

WELLCALL HOLDINGS BERHAD

Registration No. 200501025213 (707346-W)

17th Annual General Meeting (24 February 2023, Friday)

Questions Posted By Shareholders During AGM Session

Q1. Hi all boards of management, I wanted to ask is Wellcall ready to face possible recession in 2023, would it be major impact on Wellcall business? Thank you.

A1. The Group is confident to overcome the challenges ahead especially inherently with strong fundamentals, whilst coupled with foreseeable positive sales performance and organic growth.

Q2. The Group's spent total of RM0.5 million on property, plant and equipment mainly for maintenance and upgrading of existing production lines in order to further improve production efficiency and productivity.

(a) What is the expected maintenance capex for FY2023?

(b) One of the Group's challenges is foreign workers. Is the group still experience foreign labour shortages now? If yes, what is the plan to mitigate it?

(c) During the current financial year, the Group and the Company fully impaired its investment in TWSB by RM2,895,714 and RM4,419,648 respectively, on the assumptions that the associate is continuous loss making and does not contribute any future economic benefits to the Group and the Company. Is the company expecting can turn around TWSB in near future? Any plan?

(d) Imbalance Cost Pass-Through (ICPT) implementation for the period of 1 January 2023 – 30 June 2023 ICPT by TNB, what is the impact to the group? If yes, what is the plan to close the gaps?

A2. The forecasted maintenance capital expenditure for the FY2023 is approximately RM2 million to RM3 million. The Group has recruited sufficient foreign labours. The Management is in the midst of reassessing and evaluating the feasibility on the going concern of TWSB, yet to be concluded. The ICPT is not significantly impacting the Group's overall expenses.

Q3. In previous AGM, the management has informed that the JV Trelleborg Wellcall Sdn Bhd has commenced operation after some setup delay during the pandemic.

(a) What are the new challenges faced now, such that the Group decided to fully impaired the investment?

(b) What is the Group future plan for the composite hose market?

A3. The JV Trelleborg Wellcall Sdn. Bhd. is facing a competitive pricing due to lower quality of products supplied by competitors in the market, higher logistics costs due to low quantity order book and softening of the market demand impacted from the unpredicted Covid-19 pandemic. The Management is in the midst of reassessing and evaluating the feasibility on the going concern of the JV Trelleborg Wellcall Sdn. Bhd., yet to be concluded.

Q4. What are the reasons that Datuk Ng Peng Hong @ Ng Peng Hay has now been designated as "non-independent" non-executive chairman? Datuk Ng has been an "independent" non-executive chairman for many years.

A4. Reference is made to Page 35 of the AR2022, specifically Paragraph 5.3(c), it is stated that Datuk Ng has been an independent Chairman for many years, i.e. he was appointed to the Board on 17 April 2006. Upon the Nomination Committee's recommendation, the Board of the Company resolved that Datuk Ng be re-designated as the Group Non-Independent Non-Executive Chairman with effect from 3 October 2022. This re-designation is to be in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") which took effect on 19 January 2022.

Questions Posted By Shareholders During AGM Session (continued)

- Q5. In the past, the Annual Reports will list the individual director's remuneration. This is a good practice as it demonstrates transparency and good corporate governance.**
(a) Why is the disclosure removed from 2022 Annual Report?
(b) Can such disclosure be made available again in the next year Annual Report?
- A5. The detailed disclosure of each Director's remuneration and the breakdown of the remuneration of each Director from the Company for the financial year ended 30 September 2022 ("FYE 2022") was disclosed in the Corporate Governance Report of the Company for FYE 2022. This is in compliance with the MMLR as well as the Malaysian Code on Corporate Governance. This has been stated on Page 41, Paragraph 8.1 of the AR 2022.
- Q6. Refer to Note 29. The revenue from USA/ Canada has grown almost 30% YoY.**
(a) Any reason for the fast growth in North America?
(b) Is the trend likely to sustain?
- A6. The growth was mainly due to gradual recovery of demand for low and medium pressure industrial rubber hose market that had resulted in increased of replacement demand order book. We strive to sustain the upbeat momentum of the Group's performance to our level best.
- Q7. Dear BOD - Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times. TQ.**
- A7. Thank you and we may consider your suggestions in future. We reward our shareholders through dividend payments.
- Q8. Does the company have any share-buyback plan?**
- A8. We do not rule out any possibilities of corporate exercise that enhance the value of the Group at the appropriate time.
- Q9. Does the company have plan to install solar panel on the roof-top of the factory?**
- A9. The Company via its subsidiary is reviewing this as part of the Group's ESG initiatives other than implementing the natural gas consumption.
- Q10. PM has request TNB to increase the power tariff for Export-Driven company. How much the tariff-hike will affect the company profit margin and plan to mitigate?**
- A10. The subsidiary company is enjoying a special tariff for its power supply. The impact will depend on the power consumption and new tariff imposed by TNB. Nevertheless, the Company via its subsidiary is reviewing the solar panel system as part of the ESG initiatives and in the midst of implementing the natural gas consumption to minimize power consumption costs.
- Q11. Good morning. Full support for all the resolutions.**
- A11. Appreciate and thank you.

Questions Posted By Shareholders During AGM Session (continued)

- Q12. The company has initiated product diversification into composite hose and fittings in year 2019 by investment in associate company TWSB. This investment is continuing losing money after 3 years!**
(a) Is this a right decision?
(b) Can management highlight the progress of TWSB revenue and profit and loss?
(c) Will this investment bring positive cash flow in future?
- A12. TWSB is making losses mainly due to softening of the market demand impacted from the unpredicted Covid-19 pandemic, competitive pricing due to lower quality of products supplied by competitors in the market and amongst others was high logistics costs. The Management is in the midst of reassessing and evaluating the feasibility on the going concern of TWSB, yet to be concluded. Decision making is merely part of the whole process in a sequence of events. The Management would at its level best to proceed with the most appropriate decision for the benefit of the Group at every point of time.
- Q13. The Associate Company, Trelleborg Wellcall continue to report losses in FY2022 with Revenue of only RM616,081.**
(1) Based on orders received as at to date, will TWSB improve its performance in FY2023?
(2) When will TWSB be able to breakeven and report a profit?
- A13. The Associate Company is making losses mainly due to softening of the market demand impacted from the unpredicted Covid-19 pandemic, competitive pricing due to lower quality of products supplied by competitors in the market and amongst others was high logistics costs. The Management is in the midst of reassessing and evaluating the feasibility on the going concern of the Associate Company, yet to be concluded.
- Q14. This Company is in good hands. Continues to make profit. All my votes are in favour.**
- A14. Appreciate and thank you.
- Q15. The Net Margin FY22 is dropping from average of last 3 years (2019 to 2021) of 21.71% to 18.84%! Does management will expect it will be improved in future or this business is at maturity cycle?**
- A15. The net margin performance will be driven by several factors such as demand and supply mechanism of raw materials that determines the raw material pricing, operating costs, demand for low and medium pressure industrial rubber hose and the volatility of global market sentiment. We will do our level best to maintain a satisfactory profit margin all the time. Low and medium pressure industrial rubber hose is a growing industry and yet to reach its sunset positioning. Therefore, there is still room for our business continues to develop and progress further.
- Q16. Please consider giving e voucher to participating shareholder thank you.**
- A16. Thank you and we may consider your suggestion in future. We reward our shareholders through dividend payments.

Questions Posted By Shareholders During AGM Session (continued)

- Q17. Leong Hon Chong had fully retired and not involve in management anymore?**
(a) Who's his replacement?
(b) Had he passed on his deep knowledge and experience to the next person? Thank you.
- A17. Mr. Leong Hon Chong is still an Executive Director in a subsidiary company and is part of the Group's key Management. Our succession plans are on-going and Mr. Leong has been passing his deep knowledge and experience to the next person. We have identified the next person which is from the Finance team.
- Q18. Wellcall reported an impairment loss on investment for TWSB in FY2022 amounted to RM2,895,714 (page 132 of Annual Report).**
(a) What is the reason for this huge impairment?
(b) Will Wellcall be required to make further impairment for FY2023 in view of the continued losses reported by TWSB?
- A18. The allowance for impairment loss was a prudent approach due to loss making position of the TWSB and also to comply with the applicable accounting standards. The Group has made a full impairment on this and no further impairment is required.
- Q19. As a shareholder, I am very grateful to the company's directors for still able to distribute dividends during the hard time. My question is, since the demand for rubber hoses has been increasing globally as stated in the latest QR report, does the company has plans for expansion locally or overseas?**
- A19. The Management does not rule out any expansion locally and overseas. In fact, the Management is constantly seeking additional avenues and opportunities to grow the Company to ensure that the Company is able to reward the shareholders accordingly.
- Q20. With the high dividend pay-out ratio of more than 70% over the years, how does the company manage to have enough cash to purchase machines and hire workers to meet the increasing demand for rubber hoses globally? Please kindly explain.**
- A20. The Group practices sound credit terms and credit control procedures. Moreover, the Group monitors its cashflows closely and carefully without venturing into risky investments. The Group constantly spending wisely and conserving sufficient cash to meet its working capital as well as obligations.
- Q21. Mr Chairman, I'm a long time and loyal shareholder of the company. I would like to request that the BOD kindly give e- wallet as a token of appreciation for attending today's RPV.**
- A21. Thank you and we may consider your suggestion in future. We reward our shareholders through dividend payments. Appreciate your long-term loyalty.

Questions Posted By Shareholders During AGM Session (continued)

- Q22. How much does the company spend on this virtual AGM? Would the BOD kindly give shareholders with e- wallet as a token of appreciation for attending today's RPV. I would like to request a printed hard copy of the company annual report. Thank you.**
- A22. Thank you and we may consider your suggestion in future. We reward our shareholders through dividend payments. The virtual AGM cost the Company approximately RM18K. Noted on your hardcopy request of our annual report. You may also e-mail us at wellcall@wellcall.com.my or call us at 05-3668806 for future request.
- Q23. The total number of employees of Wellcall Group reduced from a total of 378 personnel in FY2021 to 354 personnel in FY2022 with a big decrease in the General Staff category from 352 to 296 (page 69 - Sustainability Statement). However, Management Staff increase by more than 100% to 58 personnel in FY2022.**
(a) Is the current staff count of 354 personnel sufficient for the Group's operations?
(b) What are the reason(s) for the increase in Management Staff in FY2022 vs FY2021?
- A23. The previous staff headcount was insufficient to support the full operation. However, the Group continues its recruitment to fill in the relevant vacancies. The increased in Management Staff is to support the expanding operations, part of the succession plan and to develop human capital for our talent pool programme.
- Q24. The Group issued a purchase order to acquire a full automatic mandrel hose assembly machine with approx. consideration of RM5.37 million (page 147 of the Annual Report). Apart from this capital expenditure, what will be the expected total capex to be incurred for FY2023?**
- A24. The total forecasted capital expenditure for FY2023 would be approximately RM8 million including maintenance and upgrading capital expenditure, apart from the above amount as disclosed in the Annual Report.
- Q25. The Company replied to MSWG's question on order book increase by 19% in FY2023. What is current book trend so far since the end of the financial year as at 30 Sept 2022 up to the current AGM date?**
- A25. The Group is positive of the outlook for the current financial year and at our level best to maintain a double-digit growth should the global market sentiment improves coupled with the gradual increase in the demand for low and medium pressure industrial rubber hose.
- Q26. None of my questions were answered during the meeting. This is not a very transparent AGM.**
- A26. In view of too many questions being posted and to be replied during the AGM, we have selected few questions based on random basis and not by name basis. However, we have also mentioned in the AGM that any unanswered questions will be responded after the AGM, which is available at our website. We encourage shareholders to post questions prior to the AGM via the e-mail address being provided or to our general e-mail at wellcall@wellcall.com.my. Shareholders may also call in our office or via our Investors Relationship channel. We apologize for any inconvenient caused.

Questions Posted By Shareholders During AGM Session (continued)

- Q27. I have submitted more than 4 questions during before the AGM commences at 10 am and none of it were answered despite the having the whole Board and Senior Management present in the AGM. Please do not use the excuse that "in the interest of time" as AGM is only held once a year and shareholders' questions and views should be heard.**
- A27. Please refer to our response to Question 26, i.e. A26. above. We apologize for any inconvenient caused.
- Q28. Good morning to all. Thank you for delivering another commendable financial performance. Kudos to all hardworking Directors and staff of our Company. What Covid? No effect on our Company. A minor hiccup I must admit for WellCall. I am very confident revenue of RM200 million for 2023 is coming soon. Also AGMO Solutions had made participation in this AGM so convenient. Super job by them. Hope our Company will take care of hardcore shareholders participating today with a token of appreciation. Whatever it is, we remain strongly behind our Company.**
- A28. Appreciate and thank you for your strong support and confidence for the Group as well as the Board of Directors and our team of employees. Good to hear that our virtual solution was convenient and positive feedback from you. We may consider your suggestion in future. We reward our shareholders through dividend payments.
- Q29. Dear BOD, hope that will give e-wallet to shareholders that attend today AGM, thanks.**
- A29. Thank you and we may consider your suggestion in future. We reward our shareholders through dividend payments.
- Q30. When to pay dividend?**
- A30. We will declare dividend based on the performance and results of the Group. You may follow through our announcements or quarterly results announcements for any dividend to be declared and paid.
- Q31. How much it cost using VOTE2U platform for meeting.**
- A31. The virtual AGM cost the Company approximately RM18K.
- Q32. Can we have some company product to help promote the sale.**
- A32. Thank you and appreciate for your kind suggestion with warm hospitality. Our low and medium pressure industrial rubber hose are for industrial use, which we sell to our network of domestic and global distributors. You may help to promote via information published in our website.
- Q33. Can we have some e-wallet for a cup of drink while attend the AGM.**
- A33. Thank you and we may consider your suggestion in future. We reward our shareholders through dividend payments.

Questions Posted By Shareholders During AGM Session (continued)

Q34. How much profit this year?

A34. Our Group recorded an approximately RM33 million profit after taxation for the FY2022. We strive at our level best to produce a commendable performance and results for FY2023.

Q35. Hold meeting at own building to cut expenses.

A35. Thank you and we may consider your suggestion in future.

Q36. So much director fees, please reward the shareholder some e-wallet to have a cup of drink.

A36. Thank you and we may consider your suggestion in future. We reward our shareholders through dividend payments.

Q37. How many Shareholders attend this meeting.

A37. Based on the registration data given by the Company's Share Registrar as at 10.00 a.m. on 24 February 2023, a total of one hundred (100) shareholders/proxies had registered through RPV facilities.

Q.38. Can I have a hard copy Annual Report.

A38. Yes, you can. You may also request a copy via e-mail at wellcall@wellcall.com.my in future.

Q.39. Virtual meeting no need so many to Board member to attend to save cost.

A39. Cost of the virtual meeting is a fixed cost regardless of the number of participants.

Q40. We have not start the QnA session yet, but can't access the AGM MEETING anymore.

A40. Apologize for the inconvenient caused. This could be due to technical challenges from either one or both sides.

Q41. Ask auditor to contribute a cup of drink for participant.

A41. Thank you for your suggestion. We reward our shareholders through dividend. Auditors is an independent party and they carry out their duties and responsibilities as independent auditors.

Q42. Reward participant to encourage support for VIRTUAL MEETING.

A42. Thank you and we may consider your suggestion in future. We reward our shareholders through dividend payments.

Questions Posted By Shareholders During AGM Session (continued)

- Q43. Provide a cup of Tea to participant as a consolation for support the company shares for so long, after all not many attend the meeting.**
- A43. Thank you and we may consider your suggestion in future. We reward our shareholders through dividend payments.
- Q44. Why the Meeting was jam, no more sound.**
- A44. Apologize for the inconvenient caused. This could be due to technical challenges from either one or both sides.
- Q45. Can't hear the AGM MEETING, it was jam.**
- A45. Apologize for the inconvenient caused. This could be due to technical challenges from either one or both sides.
- Q46. Something wrong with the broadcast, can't attend the AGM anymore.**
- A46. Apologize for the inconvenient caused. This could be due to technical challenges from either one or both sides.
- Q47. What happen to the meeting, can't access anymore.**
- A47. Apologize for the inconvenient caused. This could be due to technical challenges from either one or both sides.
- Q48. Good morning. Wah! Shareholders and staff are very happy with our Company. Continues to make profit, even during the Covid period. Thank you very much to all. Do consider rewarding patriotic shareholders participating today with some token of appreciation. Thank you for appointing AGMO solutions. Very convenient voting system. Good job by them.**
- A48. Thank you and we may consider your suggestion in future. We reward our shareholders through dividend payments. Appreciate for your strong support and confidence for the Group as well as the Board of Directors and our team of employees. Good to hear that our virtual solution was convenient and positive feedback from you.
- Q49. Does the company see more orders from the US due to the trade war between China and the US?**
- A49. The Group is positive of the outlook for the current financial year and foresees that orders from the US market would remain positive especially with the gradual increase in the demand for low and medium pressure industrial rubber hose.

Questions Posted By Shareholders During AGM Session (continued)

- Q50. In the latest QR report, the company is positive on the high demand on industrial hoses. However, with high inflation around the world, trade war between China and the US, and the war between Russia and Ukraine, what makes the company that confident in the demand of rubber hoses with so many headwinds moving forward?**
- A50. Baring on unforeseen circumstances and challenges ahead, the Group remains confident mainly due to the gradual increase in the demand for low and medium pressure industrial rubber hose globally coupled from the continuous orders of replacement demand by our supportive loyal customers.
- Q51. Imbalance Cost Pass-Through (ICPT) implementation for the period of 1 January 2023 – 30 June 2023 ICPT by TNB.**
(a) What is the impact to the group?
(b) If yes, what is the plan to close the gaps?
- A51. The ICPT is not significantly impacting the Group's overall expenses. Nevertheless, the Group is reviewing the possibilities of investment in the solar panel system.
- Q52. Foreign workers were on board, gradual increase in the momentum.**
(a) Is the group still experience foreign labour shortages now?
(b) If yes, any target to resolve this?
- A52. The Group has recruited sufficient foreign labours at this point of time.
- Q53. What is the prospect of coming 3 years? What are the growth catalyst in the coming years?**
- A53. The Group is positive of the outlook for the current financial year and at our level best to maintain a double-digit growth should the global market sentiment improves coupled with the gradual increase in the demand for low and medium pressure industrial rubber hose. Nevertheless, with the Group's strong fundamentals coupled with the continuous of replacement demand from our supportive loyal customers, the Group is resilient to sustain its positioning and market share for the coming years ahead.
- Q54. Current utilization rate.**
(a) Level of automation?
(b) Out of 500 workers, how many involved in production?
(c) Capex plan in future?
- A54. Our current utilization rate is between 90% to 100% depending on the production sections. Currently, the semi-automated environment is more suitable for our production processes. Nevertheless, we continue to upgrade and shift our platform to automation wherever possible through research and development. Approximately 50% of the total workforce is involving in the production. The expected maintenance and upgrading capital expenditure for the FY2023 is approximately RM2 million to RM3 million.

Questions Posted By Shareholders During AGM Session (continued)

Q55. Will the questions from Minority Shareholders Watch Group (MSWG) be presented? If not, please explain.

A55. All questions from MSWG were presented during the AGM and is appended herewith the Minutes of the AGM.

End.