82,000	15,500	-	-	97,500
Goh Hoon Leum	-	-	112,000	9,500	-	-	121,500
Yang Chong Yaw	-	-	102,000	9,500	-	-	111,500
Dato' Haji Mohtar Bin Nong	-	-	72,000	9,500	-	-	81,500
Tan Kang Foon	-	-	82,000	9,500	-	-	91,500
Yong Peng Tak	-	-	112,000	9,500	-	-	121,500
	-	-	682,000	89,500	-	-	771,500

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

## Principle A – Board Leadership and Effectiveness (Cont'd)

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

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

## 7.1 Directors' Remuneration (Cont'd)

## Group

Directors' Remuneration	Salary RM	Bonus RM	Fee RM	Allowances RM	Benefits-in kind RM	Socso, EPF & EIS RM	Total RM
<b>Executive Directors</b>							
Huang Sha	1,380,000	2,386,691	–	21,500	28,000	593	3,816,784
Leong Hon Chong	504,000	126,000	–	13,500	23,950	593	668,043
Huang Yu Fen	240,000	60,000	–	3,500	–	36,924	340,424
	2,124,000	2,572,691	–	38,500	51,950	38,110	4,825,251
<b>Non-Executive Directors</b>							
Datuk Ng Peng Hong @							
Ng Peng Hay	–	–	350,000	26,500	–	–	376,500
Tan Kang Seng	–	–	222,000	15,500	–	–	237,500
Goh Hoon Leum	–	–	112,000	9,500	–	–	121,500
Yang Chong Yaw	–	–	102,000	9,500	–	–	111,500
Dato' Haji Mohtar Bin Nong	–	–	72,000	9,500	–	–	81,500
Tan Kang Foon	–	–	82,000	9,500	–	–	91,500
Yong Peng Tak	–	–	112,000	9,500	–	–	121,500
	–	–	1,052,000	89,500	–	–	1,141,500

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle A – Board Leadership and Effectiveness (Cont'd)****Part II – Board Composition (Cont'd)****7 – Remuneration of Directors (Cont'd)****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.

The Board has adopted a disclosure of our Senior Management remuneration in bands on an unnamed basis. The Board is of the opinion that the disclosure of Senior Management's remuneration in bands on unnamed basis is sufficient as it complies with Malaysian Financial Reporting Standards. The disclosure of the remuneration paid to Senior Management analysed into the bands is as follows:-

Range of Remuneration	No. of Senior Management
Up to RM350,000.00	6
RM350,000.00 and above	1

**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.

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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle B – Effective Audit and Risk Management (Cont'd)****Part I – Audit Committee (Cont'd)****8.2 Cooling Off Period for Appointment of Former Key Audit Partner**

The Board took note of this practice of the Code 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 2021.

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.

**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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

**Principle B – Effective Audit and Risk Management (Cont'd)****Part II – Risk Management and Internal Control Framework (Cont'd)****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 in the Company's Annual Report 2021.

**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.

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.

## 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****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 fifteenth (15th) AGM of the Company was held on 22nd February 2021 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.

The Company would continue leverages the advance of the technology to hold the forthcoming Sixteenth ("16th") AGM of the Company virtually and entirely via remote participation and voting to ensure safe distancing requirement is observed. Detailed procedures for the registration and participation at the 16th AGM of the Company are set out in the "Administrative Guide for the 16th AGM" provided to the shareholders.

**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 held virtually through live streaming and has adopted online remote voting from the broadcast venue. In view of the relatively small number and remote shareholders', the voting in absentia shall be facilitated through electronic voting method. In additional, if the shareholders still want to participate in the voting process although unable to vote through online, he/she are entitled to fill in proxy form which is available in the Company's Annual Report or Circular to shareholders circulated or the Company's website at [www.wellcallholdings.com](http://www.wellcallholdings.com).

**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 Code as well as the relevant MMLR of Bursa Securities. Any practices in the Code 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

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad in relation to requirement to prepare statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”) and the Malaysian Code on Corporate Governance 2017, the Board of Directors (“the Board”) of Wellcall Holdings Berhad (“the Company”) (collectively with its subsidiaries, “the Group”) is pleased to present and disclose the statement on the state of risk management and internal control system of the Group for the financial year ended 30th September 2021 and up to the date of approval of this statement. The scope of this Statement includes the Company and its wholly-owned subsidiary.

## BOARD’S RESPONSIBILITY

The Board’s responsibilities for risk management and internal control includes the following:-

- Maintaining an adequate and sound system of risk management and internal control, and for reviewing its adequacy, effectiveness and integrity to safeguard shareholders’ investment and protecting the Group’s assets;
- Establishes risk appetite of the Group based on the mission, vision, core values, strategies, business objectives, internal and external business context, business nature and corporate life cycle;
- Review of the Group’s risk management and system of internal control is a concerted and continuing process;
- Committed to the establishment and maintenance of an appropriate control environment and governance framework that is embedded into the corporate culture, processes and strategies of the Group, as well as to articulate and implement risk management and internal control system;
- In the pursuit of the objective, the Directors shall 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; and
- The Group’s system of risk management and internal control applies principally to the Group and its subsidiaries but do not apply to the associate company. The Group’s interest in the associate company is served through Board representation. This representation also provides the Board with timely information on the financial performance of the associate company.

## RISK MANAGEMENT GOVERNANCE AND SYSTEM

The Board recognises the importance to manage risk to safeguard shareholders’ investment and the Group’s assets. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks and opportunities faced by the Group systematically during the financial year under review. Facilitated by a professional services firm, the Group has developed a framework, to identify and evaluate significant business risks faced by the Group to manage the risks. 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 to and approved by the Board of Directors. According to the ERM Policy, the RMC shall meet at least twice a year or more frequent if deemed necessary. The RMC re-assesses and updates its risk profiles and register on a periodical 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

[CONT'D]

**RISK MANAGEMENT GOVERNANCE AND SYSTEM**

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



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 monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycles based on the internal audit plan approved by the Audit Committee.

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.

Please refer to the "Risk Relating to Our Business" of the Management Discussion and Analysis for the significant risks faced by the Group and the mitigation plans implemented.

**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 audit function, namely, Mr. Pang Nam Ming, is a Certified Internal Auditor and Certification in Risk Management Assurance 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 respect, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review by the Audit Committee and for its reporting to the Board for ultimate approval.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

[CONT'D]

**INTERNAL AUDIT GOVERNANCE (CONT'D)**

During the financial year under review, the resources allocated to every fieldwork of the internal audit engagement conducted by the outsourced internal audit function is consisted of one (1) manager and assisted by at least one (1) senior consultant and one (1) consultant with oversight performed by the director. To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

Based on the formal review of the works performed and deliverables (including but not limited to, staff strength, qualification, experience, and continuous professional education) by the outsourced internal audit function during the financial year, the Audit Committee and the Board are satisfied:

- that the outsourced internal audit function is free from any relationships or conflicts of interest which could impair their objectivity and independence;
- with the scope of the outsourced internal audit function;
- that the outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and
- with the internal audit plan, results, processes or investigation undertaken.

Risk-based internal audit plan in respect of financial year ended 30th September 2021 was drafted by the outsourced internal audit function, after taking into consideration the business processes with higher residual risk and any specific risks to be focus upon based on management's input, previous internal audits performed, as well as the assessment of the outsourced internal audit function. The internal audit plan drafted was reviewed and approved by the Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

The internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and the recommendations formulated by the outsourced internal audit function are based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls through the review of the samples selected based on sample sizes for the respective audit areas calculated was in accordance with the predetermined formulation, subject to the nature of testing and verification of the samples.

During financial year ended 30th September 2021, the outsourced internal audit function has conducted review of Fixed Assets Management of Wellcall Hose (M) Sdn. Bhd. and Inventory Management (Part 1) of Wellcall Hose (M) Sdn. Bhd. based on the internal audit plan approved by the Audit Committee.

Upon the completion of the individual internal audit fieldworks during the financial year, the internal audit reports were presented by the outsourced internal audit function to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations, as well as management response or action plans and person-in-charge together with the dates of implementation were presented and deliberated with the members of the Audit Committee. Apart from the internal audit reports, updates on the implementation progress of management's action plans as identified in the previous internal audit reports were also presented during the financial year under review to the Audit Committee for review and deliberation to ensure action plans were satisfactorily implemented to address the individual risks associated with the findings. In addition, during Audit Committee meeting, the outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education for the Audit Committee's review.

The total fees incurred in maintaining the outsourced internal audit function for the financial year ended 30th September 2021 was amounted to RM21,000.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

[CONT'D]

### 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;
- 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.
- Regular meetings with Head of Departments which provide a platform for the Head of Departments to communicate with, and provide feedback to, the Management.

### 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 with the Guideline of Bursa Malaysia Securities Berhad, 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 have operated 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

The Board is of the view that the Group's system of internal control and risk management for the financial year under review and as at the date of approval of this statement is sound and adequate to safeguard the shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group system of internal control and risk management framework. 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.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

[CONT'D]

**ASSURANCE PROVIDED BY THE EXTERNAL AUDITORS**

In accordance with Paragraph 15.23 of the MMLR, the External Auditors of the Group, Messrs Ong & Wong Chartered Accountants have reviewed this 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. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants. AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board of Directors and management thereon.

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 paragraph 41 and 42 of 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 21st January, 2022.

# AUDIT COMMITTEE REPORT

## 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 2021. (“FYE 2021”)

### 1. COMPOSITION AND DESIGNATION

The Audit Committee (“AC”) comprises the following members, all of whom are Non-Executive Directors:-

#### Chairman

Goh Hoon Leum (*Independent Non-Executive Director*)

#### Members

- (i) Yong Peng Tak (*Senior Independent Non-Executive Director*)
- (ii) Yang Chong Yaw, Alan (*Independent Non-Executive Director*)
- (iii) Tan Kang Seng (*Non-Independent Non-Executive Director*)

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, thereby fulfilling the financial expertise requisite pursuant to Paragraph 15.09(1)(c) of the Main Market Listing Requirement (“MMLR”) of Bursa Malaysia Securities Berhad (“BMSB”).

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

### 2. TERMS OF REFERENCE

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

### 3. MEETINGS

During the financial year ended 30th September 2021, the Audit Committee met five (5) times and the details of attendance of each Audit Committee member are as follows:-

Members	Position	No. of Meetings Attended	Percentage (%)
Goh Hoon Leum <i>Chairman</i>	Independent Non-Executive Director	5/5	100%
Yong Peng 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:-

- 23rd November 2020;
- 11th January 2021;
- 22nd February 2021;
- 25th May 2021; and
- 23rd August, 2021.

The external auditors for both Wellcall Holdings Berhad ("the Company") and its subsidiary company ("the Group") had attended all the Audit Committee meetings during the year.

**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.

**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.

## AUDIT COMMITTEE REPORT

[CONT'D]

**4. SUMMARY OF ACTIVITIES (CONT'D)****Reviewing FYE 2021 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 2021 internal audit includes the following:-

- reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.
- 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.
- monitoring and ensuring corrective actions have been taken to rectify the weaknesses highlighted and all the key risks and control lapses have been addressed.
- reviewed and assessed the competency of the internal audit function.
- reviewed and assessed audit personnel are free from any relationships or conflicts of interest, which impair their objectivity and independence.
- reviewed whether the internal audit function is carried out in accordance with the company's internal audit.
- 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.
- reviewed the availability and sufficiency of resources and no obstacles to access information to enable it to carry out its role effectively.
- reviewed the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.
- met once during the financial year with Internal Auditors without the presence of management to discuss with them the problems arising or facing when they perform their internal audit work and to reinforce the independence of the internal audit function of the Company and the Group. There were no major issues highlighted by them.

## AUDIT COMMITTEE REPORT

[CONT'D]

**4. SUMMARY OF ACTIVITIES (CONT'D)****Reviewing FYE 2021 External Audit Planning Memorandum and the Independence of the External Auditors**

The activities carried out by the Audit Committee when reviewing FYE 2021 external audit planning memorandum and the independence of the External Auditors includes the following:-

- reviewed and discussed with External Auditors the audit planning memorandum, audit strategy and scope of the year.
- reviewed annual audited financial statements of the Group and Company prior to submission to the Board for approval.
- 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.
- 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.
- met twice during the financial year, on and respectively, with External Auditors without the presence of management to discuss with them the 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.
- reviewed and discussed the draft Key Audit Matters (KAM) with the external auditors to ensure that issues that are most significant in the audit are disclosed and to address the issues highlighted by external auditors with management and determine whether such issues should be addressed in the Audit Committee Report to the shareholders.

**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.

## AUDIT COMMITTEE REPORT

[CONT'D]

**4. SUMMARY OF ACTIVITIES (CONT'D)****Reviewing the Related Parties Transactions and Recurrent Related Party Transactions**

The Audit Committee has reviewed the related party transactions ("RPT") and recurrent related party transactions ("RRPT") that arose within the Company and the Group to ensure:-

- the transactions are comply with Malaysian Accounting Standards Board and MMLR of BMSB;
- the transactions are carried out on arm's length basis and on normal commercial terms which are not unfavorable to the Group;
- the transactions are not detrimental to the interests of the minority shareholders; and
- announcements had been released pursuant to the requirement of MMLR of BMSB if it is necessary

**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 as well as the Sustainability Statement 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 2021:-

- reviewed the financial projection and its variation.
- reviewed the Board policies and procedures of the Group.
- reviewed the circular in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.
- discussed the progress of investment in Trelleborg Wellcall Sdn. Bhd.

**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 discharges 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 training, the details of which are listed in the Corporate Governance Overview Statement set out in this Annual Report.

## AUDIT COMMITTEE REPORT

[CONT'D]

**5. INTERNAL AUDIT FUNCTION**

The Paragraph 15.27 of MMLR of BMSB provides that a listed issuer must establish an internal audit function which is independent of the activities it audits and must ensure its internal audit function reports directly to the Audit Committee. During the financial year under review, the Group has outsourced its internal audit function to an independent professional firm, namely NeedsBridge Advisory Sdn. Bhd. ("NeedsBridge"), which reports directly to the Audit Committee. The primary responsibility of this internal audit function is to assist the Board and the Audit Committee in providing an independent assessment on the adequacy and effectiveness of the Group's system of internal control, as well as providing recommendations to strengthen these internal control procedures.

The audit engagement of the outsourced internal audit function is governed by engagement letter which are stated with key terms that include the purpose and scope of work, accountability, independence, responsibilities of each party, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review and approval by the Audit Committee for its reporting to the Board for ultimate approval.

The scope of review by the outsourced internal audit function, through the internal audit plan, is determined and approved by the Audit Committee with feedback from the senior management. In addition, the oversight of the internal audit functions by the Audit Committee is enhanced by the review of the resources of the outsourced internal audit function in term of their qualifications and experiences/exposures and continuous professional development of the employees of the outsourced internal audit function which is tabled by the outsourced internal audit function during the financial year under review.

The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("IPPF") established by the Institute of Internal Auditors Global. To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorize and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee. The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit Committee and other specialised services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

The internal audit function outsourced to NeedsBridge is headed by one (1) Senior Director, one (1) Director, five (5) Senior Managers, Manager and Assistant Managers, and eleven (11) Senior Consultants and Consultants. The Senior Director who is also the engagement director in charge is Mr. Pang Nam Ming who is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia.

During the financial year, the outsourced internal audit function conducted internal audit reviews in accordance with the internal audit plan (and any amendments thereof) approved by the Audit Committee. Due to the Covid-19 pandemic and the movement controls imposed by the Government of Malaysia during the financial year under review, there were only two (2) cycles of internal audits carried out by the outsourced internal audit function to assess the internal control system of the Group during the financial year under review which include Fixed Assets Management and Inventory Management (Part 1). Areas of improvement in internal controls identified together with the recommendations and management action plans were presented during the corresponding Audit Committee meetings. During the same meeting, the status of the management action plans through follow up reviews conducted by outsourced internal audit function were also reported to the Audit Committee. Private session with the outsourced internal audit function was held once by the Audit Committee during the financial year to promote free exchange of views and opinions between the Audit Committee and the internal audit function. The total fees incurred for the internal audit function in respect of the financial year ended 30th September 2021 was RM21,000.00.

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

Further details of the activities of the internal audit function 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

### 1.0 ABOUT THIS SUSTAINABILITY STATEMENT

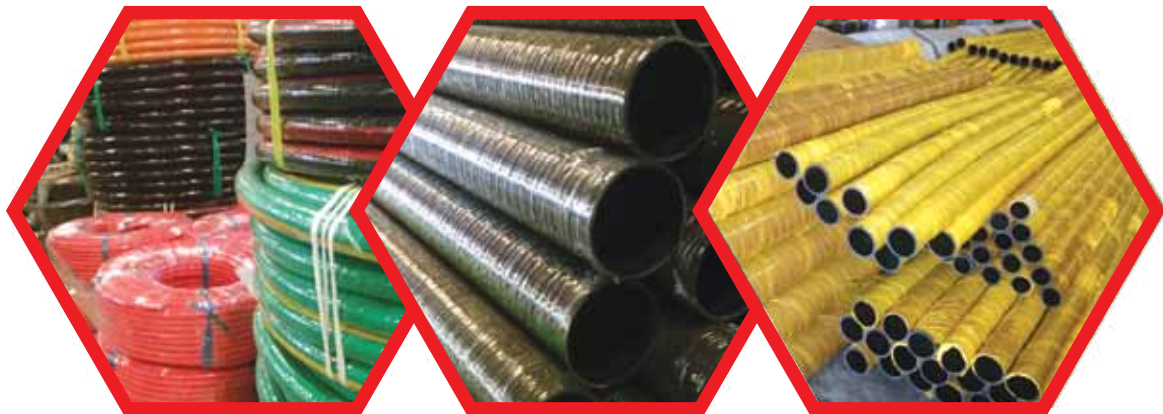
This statement has been designed to showcase the initiatives and activities surrounding sustainability carried out by Wellcall Holdings Berhad ("the Group"), under the Group's subsidiary company, Wellcall Hose (M) Sdn. Bhd., and has included the considerations and interests of key stakeholders. The Group hopes that this statement provides a comprehensive and accessible information on the company's strategy towards sustainability, the rationale behind these initiatives and the relevant data points based on recognised international reporting standards.

### 2.0 SCOPE OF THIS STATEMENT

The statement covers the sustainability efforts and performance of our consolidated entities for FYE2021. The content of this statement will focus on the Group's sustainability performance, activities and initiatives.

Material issues and topics described in this report have been selected according to their level of significance within the Company's boundaries, the sustainability context, materiality and are reflective of our core business operations.

This statement serves as a baseline for future reporting and will mostly cover the Group's initial sustainability data and we hope to continuously improve on our sustainability journey. The data presented in this statement applies to the Group's main subsidiary Wellcall Hose (M) Sdn. Bhd. We hope to expand the indicators presented on the material matters in this statement in the near future.





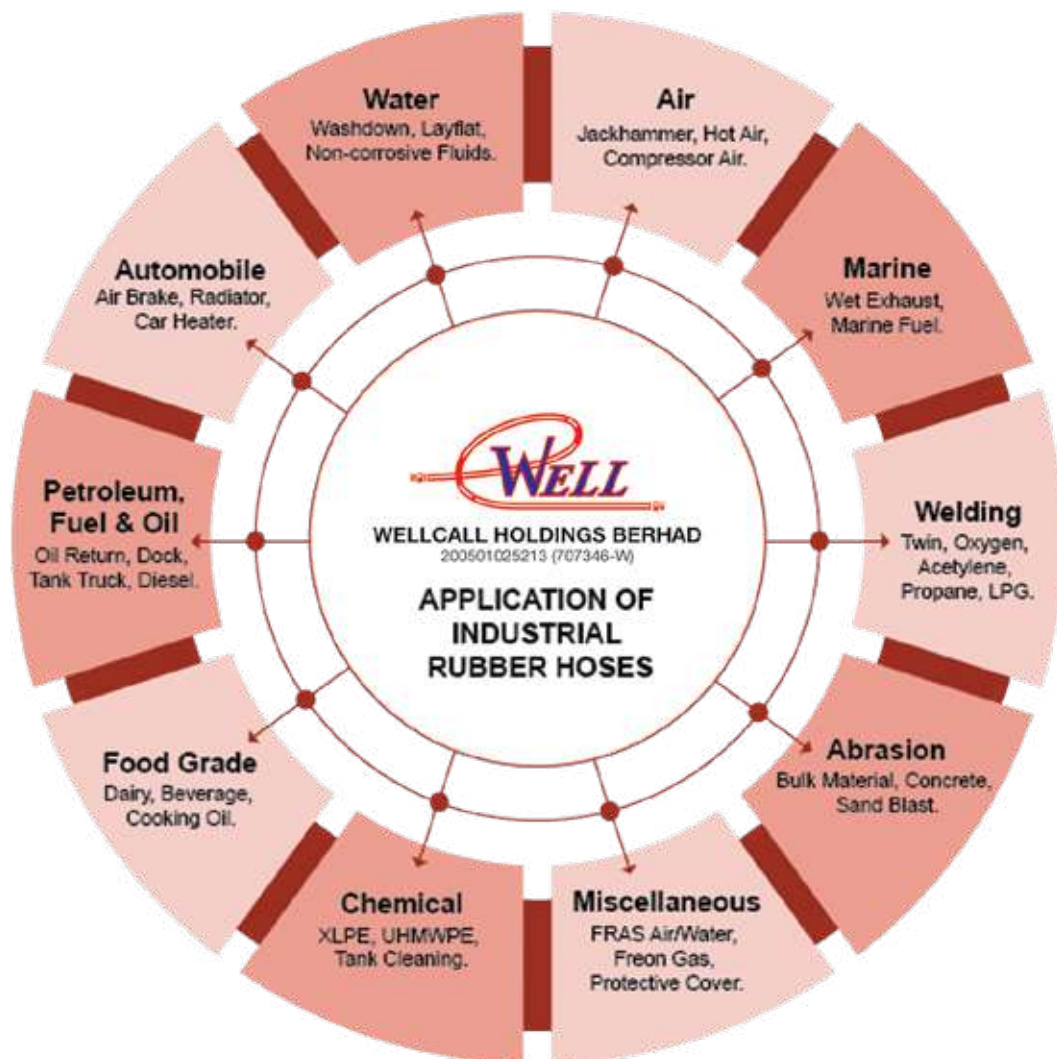
## SUSTAINABILITY STATEMENT

[CONT'D]

## 2.0 SCOPE OF THIS STATEMENT (CONT'D)

## 2.1 ORGANISATIONAL STRUCTURE

As the parent company, Wellcall Holdings Berhad is listed on Bursa Malaysia and our subsidiary, Wellcall Hose (M) Sdn. Bhd. is involved in the manufacturing of low and medium pressure industrial rubber hoses for the application of various industries and markets such as oil and gas, marine, food, water etc. The diagram below shows the applications of industrial rubber hoses in various industries segments that the Group supplies to.



## SUSTAINABILITY STATEMENT

[CONT'D]

**2.0 SCOPE OF THIS STATEMENT (CONT'D)****2.2 REPORTING METHODOLOGY**

This statement is prepared in compliance with the Bursa Sustainability Reporting Guide (2nd Edition). The primary components of Bursa sustainability reporting requirements that we have sought to include in this report includes:

**1. *Material environmental, social and governance (“ESG”) factors***

Material ESG factors are elaborated in Section 3.2 of this statement. The Group conducted a materiality assessment from internal and external stakeholders to identify material matters that are important to both the organisation and their stakeholders.

**2. *Policies, practices, and performance***

The policies, practices and performance for each material matter have been elaborated in their individual sections below. The Group understands the need to improve on the performance of ESG matters and we hope to start including targets in future reports.

**3. *Sustainability Governance***

The statement from our Group Managing Director highlights how the Board views sustainability issues as a component of the Group’s strategic formulation. We have elaborated further on how the Board oversees ESG issues throughout the organisation in the section titled “Sustainability Governance.”

We aim to fully incorporate ESG factors that are pertinent to our business for the benefit of our stakeholders. Being transparent on these issues ensures that our stakeholders are able to better assess our initiatives.



## SUSTAINABILITY STATEMENT

[CONT'D]

**3.0 OUR APPROACH TO SUSTAINABILITY**

Our approach to sustainability is guided by our vision as “*we strive to be the world’s leading manufacturer with excellent quality industry hose products.*” We continue to integrate sustainability in our mission of “*to be a world class industry hose manufacturer providing top quality products with excellent services through continuous improvement and innovation.*”

We integrate elements of sustainability in our core values of “*Integrity and total commitment, Global Customer Satisfaction, Do it right first time and every time, Excellent in quality and competitiveness and Environment friendly and social responsibility*” and this has shaped our approach in determining the material matters that are further outlined within this report.

**3.1 SUSTAINABILITY GOVERNANCE**

Sustainability governance encapsulates the systems and controls in place to manage the Group’s sustainability activities. The system encompasses policies, processes and people, which are necessary to meet the expectations of stakeholders with integrity, respect, transparency and in a responsible manner.

In accordance with the Group’s Sustainability Policy, the Board oversees the strategic direction of the sustainability initiatives throughout the Group, the Management team provides the necessary oversight for implementation.

For information on corporate governance matters, remuneration and compensation, please refer to our annual report which provides more details on corporate governance.

**3.2 MATERIAL MATTERS**

For the purposes of this statement, we have defined materiality as the Group’s significant economic, environmental and social impacts that have substantive weight and influence on the decisions of our stakeholders.

To determine the material matters, the Group has conducted a materiality exercise with key internal stakeholders. The outcome of the exercise serves as the basis of the material matters listed in the report. The Group has provided data and information of the material matters in the sections below.

Key material matters:

Governance Matters	Environmental Matters	Social Matters
Business ethics	Legal compliance on environmental matters	Legal compliance on employment practices
Anti-corruption and whistle-blowing procedures	Air and greenhouse gas emissions	Employment practices
	Waste and effluents	Occupational health and safety
	Water usage	Training and development
	Energy usage	

## SUSTAINABILITY STATEMENT

[CONT'D]

**3.0 OUR APPROACH TO SUSTAINABILITY (CONT'D)****3.3 STAKEHOLDER ENGAGEMENT**

Successful stakeholder management is crucial in terms of building relationships and trust to implement corporate sustainability strategies and programs. Leveraging expertise from all levels within and outside of the organisation can ensure that we understand the perspective views of all stakeholders.

Stakeholder engagement requires consistent and open communication channels as this is a key component of receiving feedback from our key stakeholders. The Group consistently evaluates the appropriateness of engagements with relevant stakeholders and is open to any suggestions regarding reporting disclosures.

For any comments and feedback, please contact us through:

Email: [wellcall@wellcall.com.my](mailto:wellcall@wellcall.com.my) (General Enquiry)  
[gary.yu@wellcall.com.my](mailto:gary.yu@wellcall.com.my) (Investors Relation)

## SUSTAINABILITY STATEMENT

[CONT'D]

## 3.0 OUR APPROACH TO SUSTAINABILITY (CONT'D)

## 3.3 STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholders and focus areas	Engagement Methods	Frequency
<b>Customers:</b> <ul style="list-style-type: none"> <li>Customers assessments</li> <li>Anti-corruption and whistleblowing</li> <li>Privacy and data protection</li> </ul>	Feedback survey	On going
	Customer audits	On going
	Live interactions	On going
	Regular meetings	On going
	Customer site visits	On going
<b>Employees:</b> <ul style="list-style-type: none"> <li>Employment practices</li> <li>Training and development</li> <li>Occupational Health and Safety</li> </ul>	Health and safety briefing	On going
	In-house trainings	On going
	Corporate/staff memos	On going
	Performance evaluations	Bi-Annually
	Regular meetings	On going
<b>Management:</b> <ul style="list-style-type: none"> <li>Sustainability governance</li> <li>Business ethics</li> <li>Environmental management</li> <li>Anti-corruption and whistleblowing</li> </ul>	Anti-bribery and corruption briefings	On going
	Monthly operation reviews	Monthly
	Semi-annual operation review	Semi-annually
<b>Suppliers:</b> <ul style="list-style-type: none"> <li>Supplier assessments</li> <li>Privacy and data protection</li> </ul>	Preparation of budget	Annually
	Evaluation of suppliers	On going
	Live interactions	On going
<b>Investors:</b> <ul style="list-style-type: none"> <li>Anti-corruption and whistleblowing</li> <li>Sustainability governance and strategy</li> <li>Legal compliance</li> <li>Privacy and data protection</li> </ul>	Supplier audit	On going
	Anti-bribery and corruption briefings	On going
	Annual general meeting	Annually
	Press releases	On going
<b>Government and regulators:</b> <ul style="list-style-type: none"> <li>Anti-corruption and whistleblowing</li> <li>Legal compliance on environmental and social matters</li> <li>Environmental management</li> <li>Social management</li> </ul>	Corporate website	On going
	Regular updates via Bursa website	On going
	Inspections and audits	On going
	Participation of government or regulator organised events	On going
	Regular updates via Bursa website	On going



## SUSTAINABILITY STATEMENT

[CONT'D]

**4.0 BUSINESS CONDUCT AND ETHICS**

We take pride in maintaining the highest standards of corporate governance, as required by Bursa Sustainability Guideline listing requirements. We continue to align ourselves to international best practices through our anti-bribery and corruption policy and whistleblowing policy. These policies serve as a guide to ensure that our organisation manages the associated impacts and stakeholders' reasonable expectations and interests towards upholding the highest standards of business conduct and ethics.

**4.1 ANTI-BRIBERY AND CORRUPTION POLICY**

The anti-bribery and corruption policy applies to all employees of Wellcall Holdings Berhad and its subsidiaries, including any associated business partners, agents, contractors, and consultants acting on the Group's behalf.

The organisation defines the prohibition on bribery to include the following definitions:

- Bribes: The giving or offering or receiving or soliciting another party, either directly or through a third party, of anything of value, advantage, or benefit of any kind in order to influence the making or not making, or implementation of a decision or act by a concerned party with regards to the retaining or obtaining of business.
- Gratification: abuse of function, abuse of public property, bribery, clientelism / cronyism, concealments, corruptions, embezzle element, illicit enrichment, insider trading, kickback, money laundering, nepotism, obstruction of justice, patronage, trading in influence and facilitation of money.

To oversee and prevent cases of bribery and corruption, the Anti-bribery and corruption compliance unit (ABCCU), led by the Corruption Risk Officer and assisted by Heads of Departments assumes responsibility and authority on:

- The design and implementation of the Group's anti-bribery management system;
- Advice and guidance to personnel on the anti-bribery management system and issues relating to bribery;
- How the anti-bribery management system conforms to the requirements of this policy;
- Reporting the performance of the anti-bribery management system to top management and other compliance functions periodically.

The Group will continuously keep abreast with developments on anti-corruption and bribery to further enhance the anti-bribery and corruption policy.

In FYE2021, the Group has no incidents of bribery or corruption were recorded by the Group.



## SUSTAINABILITY STATEMENT

[CONT'D]

**4.0 BUSINESS CONDUCT AND ETHICS (CONT'D)****4.2 WHISTLEBLOWING POLICY**

The Group and its subsidiaries are committed to the highest standards of integrity, openness, and accountability in terms of business conduct and operations. The Group will continue to ensure that all business affairs are conducted in an ethical, responsible, and transparent manner.

Wellcall Holdings Berhad Whistleblowing Policy provides an avenue for employees or members of the public to disclose any improper conduct (misconduct or criminal offence) through internal channels. Examples of misconduct or criminal offences includes:

- Fraud;
- Bribery;
- Misuse of the Company's funds or assets;
- Abuse of power;
- Conflict of interest without disclosure;
- Criminal breach of trust;
- Questionable or improper accounting;
- Illegal or criminal offences;
- Endangerment of employees' or public health and safety;
- Acts or omissions which are deemed to be against the interest of the Company;
- Laws regulations or public policies; or
- Deliberate concealment of any of the above matters or wrongdoing.

The above list is non-exhaustive, and the Group encourages the reporting of any misconduct through the whistleblowing avenues.

All whistle-blowers will be accorded with protection of confidentiality of their identity. However, any employee or member of the public who wishes to report improper conduct will be required to disclose his/her identity to the Group so we are able to accord any necessary protection.

All disclosures can be submitted via the whistleblowing channels as follows:-

Letter	Email	ABC Unit
<ul style="list-style-type: none"> <li>• Chairman, Audit Committee</li> <li>• c/o Wellcall Holdings Berhad</li> <li>• Plot 48, Jalan Johan 2/5, Kawasan Perindustrian Pengkalan II, Fasa II. 31550 Pusing, Perak Darul Ridzuan</li> </ul>	<ul style="list-style-type: none"> <li>• Email: <a href="mailto:acchairman@wellcall.com.my">acchairman@wellcall.com.my</a></li> </ul>	<ul style="list-style-type: none"> <li>• Compliance Unit (ABCCU) are as follows:-</li> <li>• Head of Finance/ Purchasing/Marketing/ HR Department</li> <li>• Contact Number: +605-366 8805</li> <li>• Email Address: <a href="mailto:abccu@wellcall.com.my">abccu@wellcall.com.my</a></li> </ul>

For more information, please visit:

[https://www.wellcallholdings.com/Corporate\\_Governance.aspx](https://www.wellcallholdings.com/Corporate_Governance.aspx)

## SUSTAINABILITY STATEMENT

[CONT'D]

**5.0 ENVIRONMENTAL MATERIAL MATTERS**

The Group has identified the following environmental material matters to our business based on the materiality exercise conducted for FYE2021:

- Air and Greenhouse gas (GHG) emissions (Fuel Consumption - Scope 1 and Energy Use - Scope 2)
- Water Usage
- Waste Management

We ensure legal compliance of environment related matters through relevant laws from all jurisdictions that we operate in. The legal compliance of environmental matters is managed internally through internal compliance and audit committees, which is overseen by both Management and reported to the Board.

The data below has been categorised by the respective manufacturing centres, as we believe these operating centres produce the largest amount of impact in terms of environmental matters. The measurement of intensity of each metric has been calculated based on the amount of industrial rubber hoses produced in Meters. In FYE2021, the amount of industrial rubber hoses produced by the organisation is 23,888,354 M.

In FYE2021, there were no issues of non-compliance with environmental matters within the organisation.

**5.1 AIR AND GREENHOUSE GAS (GHG) EMISSIONS**

For the purposes of this report, we will be covering the production of Scope 1 and Scope 2 GHG emissions through our operations. Scope 1 reflects GHG emissions produced from consumption of resources that are controlled by the organisation such as fuel consumption of company vehicles. Scope 2 reflects GHG emissions produced from generation of purchased or acquired electricity, heating, cooling, and steam consumed.

**5.1.1 FUEL CONSUMPTION (SCOPE 1)**

Our main usage of fuel is for our boiler and forklift usage. The main fuel source from these activities is diesel. Below is the annual diesel consumption, annual GHG emissions and emission intensity for our operations:

Factory	Annual Diesel Consumption (Litres)	Annual GHG Emissions (tCO <sub>2</sub> ) <sup>1</sup>	Emission Intensity (tCO <sub>2</sub> /m)
Wellcall Hose (M) Sdn. Bhd.	180,117	565	0.000023

<sup>1</sup> The carbon emissions from fuel (petrol and diesel) presented for Malaysia were calculated through <http://greentechmalaysia.my/>.



## SUSTAINABILITY STATEMENT

[CONT'D]

## 5.0 ENVIRONMENTAL MATERIAL MATTERS (CONT'D)



## 5.1 AIR AND GREENHOUSE GAS (GHG) EMISSIONS (CONT'D)

## 5.1.2 ENERGY USAGE (SCOPE 2)

As a responsible industrial rubber hoses manufacturer, we understand the need to minimise the impact of climate change through adopting good energy management, and where possible, adopt the use of renewable energy.

Energy consumption and GHG emissions:

Factory	Annual Diesel Consumption (Litres)	Annual GHG Emissions (tCO <sub>2</sub> ) <sup>1</sup>	Emission Intensity (tCO <sub>2</sub> /m)
Wellcall Hose (M) Sdn. Bhd.	8,334,607	5,784.22	0.00024

To further illustrate our commitment to reduce our energy usage, we calculate our emission intensity or carbon intensity ratio based on our production output.

Based on the current emission intensity ratio, we will set the baseline to further improve our processes in order to reduce our carbon emissions henceforth from this year onwards.

## SUSTAINABILITY STATEMENT

[CONT'D]

## 5.0 ENVIRONMENTAL MATERIAL MATTERS (CONT'D)

## 5.2 WATER USAGE

The industrial rubber hoses manufacturing industry does not require significant amount of water in its production of industrial rubber hoses, however understanding our water usage will help us better strategize our methods for us to continue reducing our water usage and be more sustainable to the environment.

Water is supplied from local water sources through our local municipality. Our water withdrawn is therefore equivalent to our water consumption. The Group has thus reported our water consumption for each factory and location below:

Factory, Location	Annual Water Consumption (m3)	Water Intensity (m3/m)
Wellcall Hose (M) Sdn. Bhd.	103,677	0.0043

As indicated from the figures above, wastewater and effluents are mainly discharged from operations of the Wellcall Hose (M) Sdn. Bhd. due to the manufacturing process. The Group ensures that any industrial wastewater is processed through the industrial effluent treatment plant before final discharge.

## 5.3 WASTE MANAGEMENT

Sustainable waste management ensures that the Group is taking proactive measures to reduce the amount of waste produced through production and manufacturing. It is also important to ensure that the amount of solid waste disposed through landfill or incinerations is minimised.

As a result of our operations, the Group generally produces scrap hoses. All scrap hoses will be disposed through companies licensed by the local municipal councils on a weekly basis.

Factory, Location	Amount of general waste produced per year (kg)	General waste intensity (kg/km)
Wellcall Hose (M) Sdn. Bhd.	205,000	8.582



## SUSTAINABILITY STATEMENT

[CONT'D]

**6.0 SOCIAL MATERIAL MATTERS**

The Group has identified the following social sustainability matters as material to our business based on the materiality exercise conducted for FYE2021:

- Employment practices
- Occupational health and safety
- Training and development

The data below has been categorised by the respective manufacturing centres, as we believe these operating centres produce the largest amount of impact in terms of societal activity.

We ensure legal compliance of social matters through relevant employment acts from all jurisdictions that we operate in. The legal compliance of social matters is managed internally through internal compliance and audit committees, which is overseen by both Management and reported to the Board.

In FYE2021, there were no issues of non-compliance with social matters within the organisation.

**6.1 EMPLOYMENT PRACTICES**

Our employment practices focus on providing equal opportunities for all and we uphold standards that are strictly based on merit and performance. We also take steps to ensure that no instances of child or forced labour occurs within our operations.

We ensure that we are aligned to local regulations, such as the Malaysian Employment Act 1955, that has set statutory requirements of the minimum age for workers. While our Board has set the direction of our stance on human rights, our internal compliance departments ensure that our standards are upheld throughout the organisation.

Employee turnover rates are an indication of employee satisfaction, and we continuously strive to ensure that we remain an attractive company to current and future employees. Measuring and monitoring our employee turnover rates enables us to remain as competitive employer across our organisation.

Factory, Location	Total number of new employees	Employee turnover rate (%)
<b>Wellcall Hose (M) Sdn. Bhd.</b>	103	15.8%

Most of the Group's employees are full-time permanent employees. Currently only 1.3% of overall employees are considered part-time. The Group provides benefits such as contribution to the Employee Provident Fund (EPF) and overtime is provided to all employees, regardless of their employment status.

## SUSTAINABILITY STATEMENT

[CONT'D]

**6.0 SOCIAL MATERIAL MATTERS (CONT'D)****6.1 EMPLOYMENT PRACTICES (CONT'D)****6.1.1 DIVERSITY AND INCLUSION**

Employees are the driving force of the Group, and it is imperative that we maintain a performance driven culture that is centred around the values of inclusivity. While the lack of female representation in management levels has been a pervasive issue globally, the Group strives to ensure that females are able to adopt management positions within our organisation.

Below are the gender breakdowns between staff and management in our operating factories. For future reporting years, we hope to increase female representation across our organisation and management levels.

Management level	Male (total number, percentage)	Female (total number, percentage)
<b>General staff</b>	263, 75%	89, 25%
<b>Management</b>	16, 61%	10, 39%

Below are the age breakdowns across all our operations. The majority of our employees are aged under 50 years old.

Age breakdown	Total number, percentage
<b>Aged 30 or below</b>	175, 46.3%
<b>Aged 31-50</b>	179, 47.3%
<b>Aged 51 and above</b>	24, 6.4%

**6.2 OCCUPATIONAL HEALTH AND SAFETY**

We are committed to achieving a safe working environment for all employees and strive to promote an accident-free safety culture to avoid any adverse impact to the overall well-being of the organisation. As part of our Sustainability Policy, the Group adopts the highest level of health and safety principles, which outlines the responsibilities of the Group, the Managing Director, Safety Committees, Safety Officers and employees in the provision and maintenance of a safe and healthy workplace for all contractors and employees.

We ensure that all operations meet all local requirements of the operational jurisdictions. To enforce our standards on health and safety, each location is overseen by a Health and Safety Committee that comprises of individuals from various departments.

Our Health and Safety Committee is prepared for emergencies such as fires and hazardous leaks, or the standard procedures for work accidents or other threatening situations. We ensure that we maintain safety equipment such as emergency lights and fire extinguishers.

In FYE2021, we took extra precautions with regards to health and safety to ensure the well-being of our employees during the Covid-19 pandemic. We ensure that our employees meet the best practice standards of hygiene. We also ensure that we consistently clean our air conditioning systems periodically to meet the highest standards of cleanliness.

We are pleased to report that in FYE2021, we had no reports of work-related accidents and injuries and no lost days due to work injuries. We hope to continue this trend in future years.

## SUSTAINABILITY STATEMENT

[CONT'D]



# Vaccination Programme



SUSTAINABILITY STATEMENT  
[CONT'D]

# Covid-19 Prevention Notices



## SUSTAINABILITY STATEMENT

[CONT'D]

**6.0 SOCIAL MATERIAL MATTERS (CONT'D)****6.3 TRAINING AND DEVELOPMENT**

Consistent and ongoing education is critical for the development of a workforce that is competitive, skilled, motivated, and productive. Employee career development and performance management has been established based on the merits and contributing skill sets of employees towards the Group's organisational objectives and goals. We continue to review and improve our pathways for career development to all employees through regular performance reviews that is agile based on the changing business and operating environment.

We hope to increase the types of training and duration of training provided to employees in future years. We were unfortunately hindered by the movement restrictions due to Covid-19 during the reporting year and aim to continuously develop our training and development initiatives.



## ADDITIONAL COMPLIANCE INFORMATION

### 1. Statutory and Non-Statutory Audit Fees

The statutory audit and non-statutory 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, 2021 are as follows:

	Group RM'000	Company RM'000
Statutory Audit	47.0	10.5
Non-Statutory Audit *	11.1	5.4

\* Includes review fee and tax compliance fee

### 2. Material Contracts

There were no material contracts (not being contracts entered into in 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 during the financial year ended 30th September 2021.

### 3. Revaluation Policy

The Group does not have any revaluation policy on its landed properties during the financial year ended 30th September 2021.

### 4. Utilisation of Proceeds

There were no corporate proposals implemented during the financial year ended 30th September, 2021.

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

The Company had obtained the approval from its shareholders to renew the general mandate ("Shareholders' Mandate") for the following recurrent related party transaction of revenue and trading nature ("RRPT") at the fifteenth Annual General Meeting of the Company which was held on 22nd February 2021.

In accordance with Practice Note No. 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the aggregate value of the RRPT conducted during the financial year ended 30th September 2021 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 <sup>(1)</sup> Huang Yu Fen <sup>(2) (3)</sup> Tan Joo Chin <sup>(3)</sup> Leong Ruen Ying <sup>(4)</sup> Huang Sha <sup>(2) (3)</sup> Huang Kai Lin <sup>(2) (3)</sup> Leong Hon Chong <sup>(4)</sup> Tan Kang Seng <sup>(5)</sup>	Sub-contract services for topping of nylon cord and relevant add-on or further manufacturing process on semi-finished goods and/or hoses	1,378



## ADDITIONAL COMPLIANCE INFORMATION

[CONT'D]

**5. Recurrent Related Party Transactions of a Revenue or Trading Nature (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 Alternate Director of the Company and Director of 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**

The Group did not grant any employee share scheme to any person during the financial year ended 30th September 2021.

**7. Material Contracts Relating to Loans**

There were no material contracts relating to loans entered into by the Group involving Directors' and/or shareholders' interests during the financial year ended 30th September 2021.

## STATEMENT OF **DIRECTORS' RESPONSIBILITY**

In respect of the preparation of the annual audited financial statements for the financial year ended 30th September 2021.

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

- 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, and
- 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 2021 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 2021, the Directors have:

- adopted and applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent;
- ensure applied to all applicable accounting standards; and
- 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 operation of the Company and of the Group to prevent and detect fraud and other irregularities; and to ensure there are adequate resources to continue its operation.



## FINANCIAL STATEMENTS

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Directors' Report .....	076
Statement by Directors and Statutory Declaration .....	080
Independent Auditors' Report .....	081

---

Statements of Financial Position .....	085
Statements of Profit or Loss and Other Comprehensive Income .....	086
Statements of Changes in Equity .....	087

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Statements of Cash Flows .....	088
Notes to the Financial Statements .....	090

# DIRECTORS' REPORT

## DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPTEMBER, 2021

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, 2021.

## 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	46,057,643	30,305,748
Tax expense	(11,902,549)	(51,085)
Profit for the year	34,155,094	30,254,663

## 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 1.40 sen per share on 497,947,555 ordinary shares amounted to RM6,971,266 in respect of the financial year ended 30th September, 2020 was paid on 23rd December, 2020.
- (ii) a first single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounted to RM6,971,266 in respect of the financial year ended 30th September, 2021 was paid on 26th March, 2021.
- (iii) a second single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounted to RM6,971,266 in respect of the financial year ended 30th September, 2021 was paid on 25th June, 2021.
- (iv) a third single tier dividend of 1.40 sen per share on 497,947,555 ordinary shares amounted to RM6,971,266 in respect of the financial year ended 30th September, 2021 was paid on 24th September, 2021.
- (v) a fourth single tier dividend of 2.80 sen per share on 497,947,555 ordinary shares amounted to RM13,942,532 in respect of the financial year ended 30th September, 2021 was declared on 30th November, 2021 and paid on 24th December, 2021. 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

[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 01.10.2020	Number of ordinary shares		Balance at 30.09.2021
		Bought	Sold	
<b>Direct interest in ordinary shares of the Company</b>				
Huang Sha, PMP	16,945,317	–	–	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
<b>Deemed interest in ordinary shares of the Company</b>				
Huang Sha, PMP*	731,250	–	–	731,250
Huang Kai Lin*	2,186,850	–	–	2,186,850
<b>Indirect interest in ordinary shares of the Company</b>				
Maximum Perspective Sdn. Bhd.				
Tan Kang Seng	55,989,478	–	–	55,989,478

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

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

Save as disclosed above, none of the other directors holding office at 30th September, 2021 had any interest in the ordinary shares of the Company and its subsidiary company during the financial year.

## DIRECTORS' REPORT

[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.

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.

## DIRECTORS' REPORT

[CONT'D]

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

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

In the opinion of the directors:

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

**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: 10th January, 2022  
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 85 to 128 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, 2021 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: 10th January, 2022

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 85 to 128 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 10th January,	)	
2022	)	<b>LEONG HON CHONG</b>

Before me,

Shaiful Hilmi Bin Halim  
License No. W804  
Commissioner for Oaths  
Kuala Lumpur



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF WELLCALL HOLDINGS BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Wellcall Holdings Berhad, which comprise the statements of financial position as at 30th September, 2021 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 85 to 128.

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, 2021, 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.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF WELLCALL HOLDINGS BERHAD

[CONT'D]

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, 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 matters that had the greatest effect on our audit were as follows:

*Inventories*

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.

*Trade receivables*

As at 30th September, 2021, the carrying amount of trade receivables of the Group was RM6,486,250 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 of trade receivables and their 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 creditworthiness, customer payment terms and current economic trends.

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 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 Financial Instruments.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF WELLCALL HOLDINGS BERHAD**

[CONT'D]

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

**Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report and directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and directors' report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and directors' report and, in doing so, consider whether the annual report and directors' report are materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the annual report and directors' report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards presentation of financial statements in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF WELLCALL HOLDINGS BERHAD

[CONT'D]

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 for the audited financial statements for the financial year ended 30th September, 2021 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**  
02909/02/2023 J  
Chartered Accountant

Dated: 10th January, 2022  
Kuala Lumpur

# STATEMENTS OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER, 2021

	Note	2021 RM	Group 2020 RM	Company 2021 RM	2020 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	51,729,324	56,893,282	–	–
Investment property	5	4,417,917	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	3,470,171	4,133,612	4,419,648	4,419,648
Other investment	9	10,000	10,000	–	–
		59,627,412	64,857,028	61,960,451	61,960,451
<b>Current assets</b>					
Inventories	10	20,142,400	13,792,975	–	–
Trade and other receivables	11	6,594,938	5,657,905	9,225,000	7,350,000
Tax recoverable		11,807	5,892	11,807	5,892
Cash and bank balances	12	61,590,217	56,079,315	13,325,010	12,855,792
		88,339,362	75,536,087	22,561,817	20,211,684
<b>TOTAL ASSETS</b>		<b>147,966,774</b>	<b>140,393,115</b>	<b>84,522,268</b>	<b>82,172,135</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	13	68,836,509	68,836,509	68,836,509	68,836,509
Reserves	14	58,297,169	52,027,139	15,571,256	13,201,657
<b>Total equity</b>		<b>127,133,678</b>	<b>120,863,648</b>	<b>84,407,765</b>	<b>82,038,166</b>
<b>Non-current liabilities</b>					
Deferred taxation	15	4,953,501	5,173,817	–	–
<b>Current liabilities</b>					
Trade and other payables	16	14,329,355	13,055,123	114,503	133,969
Tax payable		1,550,240	1,300,527	–	–
		15,879,595	14,355,650	114,503	133,969
<b>Total liabilities</b>		<b>20,833,096</b>	<b>19,529,467</b>	<b>114,503</b>	<b>133,969</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>147,966,774</b>	<b>140,393,115</b>	<b>84,522,268</b>	<b>82,172,135</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH SEPTEMBER, 2021

	Note	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
Revenue		<b>157,016,237</b>	134,919,611	<b>31,275,000</b>	28,350,000
Cost of sales		<b>(95,197,117)</b>	(83,679,776)	–	–
Gross profit		<b>61,819,120</b>	51,239,835	<b>31,275,000</b>	28,350,000
Other operating income	17	<b>2,733,991</b>	2,730,440	<b>219,333</b>	284,725
Administrative expenses		<b>64,553,111</b>	53,970,275	<b>31,494,333</b>	28,634,725
Selling and distribution costs		<b>(11,467,039)</b>	(11,031,929)	<b>(1,188,585)</b>	(1,218,428)
Other operating expenses		<b>(6,179,966)</b>	(3,256,175)	–	–
		–	(385,651)	–	–
Profit from operations		<b>46,906,106</b>	39,296,520	<b>30,305,748</b>	27,416,297
Finance costs		<b>(185,022)</b>	(195,295)	–	–
Share of loss in associate company	8	<b>(663,441)</b>	(285,987)	–	–
Profit before taxation	18	<b>46,057,643</b>	38,815,238	<b>30,305,748</b>	27,416,297
Tax expense	21	<b>(11,902,549)</b>	(9,454,074)	<b>(51,085)</b>	(67,423)
Profit for the year		<b>34,155,094</b>	29,361,164	<b>30,254,663</b>	27,348,874
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		<b>34,155,094</b>	29,361,164	<b>30,254,663</b>	27,348,874
Earnings per share (sen)					
- Basic	22	<b>6.86</b>	5.90		
Dividend per share (sen)	23	<b>5.60</b>	5.00		

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

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30TH SEPTEMBER, 2021

	← Attributable to Equity Holders of the Company →				
		← Non-distributable →		Distributable	
	Note	Share capital RM	Share premium RM	Retained profit RM	
				Total equity RM	
<b>Group</b>					
At 1st October, 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
Total comprehensive income for the year		–	–	34,155,094	34,155,094
Dividends	23	–	–	(27,885,064)	(27,885,064)
At 30th September, 2021		<b>68,836,509</b>	<b>–</b>	<b>58,297,169</b>	<b>127,133,678</b>
<b>Company</b>					
At 1st October, 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
Total comprehensive income for the year		–	–	30,254,663	30,254,663
Dividends	23	–	–	(27,885,064)	(27,885,064)
At 30th September, 2021		<b>68,836,509</b>	<b>–</b>	<b>15,571,256</b>	<b>84,407,765</b>

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

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30TH SEPTEMBER, 2021

	Note	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>					
Profit before taxation		46,057,643	38,815,238	30,305,748	27,416,297
Adjustments for:					
Depreciation of investment property		105,581	76,318	-	-
Depreciation of property, plant and equipment		5,274,760	5,505,205	-	-
Unrealised (gain)/loss on foreign exchange		(402,979)	385,651	-	-
Share of loss in associate company		663,441	285,987	-	-
Gain on disposal of property, plant and equipment		(2,660)	(134,015)	-	-
Dividend income		(1,200)	-	-	-
Interest income		(534,308)	(1,038,225)	(219,333)	(284,725)
Operating profit before working capital changes		51,160,278	43,896,159	30,086,415	27,131,572
(Increase)/decrease in inventories		(6,349,425)	1,605,613	-	-
(Increase)/decrease in trade and other receivables		(876,191)	3,011,875	(1,875,000)	160,913
Increase/(decrease) in trade and other payables		739,089	(1,906,931)	(21,716)	17,180
Cash generated from operations		44,673,751	46,606,716	28,189,699	27,309,665
Tax paid		(11,326,817)	(9,677,403)	(54,750)	(73,594)
Interest received		534,308	1,038,225	219,333	284,725
Net cash generated from operating activities		33,881,242	37,967,538	28,354,282	27,520,796
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>					
Proceeds from disposal of property, plant and equipment		-	197,000	-	-
Investment in associate company		-	(4,419,599)	-	(4,419,599)
Dividend received		1,200	-	-	-
Capital work-in-progress		(703,364)	(334,923)	-	-
Purchase of investment property		-	(3,561,529)	-	-
Purchase of property, plant and equipment		(110,802)	(1,333,800)	-	-
Net cash used in investing activities		(812,966)	(9,452,851)	-	(4,419,599)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITY</b>					
Dividends paid		(27,885,064)	(24,897,585)	(27,885,064)	(24,897,585)
Net cash used in financing activity		(27,885,064)	(24,897,585)	(27,885,064)	(24,897,585)
Net increase/(decrease) in cash and cash equivalents		5,183,212	3,617,102	469,218	(1,796,388)
Effect of exchange rate changes		327,690	(360,172)	-	-
Cash and cash equivalents at beginning of year		55,079,315	51,822,385	12,855,792	14,652,180
Cash and cash equivalents at end of year	A	60,590,217	55,079,315	13,325,010	12,855,792



STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30TH SEPTEMBER, 2021

[CONT'D]

**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:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Deposits with licensed banks	<b>15,650,000</b>	15,970,000	<b>13,250,000</b>	12,650,000
Cash and bank balances	<b>45,940,217</b>	40,109,315	<b>75,010</b>	205,792
	<b>61,590,217</b>	56,079,315	<b>13,325,010</b>	12,855,792
Less: Deposit pledged with licensed bank	<b>(1,000,000)</b>	(1,000,000)	–	–
	<b>60,590,217</b>	55,079,315	<b>13,325,010</b>	12,855,792

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

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH SEPTEMBER, 2021

### 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, 2021 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, 2020.

Description	Effective for annual period beginning on or after
Amendments to MFRS 3: Definition of a Business	1st January, 2020
Amendments to MFRS 101: Presentation of Financial Statements – Definition of Material	1st January, 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1st January, 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: Interest Rate Benchmark Reform	1st January, 2020
Amendments to MFRS 16 Leases: Covid-19-Related Rent Concessions	1st June, 2020

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[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:

Description	Effective for annual period beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2	1st January, 2021
Amendments to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30th June, 2021	1st April, 2021
MFRS 1: Annual Improvements to MFRS Standards 2018 - 2020	1st January, 2022
Amendments to MFRS 3 Business Combinations: Reference to the Conceptual	1st January, 2022
MFRS 9: Annual Improvements to MFRS Standards 2018 - 2020	1st January, 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1st January, 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract- Cost of Fulfilling a Contract	1st January, 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1st January, 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1st January, 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January, 2023
MFRS 17 Insurance Contracts	1st January, 2023
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.

## NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (c) Basis of Measurement

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Consolidation

##### (i) Business Combinations

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

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

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

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

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

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, 2021

[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:

	2021 RM	2020 RM
1 United States Dollar (USD)	4.19	4.09
1 Euro (EUR)	4.86	4.80

## NOTES TO THE FINANCIAL STATEMENTS

### - 30TH SEPTEMBER, 2021

[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.

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (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
Electrical installation	10%

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (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.



## NOTES TO THE FINANCIAL STATEMENTS

### - 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (e) Financial Instruments (Cont'd)

##### (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.

##### 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.

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (e) Financial Instruments (Cont'd)

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

##### **Financial assets (Cont'd)**

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

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

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

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

##### **Financial liabilities**

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (e) Financial Instruments (Cont'd)

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

###### **Financial liabilities (Cont'd)**

###### a. Fair value through profit or loss (Cont'd)

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.

##### (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.

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (e) Financial Instruments (Cont'd)

##### (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 contracts issued are initially measured at their fair value and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; 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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (e) Financial Instruments (Cont'd)

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

##### 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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (e) Financial Instruments (Cont'd)

##### (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

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.

## NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER, 2021

[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 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.

##### (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.



NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

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

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.

## NOTES TO THE FINANCIAL STATEMENTS

- 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (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.

#### (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.

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (p) Revenue and Other Income Recognition

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 at point in time upon transfer of control of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### (ii) Dividend Income

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

##### (iii) Interest Income

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

##### (iv) Rental Income

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

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (q) Income Taxes (Cont'd)

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

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (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.

##### (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, 2021 were RM57,540,803 and RM4,419,648 (2020: RM57,540,803 and RM4,419,648). 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.

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

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

#### (t) Significant Accounting Judgements and Estimates (Cont'd)

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

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

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

##### (d) Income Taxes

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

##### (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, 2021

[CONT'D]

4. PROPERTY, PLANT AND EQUIPMENT

	As at 1.10.2020 RM	Addition RM	Disposal/ Retirement RM	As at 30.09.2021 RM
<b>Group</b>				
<b>2021</b>				
<b>COST</b>				
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	2,652,297	-	-	2,652,297
Furniture and fittings	645,185	5,370	-	650,555
Motor vehicles	2,695,861	-	-	2,695,861
Office equipment	715,395	51,932	-	767,327
Plant and machinery	75,605,188	6,000	-	75,611,188
Renovation	16,384	47,500	-	63,884
	126,207,391	110,802	-	126,318,193
	As at 1.10.2020 RM	Charge for the year RM	Disposal/ Retirement RM	As at 30.09.2021 RM
<b>ACCUMULATED DEPRECIATION</b>				
Leasehold land	1,345,343	182,456	-	1,527,799
Factory buildings	5,157,105	538,623	-	5,695,728
Electrical installation	4,667,611	355,678	-	5,023,289
Fire fighting installation	1,754,914	175,569	-	1,930,483
Furniture and fittings	446,835	52,390	-	499,225
Motor vehicles	1,531,122	255,832	-	1,786,954
Office equipment	592,922	60,676	-	653,598
Plant and machinery	53,816,578	3,652,602	-	57,469,180
Renovation	1,679	934	-	2,613
	69,314,109	5,274,760	-	74,588,869
				As at 30.09.2021 RM
<b>NET CARRYING AMOUNT</b>				
Leasehold land				9,379,916
Factory buildings				20,887,873
Electrical installation				1,362,476
Fire fighting installation				721,814
Furniture and fittings				151,330
Motor vehicles				908,907
Office equipment				113,729
Plant and machinery				18,142,008
Renovation				61,271
				51,729,324

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

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

	As at 1.10.2019 RM	Addition RM	Disposal/ Retirement RM	As at 30.9.2020 RM
<b>Group</b>				
<b>2020</b>				
<b>COST</b>				
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 30.9.2020 RM
<b>ACCUMULATED DEPRECIATION</b>				
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 30.9.2020 RM
<b>NET CARRYING AMOUNT</b>				
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, 2021

[CONT'D]

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

Certain leasehold land and factory building of the Group with net carrying amount of RMNil (2020: RM616,089) has been pledged as security to financial institution for banking facilities.

The depreciation was charged to the followings:

	2021 RM	Group 2020 RM
Factory overheads	4,905,862	5,078,670
Administrative expenses	368,898	426,535
	<b>5,274,760</b>	<b>5,505,205</b>

#### 5. INVESTMENT PROPERTY

	2021 RM	Group 2020 RM
Leasehold land and building:		
Cost		
- At 1st October	3,561,529	-
- Additional	-	3,561,529
- Transfer from capital work-in-progress (Note 6)	1,038,287	-
- At 30th September	4,599,816	3,561,529
Accumulated depreciation		
- At 1st October	76,318	-
- Depreciation charged	105,581	76,318
- At 30th September	181,899	76,318
Carrying amount	4,417,917	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 comprises 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 in year 2020.

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

6. CAPITAL WORK-IN-PROGRESS

	2021 RM	Group 2020 RM
Bulding, at cost:		
At 1st October	334,923	–
Additional	703,364	334,923
Transfer to investment property (Note 5)	(1,038,287)	–
At 30th September	–	334,923

7. INVESTMENT IN SUBSIDIARY COMPANY

	2021 RM	Company 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 2021	2020
Wellcall Hose (M) Sdn. Bhd.	Malaysia	Manufacturing of rubber hose and related products, property investment and other related activities.	100%	100%

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH SEPTEMBER, 2021

[CONT'D]

### 8. INVESTMENT IN ASSOCIATE COMPANY

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted shares, at cost	4,419,648	4,419,648	4,419,648	4,419,648
Share of post-acquisition losses	(949,477)	(286,036)	–	–
	<b>3,470,171</b>	4,133,612	<b>4,419,648</b>	4,419,648
Represented by:				
Group's share of net assets	<b>3,470,171</b>	4,133,612	–	–

The associate company is as follow:

	Country of incorporation	Principal activity	Effective equity interest	
			2021	2020
*Trelleborg Wellcall Sdn. Bhd. ("TWSB")	Malaysia	Manufacturing, marketing and sale of composite hose and fittings	49%	49%

\* Audited by other firm of auditors.

The summarised financial information of the associate is as follows:

	2021 RM	2020 RM
<b>Assets and liabilities</b>		
Non-current assets	5,841,711	5,206,733
Current assets	3,072,656	4,894,312
Total assets	<b>8,914,367</b>	10,101,045
Non-current liabilities	(1,111,477)	(484,156)
Current liabilities	(720,907)	(1,180,945)
Net assets attributable to owners of TWSB	<b>7,081,983</b>	8,435,944
<b>Financial results</b>		
Revenue	8,226	–
Loss before tax	(1,353,961)	(536,955)
Taxation	–	–
Net losses for the year	<b>(1,353,961)</b>	(536,955)

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

**8. INVESTMENT IN ASSOCIATE COMPANY (CONT'D)**

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

	2021 RM	Group 2020 RM
At 1st October	-	22,879
Share of current year loss	-	263,108
Share of post-acquisition losses	-	(285,987)
At 30th September	-	-

**9. OTHER INVESTMENT**

	2021 RM	Group 2020 RM
Unquoted shares in Malaysia, at cost	10,000	10,000

**10. INVENTORIES**

	2021 RM	Group 2020 RM
At cost:		
Raw materials	13,755,772	8,399,456
Work-in-progress	2,663,401	1,667,021
Finished goods	3,723,227	3,726,498
	20,142,400	13,792,975

## NOTES TO THE FINANCIAL STATEMENTS

### - 30TH SEPTEMBER, 2021

[CONT'D]

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables	6,486,250	5,576,651	-	-
Amount due from subsidiary company	-	-	9,225,000	7,350,000
Other receivables	29,686	35,804	-	-
Deposits	20,150	19,350	-	-
Prepayments	58,852	26,100	-	-
	<b>6,594,938</b>	5,657,905	<b>9,225,000</b>	7,350,000

Trade receivables are non-interest bearing and are generally on 30 to 90 (2020: 30 to 90) days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

### Ageing analysis of trade receivables

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

	Group	
	2021 RM	2020 RM
Neither past due nor impaired	5,111,022	2,644,606
Due but not impaired		
1 - 30 days	925,710	2,794,044
31 - 60 days	395,943	95,375
61 - 90 days	11,424	7,550
91 days and above	42,151	35,076
	<b>1,375,228</b>	2,932,045
	<b>6,486,250</b>	5,576,651

### (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 RM1,375,228 (2020: RM2,932,045) 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.



NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

**12. CASH AND BANK BALANCES**

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Cash in hand and at banks	<b>32,203,746</b>	26,614,407	<b>75,010</b>	205,792
Cash management fund*	<b>13,736,471</b>	13,494,908	–	–
Deposits with licensed banks	<b>15,650,000</b>	15,970,000	<b>13,250,000</b>	12,650,000
	<b>61,590,217</b>	56,079,315	<b>13,325,010</b>	12,855,792

\* Stated at market price.

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

Deposits amounted to RM1,000,000 (2020: RM1,000,000) were pledged with licensed bank as securities for banking facilities utilised by the subsidiary company.

At the end of the financial year, the remaining fixed deposits and short term deposits earned interest rates ranging from 0.70% to 1.85% (2020: 1.70% to 3.35%) per annum and have average maturities of 2 to 91 days (2020: 2 to 91 days).

**13. SHARE CAPITAL**

	<b>Group and Company</b>			
	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b>2021</b>	<b>2020</b>	<b>2021 RM</b>	<b>2020 RM</b>
Issued and fully paid:				
Ordinary shares	<b>497,947,555</b>	497,947,555	<b>68,836,509</b>	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**

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Retained profit	<b>58,297,169</b>	52,027,139	<b>15,571,256</b>	13,201,657

## NOTES TO THE FINANCIAL STATEMENTS

### - 30TH SEPTEMBER, 2021

[CONT'D]

#### 15. DEFERRED TAXATION

	2021 RM	Group 2020 RM
At beginning of year	5,173,817	5,248,865
Transfer to statement of profit or loss (Note 21)	(220,316)	(75,048)
At end of year	4,953,501	5,173,817
The deferred tax liabilities recognised is in respect of the following:		
- Temporary difference between depreciation and capital allowance	4,953,501	5,173,817

#### 16. TRADE AND OTHER PAYABLES

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Trade payables	5,101,308	5,326,176	-	-
Other payables	6,569,516	5,475,349	21,753	42,469
Deposit received	36,000	36,000	-	-
Accruals	2,622,531	2,217,598	92,750	91,500
	14,329,355	13,055,123	114,503	133,969

##### (a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 (2020: 30 to 60) days term.

Included in trade payables is an amount of RM192,319 (2020: RM Nil) due to a corporation in which certain directors have interest. This amount is unsecured, interest free and repayable on demand.

##### (b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2020: 90) days term.

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

**17. OTHER OPERATING INCOME**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend income	1,200	–	–	–
Gain on disposal of property, plant and equipment	2,660	134,015	–	–
Interest income				
- Fixed deposits	493,967	924,101	215,802	276,309
- Repo	40,341	114,124	3,531	8,416
Rental income	266,095	156,613	–	–
Gain on foreign exchange				
- Realised	1,352,303	1,318,930	–	–
- Unrealised	402,979	–	–	–
Other income	174,446	82,657	–	–
	<b>2,733,991</b>	<b>2,730,440</b>	<b>219,333</b>	<b>284,725</b>

**18. PROFIT BEFORE TAXATION**

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation is arrived at after charging:				
Auditors' remuneration				
- Current year's provision	45,000	45,000	12,000	12,000
- Underprovision in prior year	–	1,500	–	–
Depreciation of investment property	105,581	76,318	–	–
Depreciation of property, plant and equipment	5,274,760	5,505,205	–	–
Directors' remuneration (Note 20)	6,685,224	6,246,615	785,500	788,200
Employee benefits expenses (Note 19)	13,930,092	13,261,277	–	–
Rental of office equipment	2,856	2,976	–	–
Unrealised loss on foreign exchange	–	385,651	–	–

**19. EMPLOYEE BENEFITS EXPENSES**

	Group	
	2021 RM	2020 RM
Salaries, wages, bonus and others	13,011,262	12,442,860
E.P.F.	753,463	658,372
E.I.S.	9,897	9,355
Socso	155,470	150,690
	<b>13,930,092</b>	<b>13,261,277</b>

## NOTES TO THE FINANCIAL STATEMENTS

### - 30TH SEPTEMBER, 2021

[CONT'D]

## 20. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fees	1,052,000	1,052,000	682,000	682,000
Remuneration	2,664,000	2,664,000	-	-
Allowance	76,500	84,200	38,500	46,200
Ex-gratia	65,000	60,000	65,000	60,000
Bonus	2,707,691	2,266,382	-	-
E.P.F.	117,000	117,000	-	-
E.I.S.	190	190	-	-
Socso	2,843	2,843	-	-
	<b>6,685,224</b>	<b>6,246,615</b>	<b>785,500</b>	<b>788,200</b>

## 21. TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysian income tax				
- Current year	11,801,302	9,766,635	51,062	66,108
- Under/(over)provision in prior year	321,563	(237,513)	23	1,315
	<b>12,122,865</b>	<b>9,529,122</b>	<b>51,085</b>	<b>67,423</b>
Deferred taxation (Note 15)	<b>(220,316)</b>	<b>(75,048)</b>	<b>-</b>	<b>-</b>
Income tax expense recognised in statement of comprehensive income	<b>11,902,549</b>	<b>9,454,074</b>	<b>51,085</b>	<b>67,423</b>

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	46,057,643	38,815,238	30,305,748	27,416,297
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	11,053,834	9,315,656	7,273,380	6,579,911
Income not subject to tax	(247,247)	-	(7,506,000)	(6,804,000)
Non-deductible expenses	739,914	450,979	283,682	290,197
Under/(over)provision of income tax in prior year	321,563	(237,513)	23	1,315
Under/(Over)provision of deferred tax in previous year	34,485	(75,048)	-	-
	<b>11,902,549</b>	<b>9,454,074</b>	<b>51,085</b>	<b>67,423</b>

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[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.

	2021	Group 2020
Profit for the year attributable to equity holders of the Company (RM)	34,155,094	29,361,164
Weighted average number of shares in issue	497,947,555	497,947,555
Basic earnings per share (sen)	6.86	5.90

### (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:

	2021		2020	
	Net dividend per share Sen	Amount RM	Net dividend per share Sen	Amount RM
Fourth/special interim single tier dividend paid	1.40	6,971,266	1.45	7,220,240
First single tier dividend paid	1.40	6,971,266	1.45	7,220,242
Second single tier dividend paid	1.40	6,971,266	1.10	5,477,625
Third single tier dividend paid	1.40	6,971,266	1.00	4,979,478
Total	5.60	27,885,064	5.00	24,897,585

Subsequent to the financial year, a fourth single tier dividend of 2.80 sen per share on 497,947,555 ordinary shares amounted to RM13,942,532 in respect of the financial year ended 30th September, 2021 was declared on 30th November, 2021 and paid on 24th December, 2021. This dividend has not been accounted for in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### - 30TH SEPTEMBER, 2021

[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:

	Note
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, 2021

[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.



## NOTES TO THE FINANCIAL STATEMENTS

### - 30TH SEPTEMBER, 2021

[CONT'D]

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

### (b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

#### Analysis of Financial Instruments by Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	30.9.2021		
	On demand or within one year RM	One to five years RM	Total RM
<b>Group</b>			
<b>Financial Liabilities</b>			
Trade and other payables	14,329,355	–	14,329,355
<b>Company</b>			
<b>Financial Liabilities</b>			
Trade and other payables	114,503	–	114,503
	30.9.2020		
	On demand or within one year RM	One to five years RM	Total RM
<b>Group</b>			
<b>Financial Liabilities</b>			
Trade and other payables	13,055,123	–	13,055,123
<b>Company</b>			
<b>Financial Liabilities</b>			
Trade and other payables	133,969	–	133,969

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[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:

	2021 RM	2020 RM
United States Dollar ("USD")	29,402,783	20,750,931
Euro ("EUR")	1,846,942	1,350,035
	<b>31,249,725</b>	<b>22,100,966</b>

#### Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible change in the USD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Gain/(Loss) in profit or loss	
	2021 RM	2020 RM
USD/RM - strengthened 10%	2,940,278	2,075,093
- weakened 10%	(2,940,278)	(2,075,093)
EUR/RM - strengthened 10%	184,694	135,004
- weakened 10%	(184,694)	(135,004)

## NOTES TO THE FINANCIAL STATEMENTS

### - 30TH SEPTEMBER, 2021

[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:

	2021 RM	Group 2020 RM
Rental of factory	226,800	108,000
Sub-contract services for topping of nylon cord on hoses	1,378,621	5,000

The significant related parties are Trelleborg Wellcall Sdn. Bhd., the associated company 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
<b>30.9.2021</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	10,000	10,000	-
Trade and other receivables (excluding prepayment)	6,536,086	6,536,086	-
Cash and bank balances	61,590,217	47,853,746	13,736,471
<b>Company</b>			
Trade and other receivables (excluding prepayment)	9,225,000	9,225,000	-
Cash and bank balances	13,325,010	13,325,010	-

NOTES TO THE FINANCIAL STATEMENTS  
- 30TH SEPTEMBER, 2021

[CONT'D]

**27. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)**

	Carrying amount RM	AC RM	FVTPL RM
<b>30.9.2021</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	14,329,355	14,329,355	-
<b>Company</b>			
Trade and other payables	114,503	114,503	-
<b>30.9.2020</b>			
<b>Financial assets</b>			
<b>Group</b>			
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
<b>Company</b>			
Trade and other receivables (excluding prepayment)	7,350,000	7,350,000	-
Cash and bank balances	12,855,792	12,855,792	-
<b>30.9.2020</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	13,055,123	13,055,123	-
<b>Company</b>			
Trade and other payables	133,969	133,969	-

**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.

## NOTES TO THE FINANCIAL STATEMENTS

### - 30TH SEPTEMBER, 2021

[CONT'D]

## 28. SEGMENT INFORMATION (CONT'D)

### Business Segments

The Group's business segments mainly comprise the manufacture and sale of rubber hose and related products.

Business segmental information has therefore not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, depreciation, amortisation and non cash expenses are mainly confined to one business segment.

### Geographical Segments

The manufacturing and investment holding segments are operated solely in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers while segment assets are based on the geographical location of assets.

	Revenue from external customers RM'000	Carrying amount of segment assets RM'000	Capital expenditure RM'000
<b>2021</b>			
Geographical location:			
Malaysia	12,209	144,475	111
Middle East	12,872	-	-
Europe	23,495	-	-
USA/Canada	37,297	-	-
Australia/New Zealand	18,677	-	-
Asia	33,323	-	-
South America	15,233	-	-
Africa	3,910	-	-
<b>Total</b>	<b>157,016</b>	<b>144,475</b>	<b>111</b>
<b>2020</b>			
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	-	-
<b>Total</b>	<b>134,920</b>	<b>136,250</b>	<b>1,334</b>

## 29. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 30th September, 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 10th January, 2022.

## LIST OF PROPERTIES OWNED BY THE GROUP AS AT 21 JANUARY 2022

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 2021 (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.	25	217,600	150,000	Leasehold expiring on 6th May, 2056	5,089,049	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.	15	286,973	190,000	Leasehold expiring on 6th May, 2056	6,389,916	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.	7	370,260	186,000	Leasehold expiring on 31st July, 2111	15,847,252	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.	Vacant land	–	52,711	–	Leasehold expiring on 6th May, 2056	2,941,572	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.	2	59,557	27,285	Leasehold expiring on 24th November 2055	4,202,430	2020

## ANALYSIS OF SHAREHOLDINGS

### AS AT 31 DECEMBER 2021

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 31 December 2021	:	7,121

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	151	2.12	7,296	0.00***
100 – 1,000	884	12.42	598,124	0.12
1,001 – 10,000	3,760	52.80	19,237,822	3.87
10,001 – 100,000	1,992	27.98	62,515,486	12.55
100,001 – 24,897,377(*)	332	4.66	320,031,999	64.27
24,897,378 and above (**)	2	0.02	95,556,828	19.19
Total	7,121	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 31 DECEMBER 2021

The Substantial Shareholders of Wellcall Holdings Berhad (holding 5% or more of the capital) based on the Register of Substantial Shareholdings of the Company and their respective shareholdings are as follows:-

Substantial Shareholders	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Maximum Perspective Sdn. Bhd.	55,989,478 °	11.24	–	–
Tan Kang Seng	1,687,500 #	0.34	55,989,478 ^	11.24

#### Notes:

- (#) 1,687,500 shares are held through HLIB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Tan Kang Seng.  
 (°) 55,989,478 shares are held through HLIB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Maximum Perspective Sdn. Bhd..  
 (^) Deemed interested by virtue of Section 8(4)(c) of the Companies Act, 2016, through his shareholding in Maximum Perspective Sdn. Bhd. via HLIB Nominees (Tempatan) Sdn. Bhd. pledged securities account for Maximum Perspective Sdn. Bhd..

ANALYSIS OF SHAREHOLDINGS  
AS AT 31 DECEMBER 2021

[CONT'D]

**DIRECTORS' SHAREHOLDINGS AS AT 31 DECEMBER 2021**

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 31 DECEMBER 2021**

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 31 December 2021.

**OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES AS AT 31 DECEMBER 2021**

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 2021.



## ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2021

[CONT'D]

## THIRTY LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2021

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	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)	39,567,350	7.95
3	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	24,232,775	4.87
4	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	24,169,105	4.85
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	17,181,300	3.45
6	HUANG SHA	16,945,317	3.40
7	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UNION BANCAIRE PRIVEE, UBP SA, SINGAPORE BRANCH	15,026,250	3.02
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	14,928,250	3.00
9	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	12,099,500	2.43
10	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR FORTRESS VALUE TACTICAL FUND	11,807,200	2.37
11	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	8,284,755	1.66
12	AMANAH RAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	7,751,100	1.56
13	HSBC NOMINEES (ASING) SDN BHD QUINTET LUXEMBOURG FOR SAMARANG UCITS - SAMARANG ASIAN PROSPERITY	7,305,500	1.47
14	LEONG HON CHONG	5,369,350	1.08
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	5,010,200	1.01
16	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN GEOK LAN	4,557,700	0.92
17	CHENG SHU NU	4,537,375	0.91
18	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-TEMP)	4,078,900	0.82
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	3,206,200	0.64
20	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,992,950	0.60

ANALYSIS OF SHAREHOLDINGS  
AS AT 31 DECEMBER 2021

[CONT'D]

**THIRTY LARGEST SHAREHOLDERS AS AT 31 DECEMBER 2021 (CONT'D)**

No	Shareholders	No. of Shares	%
21	TAN GEOK LAN	2,920,000	0.59
22	CHIU MING TE	2,874,375	0.58
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KHONG SHOONG (E-IMO/JSI)	2,868,600	0.58
24	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO LIA ENG (CCTS)	2,811,000	0.56
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	2,745,000	0.55
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN	2,250,000	0.45
27	TAN JOO CHIN	2,186,850	0.44
28	LEE CHEAN SEONG	2,124,037	0.43
29	LIN CHING LING	1,956,237	0.39
30	ALJEAN TIO PUEY JIN	1,829,350	0.37

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting ("16th AGM") of Wellcall Holdings Berhad ("the Company") will be held virtually through the live streaming from the broadcast venue at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000 Kuala Lumpur on Monday, 21st February 2022 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 30th September 2021 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To approve the payment of additional Directors' fees of RM75,000.00 to Non-Executive Directors for the financial year ended 30th September 2021. *(Please refer to Explanatory Note 2)  
(Ordinary Resolution 1)*
3. To approve the payment of Directors' fees for an amount up to RM1,500,000.00 and Directors' benefits (excluding Directors' fees) for an amount up to RM150,000.00 payable to the Non-Executive Directors on a monthly basis for the period from 1st October 2021 until the Seventeenth Annual General Meeting of the Company. *(Please refer to Explanatory Note 2)  
(Ordinary Resolution 2)*
4. To re-elect the following Directors who retire pursuant to Clause 89 of the Company's Constitution and being eligible, have offered themselves for re-election:-
  - (a) Datuk Ng Peng Hong @ Ng Peng Hay *(Ordinary Resolution 3)*
  - (b) Mr. Huang Sha *(Ordinary Resolution 4)*
  - (c) Mr. Yong Peng Tak *(Ordinary Resolution 5)*
  - (d) Ms. Huang Yu Fen *(Ordinary Resolution 6)*
5. To re-appoint Messrs Ong & Wong as Auditors of the Company for the financial year ending 30th September 2022 and to authorise the Directors to deliberate on the Auditors' remuneration. *(Ordinary Resolution 7)*

## NOTICE OF THE ANNUAL GENERAL MEETING

[CONT'D]

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

**6. RETENTION OF MR. YANG CHONG YAW, ALAN AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"THAT Mr. Yang Chong Yaw, Alan, having served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as the Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

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

**7. RETENTION OF MR. GOH HOON LEUM AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"THAT Mr. Goh Hoon Leum, having served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as the Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

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

**8. RETENTION OF DATUK NG PENG HONG @ NG PENG HAY AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"THAT subject to the passing of Ordinary Resolution 3, Datuk Ng Peng Hong @ Ng Peng Hay, having served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as the Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

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

**9. RETENTION OF DATO' HAJI MOHTAR BIN NONG AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"THAT Dato' Haji Mohtar Bin Nong, having served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as the Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

*(Please refer to  
Explanatory Note 3)  
(Ordinary Resolution 11)*

**10. AUTHORITY TO ISSUE SHARE UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("MAIN LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company at any time to such persons, upon such terms and conditions and 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 must not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time (Proposed 20% General Mandate").

*(Please refer to  
Explanatory Note 4)  
(Ordinary Resolution 12)*

AND THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31st December 2022.

## NOTICE OF THE ANNUAL GENERAL MEETING

[CONT'D]

AND THAT with effect from 1st January 2023, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Rule 6.03 of the MAIN LR of Bursa Securities provided that the aggregate number of such new shares to be issued by the Company from time to time, at such price, to such persons and for such purposes and such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

AND THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

Whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate")

AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued on Bursa Securities;

AND THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

## NOTICE OF THE ANNUAL GENERAL MEETING

[CONT'D]

**11. 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 21st January 2022 ("the Mandate");

*(Please refer to  
Explanatory Note 5)  
(Ordinary Resolution 13)*

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)."

12. 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 : 21st January 2022

## NOTICE OF THE ANNUAL GENERAL MEETING

[CONT'D]

**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 had, at its Fifteenth AGM ("15th AGM") held on 22 February 2021, obtained approval from the shareholders in respect of:-*

- (a) the payment of Directors' fees of RM977,000 to the Non-Executive Directors ("NEDs") for the period from 1 October 2020 until the 16th AGM; and*
- (b) the payment of the Directors' benefits payable (excluding Directors' fees) an amount up to RM130,000.00 to Non-Executive Directors for the period from 23 February 2021 until the next Annual General Meeting of the Company*

*The Non-Executive Directors remuneration policy of the Company and its subsidiaries for the financial year ended 30 September 2021 is as follows:-*

	<b>Company</b>		<b>Board of subsidiaries</b>		<b>Total</b>	
	<b>Directors' Fee (RM)</b>	<b>Meeting allowance and claimable benefits (RM)</b>	<b>Directors' Fee (RM)</b>	<b>Meeting allowance and claimable benefits (RM)</b>	<b>Directors' Fee (RM)</b>	<b>Meeting allowance and claimable benefits (RM)</b>
<i>Chairman</i>	120,000	26,500	230,000	—	350,000	26,500
<i>Other Non-Executive Directors</i>	562,000	63,000	140,000	—	702,000	63,000
<b>Total</b>					1,052,000	89,500

*Details of the Directors' Remuneration for the financial year ended 30 September 2021 are enumerated on page 39 of the Corporate Governance Overview Statement of the Company's annual report.*

## NOTICE OF THE ANNUAL GENERAL MEETING

[CONT'D]

**Explanatory Notes on Ordinary and Special Businesses:- (Cont'd)****2. Item 2 and 3 of the Agenda (Cont'd)**

*The Directors' Fees payable to the Non-Executive Directors for the financial year ended 30 September 2021 was exceeded the amount of RM977,000 that was approved by the shareholders at the 15th AGM of the Company in 2021. As agreed by the Board of Directors of the Company, the shareholders' approval shall be sought at the 16th AGM on the Non-Executive Directors' remuneration of the Company and its subsidiaries through two (2) separate resolutions as follows:*

- (i) Ordinary Resolution 1 on the payment of the additional Non-Executive Directors' fees of RM75,000.00 for the financial year ended 30 September 2021; and*
- (ii) Ordinary Resolution 2 on the payment of Non-Executive Directors' fees and other benefits for the Non-Executive Chairman and other Non-Executive Directors for a period from 1 October 2021 until the 17th AGM of the Company.*

*The estimated Non-Executive Directors' fees proposed for the financial period from 1 October 2021 until the 17th AGM of the Company are derived based on the current Board size.*

*The benefits payable to the Non-Executive Directors comprising of meetings allowances based on actual attendance of meetings by the Non-Executive Directors and other claimable benefits including reimbursable expenses incurred in the course of carrying out their duties as Directors. The payment of benefits to the Directors will be made by the Company on a monthly basis and/or as and when incurred.*

*Ordinary Resolution 2 is to facilitate payment of Directors' fees and benefits for the financial year 2022/2023.*

*In the event that the proposed Non-Executive Directors' fees and benefits payable are insufficient due to the enlarged Board size, the Company will seek Shareholders' approval at the 17th AGM of the Company for the additional Directors' fees and benefits payable to meet the shortfall.*

**3. Items 6 to 9 of the Agenda**

*For Ordinary Resolutions 8 to 11, 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 Director on 17th April 2006*
- (b) Mr. Goh Hoon Leum was appointed as Independent Non-Executive Director on 8th December 2010*
- (c) Datuk Ng Peng Hong @ Ng Peng Hay was appointed as an Independent Non-Executive Director on 5th January 2012; and*
- (d) Dato' Haji Mohtar Bin Nong was appointed as an Independent Non-Executive Director on 3rd January 2012*

*The abovementioned Directors have served the Company for more than nine (9) years as at the date of the notice of 16th 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 them to continue act as Independent Non-Executive Directors of the Company subject to the approval from the Shareholders of the Company through a two-tier voting process pursuant to Practice No. 5.3 of the Malaysian Code on Corporate Governance 2021:-*

- (a) Mr. Yang Chong Yaw, Alan;*
- (b) Mr. Goh Hoon Leum;*
- (c) Datuk Ng Peng Hong @ Ng Peng Hay; and*
- (d) Dato' Haji Mohtar Bin Nong.*



## NOTICE OF THE ANNUAL GENERAL MEETING

[CONT'D]

4. Item 10 of the Agenda

Bursa Securities had vide its letters dated 16th April 2020 and 23rd December 2021 respectively, allowed and extended the implementation period of the increased general mandate of not more than twenty per centum ("20%") of the total number of issued shares (excluding treasury shares) for new issue of securities. The Ordinary Resolution 12 is to seek a renewal general mandate for issuance and allotment of shares by the Company from time to time pursuant to the Companies Act 2016 at the forthcoming 16th AGM of the Company provided that aggregate number of shares allotted pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31st December 2022. With effect from 1st January 2023, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Rule 6.03 of the MAIN LR of Bursa Securities.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as the Proposed 20% General Mandate will give the Directors the flexibility and cost effectively to raise funds quickly and efficiency during this challenging time to ensure the long term sustainability of the Company and safeguard the interest of the Company and the shareholders.

The purpose of this renewal general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or such other purposes as the Directors may deem fit in the best interest of the Company.

5. Item 11 of the Agenda

Ordinary Resolution 13 proposed under Item 11 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 13 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 13 is set out in the Circular to Shareholders of the Company dated 21st January 2022 which is despatched together with the Annual Report 2021.

## NOTICE OF THE ANNUAL GENERAL MEETING

[CONT'D]

**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 16th AGM of the Company will be held as 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 16th July 2021 (including any amendments that may be made from time to time) ("**Guidance Note**") to allow general meetings under National Recovery Plan to be conducted virtually. Please follow the procedures as set out in the Administrative Guide which is available at the Company's website at [www.wellcallholdings.com](http://www.wellcallholdings.com) or despatched together with the Annual Report 2021.
- ii. Pursuant to the Guidance Note and the Frequently Asked Questions on virtual general meetings issued by Suruhanjaya Syarikat Malaysia ("SSM FAQs"), an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia and that an online meeting platform shall be deemed to be in Malaysia if the registered domain name is registered with MYNIC Berhad.
- iii. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys 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 16th 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 16th 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.
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 or fax to (603) 7732 7997 or email to [info@onecapital.com.my](mailto:info@onecapital.com.my), 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 16th AGM for the procedures on Remote Participating and Voting ("**RPV**").

## NOTICE OF THE ANNUAL GENERAL MEETING

[CONT'D]

**Notes:- (Cont'd)**

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 14th February 2022 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 16th 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 16th 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 16th 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) for the collection, use and disclose of the proxy(ies) and/or representative(s) personal data by the Company 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 **SIXTEENTH 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 16th 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 16th AGM set out on Page 140.

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

**FORM OF PROXY**

<b>Number of Shares Held</b>		<b>CDS Account No.</b>	
		<b>Telephone No.</b>	

\*I/We ..... (FULL NAME IN CAPITAL LETTERS) ..... NRIC No. ....

of ..... (FULL ADDRESS) .....

being a \*Member/Members of **WELLCALL HOLDINGS BERHAD**, do hereby appoint the following person(s):-

FULL NAME (IN BLOCK):	NRIC/PASSPORT NO.:	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
E-MAIL ADDRESS:	MOBILE NO.:		

\* and/or

FULL NAME (IN BLOCK):	NRIC/PASSPORT NO.:	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
E-MAIL ADDRESS:	MOBILE NO.:		

or failing whom, the CHAIRMAN of the General Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Sixteenth Annual General Meeting ("16th AGM") to be held as a virtual meeting through live streaming and online remote voting from the broadcast venue at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000 Kuala Lumpur on Monday, 21st February 2022 at 10.00 a.m. and at any adjournment thereof.

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 30th September 2021 together with the Reports of the Directors and Auditors thereon.			
		<b>Resolution</b>	<b>For</b>	<b>Against</b>
2	To approve the payment of additional Directors' fees of RM75,000.00 to Non-Executive Directors for the financial year ended 30th September 2021.	1		
3	To approve the payment of Directors' fees for an amount up to RM1,500,000.00 and Directors' benefits (excluding Directors' fees) for an amount up to RM150,000.00 payable to the Non-Executive Directors on a monthly basis for the period from 1st October 2021 until the Seventeenth Annual General Meeting of the Company.	2		
4	To re-elect Datuk Ng Peng Hong @ Ng Peng Hay, 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. Huang Sha, 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 Mr. Yong Peng Tak, 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-elect Ms. Huang Yu Fen, the retiring Director, who retires by rotation and being eligible, offers herself for re-election in accordance with Clause 89 of the Company's Constitution.	6		
8	To re-appoint Messrs Ong & Wong as Auditors of the Company for the financial year ending 30th September 2022 and to authorise the Directors to deliberate on the Auditors' remuneration.	7		
	<b>Special Business</b>			
9	<b>Retention of Mr. Yang Chong Yaw, Alan as Independent Non-Executive Director</b>	8		
10	<b>Retention of Mr. Goh Hoon Leum, Alan as Independent Non-Executive Director</b>	9		
11	<b>Retention of Datuk Ng Peng Hong @ Ng Peng Hay as Independent Non-Executive Director</b>	10		
12	<b>Retention of Dato' Haji Mohhtar Bin Nong as Independent Non-Executive Director</b>	11		
13	<b>Authority to Issue Share Under Sections 75 and 76 of the Companies Act, 2016.</b>	12		
14	<b>Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature</b>	13		

As witness \*my/our hand this ..... day of .....

Signature of Member(s)/Common Seal

\* Strike out whichever not applicable.

**NOTES:-**

- A member of the Company who is entitled to attend, speak and vote at this 16th 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 or fax to (603) 7732 7997 or email to [info@onecapital.com.my](mailto:info@onecapital.com.my), 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 16th 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 14th February 2022 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 16th 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 16th 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 16th 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 16th AGM dated 21st January 2022.



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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

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