

# WELLCALL HOLDINGS BERHAD

(Company No. 707346-W)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTEENTH ANNUAL GENERAL MEETING HELD AT THE PINES HOTEL, MEETING ROOM R1, LEVEL 6, TOWER A, JAYA 99, NO. 99, JALAN TUN SRI LANANG, 75100 MELAKA ON MONDAY, 25 FEBRUARY 2019 AT 10.00 A.M..**

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## **SUMMARY OF KEY MATTERS DISCUSSED AT THE MEETING**

A summary of the questions and/or comments raised by the shareholders of the Company and the responses provided by the Chairman, the Group Managing Director, the Executive Director, the General Manager and/or the Financial Controller, where relevant, were as follows :-

### Question and Answer Session

- (i) What are the current production level of the extrusion and the mandrel hoses that the Company produces thus far?

Response :

The General Manager of the Company replied that the manufacturing process of the extrusion and the mandrel hoses are different. As at the date of this meeting, the output of the extrusion hose is approximately ten times more than the mandrel hose.

- (ii) What is the revenue proportion generated from the extrusion and the mandrel hoses?

Response :

The revenue contributed by both products are approximately 95% to 98% of the total revenue of the group.

- (iii) What are the current Company's competitors?

Response:

The Chairman informed the meeting that it is not appropriate for the management to reveal their competitors' name.

- (iv) What is the core strength of the Company?

Response:

The Executive Director of the Company clarified that the Company mainly focuses on product innovation and quality improvement. He added that the core strength of the Company is diligently in improving product quality and services.

- (v) The Company has entered into a joint venture agreement with Swedish Trelleborg Holding AB to produce and also to market the composite hose and fittings. What

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are the characteristic of the composite hose and the difference between composite hose and Trelleborg plastics? How would be the composite hose production can contribute to the Company's earnings?

Response:

The Executive Director of the Company clarified that the weight of the composite hose is lighter with flexible structure. Composite hose is mainly use to transfer petroleum and chemicals. The applications of composite hose include those for road and rail tanker trucks, hoses for aviation fuel and aggressive chemicals, shift to shore transfer, liquid loading and unloading operations, etc. The Executive Director also clarified that the multi-layer construction of the composite hose is entirely different product as compared to the Company's existing rubber hose product. The Company has given this opportunity to joint-venture with a well-known leader in engineered polymer solutions provider and this joint-venture represents a new milestone to enable the Company to compete with other industry players. Currently, the production of the composite hose is at the preliminary stage which Trelleborg will contribute technological know-how in manufacturing of composite hoses. Thus, it would take some time for this new production line to generate more revenue and earnings.

(vi) How does the Company fund the joint venture with Swedish Trelleborg Holding AB?

Response:

The Group would fund this joint-venture through internally generated funds with no borrowing.

(vii) What is the market segmentation of the composite hose after having this joint venture with Swedish based Trelleborg Group?

Response:

The market segment for the composite hose would expect to target the ASEAN region. The Company possess the strength and competitive edge network to penetrate the ASEAN market. Hence, the expansion of the product line in the composite hose is viable to increase the market share of the Company in Asia Region.

(viii) What is the utilisation level of the factories of the Company?

Response:

As at the date of this meeting, the factories of the Company are running at its full capacity for both the production of the extrusion and the mandrel lines except for few production lines have been affected due to the upgrading of machinery and equipment.

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(ix) What is the general outlook of the Company?

Response:

The Chairman replied that the outlook of the Company is positive with all the support of shareholders of the Company, as the Company is improving its technology know-how to strengthen its positioning in the global market. The Company would expect to build an international brand in future.

The Chairman closed to the Question and Answer session and thanked the shareholders of the Company for their questions and for sharing their thoughts.

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