

SWS Capital Berhad

[199901027346 (502246-P)]



ANNUAL REPORT **2021**

CONTENTS

CORPORATE OVERVIEW

- 1**
Corporate Profile
- 4**
Corporate Information
- 6**
Corporate Structure
- 10**
Global Presence

MANAGEMENT OVERVIEW

- 12**
Chairman's Statement and Management Discussion and Analysis
- 21**
Board of Directors' Profile
- 25**
Key Senior Management Profile
- 27**
Financial Highlights

GOVERNANCE AND SUSTAINABILITY

- 28**
Corporate Governance Overview Statement
- 43**
Statement on Risk Management and Internal Control
- 47**
Audit Committee Report
- 50**
Statement of Directors' Responsibility
- 51**
Sustainability Statement
- 55**
Other Disclosure Requirements
- 57**
Statement of Corporate Social Responsibility

FINANCIAL

- 59**
Financial Statements

OTHER INFORMATION

- 147**
List of Material Properties
- 149**
Analysis of Shareholdings
- 152**
Analysis of Warrants B Holdings
- 155**
Notice of Annual General Meeting
- 160**
Twenty-Second (22nd) Annual General Meeting Administrative Guide for Shareholders
- PROXY FORM**

SWS Capital Berhad
[199901027346 (502346-P)]



ANNUAL REPORT **2021**

RATIONALE

THE COVER DESIGN OF OUR ANNUAL REPORT EXPRESSES THE THEME OF PROGRESS FROM VISION TO ACHIEVEMENT. WITHIN THE GROWTH SPIRAL ARE IMAGES OF OUR DEVELOPMENTS, THE VIBRANT COLOURS SYMBOLISING THE ENERGY AND DRIVE INTO EVERYTHING WE DO.

CORPORATE PROFILE

SWS Capital Berhad ("SWSCAP") commenced operations on 1 December 2003 as an investment holding company and listed in the Bursa Malaysia Securities Berhad on 15 March 2004.

The business activities of SWSCAP and the subsidiaries ("Group") can be classified into:

- Manufacturing and sale of dining furnitures, occasional furnitures and buffet & hutch
- Manufacturing and sale of bedroom sets
- Lamination of veneer and paper
- Trading of various type of boards, polyethylene, pneumatic fasteners, nails and others
- Manufacturing and trading of plastic wares, utensils and goods
- Marketing and distribution of plastic household and industrial products

SWSCAP places great emphasis on manufacturing high quality products by adhering to stringent quality controls and monitoring system. SWSCAP also continuously investing substantial resources in its on-going Research and Development Program to seek, improve and develop quality, durable and trendy products to meet the demands and expectations of customers.





保强工业有限公司
POH KEONG INDUSTRIES SDN BHD

CORPORATE INFORMATION

DIRECTORS

Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai

Non-Independent Non-Executive
Chairman
(Redesignated w.e.f. 02.02.2021)

Teoh Han Chuan

Managing Director

Dr Loh Yee Feei

Executive Director/
Chief Operating Officer

Teh Li King

Executive Director
(Appointed w.e.f. 12.01.2021)

Tan Kok Tiam

Independent Non-Executive
Director

Chen Thien Yin

Independent Non-Executive
Director
(Appointed w.e.f. 06.01.2021)

Khoo Chee Siang

Independent Non-Executive
Director
(Appointed w.e.f. 06.01.2021)

AUDIT COMMITTEE

Khoo Chee Siang
Chairman
(Appointed w.e.f. 06.01.2021)

Tan Kok Tiam
Member

Chen Thien Yin
Member
(Appointed w.e.f. 06.01.2021)

NOMINATION COMMITTEE

Chen Thien Yin
Chairman
(Appointed w.e.f. 06.01.2021)

Tan Kok Tiam
Member

Khoo Chee Siang
Member
(Appointed w.e.f. 06.01.2021)

REMUNERATION COMMITTEE

Tan Kok Tiam
Chairman

Dr Loh Yee Feei
Member

Chen Thien Yin
Member
(Appointed w.e.f. 06.01.2021)

Khoo Chee Siang
Member
(Appointed w.e.f. 06.01.2021)

CORPORATE INFORMATION
(CONT'D)**COMPANY SECRETARIES****Tan Tong Lang**

(MAICSA 7045482 / SSM PC
NO.201908002253)
(Appointed w.e.f. 01.04.2021)

Thien Lee Mee

(LS0009760 / SSM PC
NO.201908002254)
(Appointed w.e.f. 01.04.2021)

AUDITORS**UHY**

Chartered Accountants
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.

PRINCIPAL BANKERS

AmBank (M) Berhad
AmIslamic Bank Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia)
Berhad

SOLICITORS

NSK & Partners
Alan Tan & Associates
Syarikat Lim Kiam Hoon Advocates
& Solicitors
Zaid Ibrahim & Co
Teh & Lee Advocates & Solicitors

SHARE REGISTRAR**AldPro Corporate Services Sdn. Bhd.**

Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam, Selangor.
Tel : +603-7890 0638
Fax : +603-7890 1032
Email : registrar@aldpro.com.my

REGISTERED OFFICE

Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2, 40150
Shah Alam, Selangor.
Tel : +603-7890 0638
Fax : +603-7890 1032
Email : boardroom@boardroom.
com.my

PRINCIPAL PLACE OF BUSINESS

PTD 6001, Jalan Perindustrian 5,
Kawasan Perindustrian Bukit Bakri,
Batu 8, 84200 Muar,
Johor Darul Ta'zim.
Tel : +606-9865 236
Fax : +606-9865 239
Email : info@swscap.com

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad

Stock Name: SWSCAP
Stock Code: 7186

Stock Name: SWSCAP-WB
Stock Code: 7186 WB

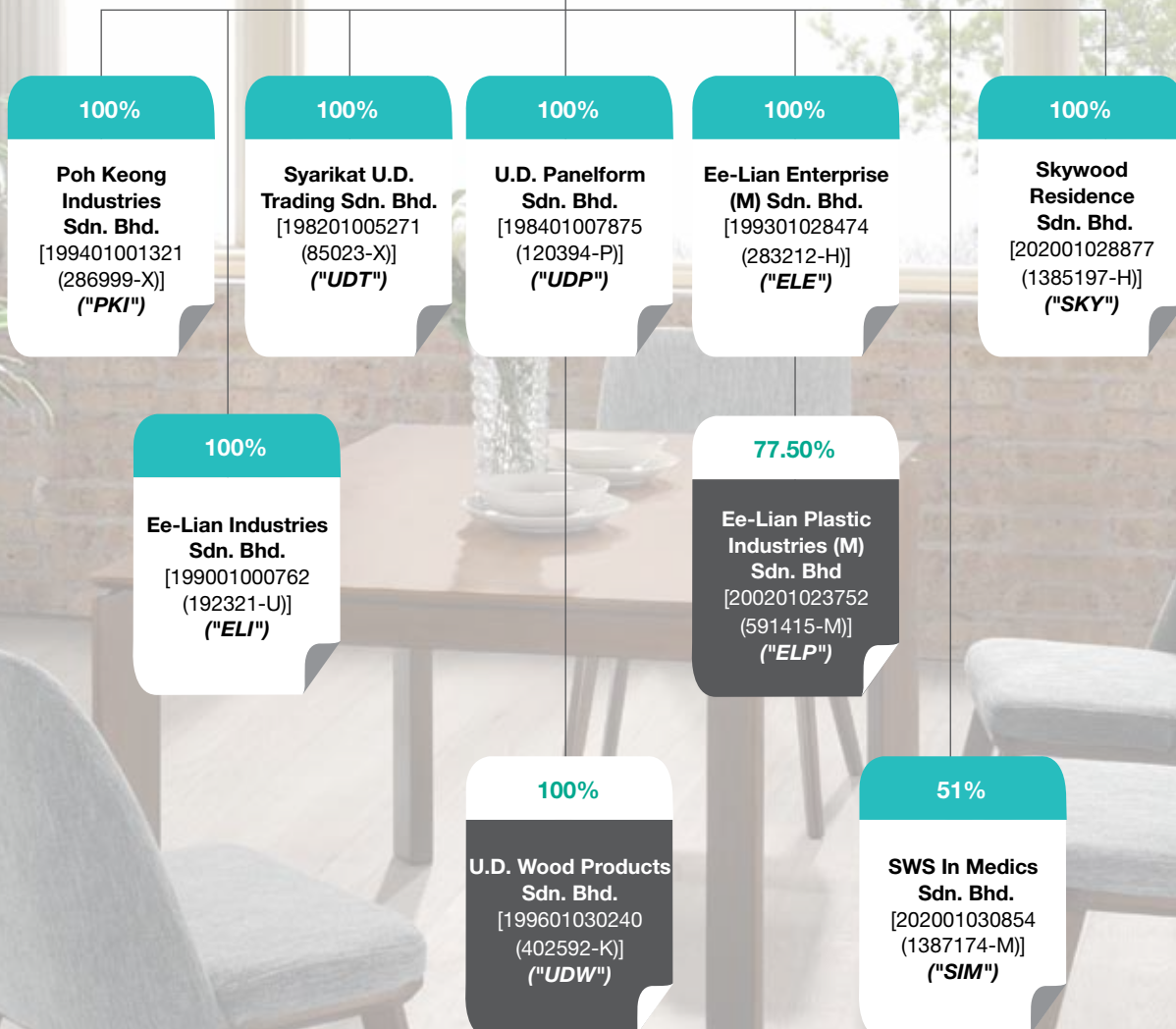
WEBSITE

www.swscap.com

CORPORATE STRUCTURE

SWS Capital Berhad

[199901027346 (502246-P)]
("SWSCAP")





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WORK
what?

友利



友利家俱出口有限公司

U.D. PANELFORM SDN. BHD.



eianware



GLOBAL PRESENCE



AFRICA

Mauritius 
South Africa 

ASIA

Brunei Darussalam 
Cambodia 
China 
Hong Kong 
India 
Indonesia 
Myanmar 
Pakistan 
Philippines 
Republic of Nepal 
Singapore 
South Korea 
Sri Lanka 
Taiwan 
Thailand 
Vietnam 

EUROPE

Belgium 
France 
Germany 
Greece 
Italy 
Latvia 
Netherlands 
Norway 
Poland 
Russia 
Sweden 
Turkey 
Ukraine 
United Kingdom 

GLOBAL PRESENCE
(CONT'D)



MIDDLE EAST

- Iraq 
- Kuwait 
- Qatar 
- Saudi Arabia 
- United Arab Emirates 

NORTH AMERICA

- Canada 
- Mexico 
- United States 

OCENIA

- Australia 
- New Zealand 
- Papua New Guinea 

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of SWS Capital Berhad ("SWSCAP" or "Company"), I am pleased to present the Annual Report and Audited Financial Statements of the Company and the subsidiaries ("Group") for the financial year ended 31 December ("FYE") 2021.

INDUSTRY OUTLOOK

1. Furniture division

Malaysia's furniture industry continues to expand its share of the global market, ranking among the top 10 largest furniture exporters globally. Around 80 per cent of Malaysia's furniture production is exported and has a strong position in the global furniture industry. Among the main exports of Malaysian furniture include wooden bedroom furniture, seats and its parts, kitchen wooden furniture and metal furniture. Major export destinations were traditional markets such as the United States, Japan, Singapore, Australia and the United Kingdom.

Malaysia's wooden furniture exports are projected to rise to more than RM13 billion in value in 2021 from the RM12.8 billion recorded in 2020. The industry's tremendous growth was built on a strong manufacturing foundation with skilled workers, excellent design capabilities and good manufacturing practices. Although we have competition from Vietnam, the global customers still regard Malaysia as the supplier of high-quality and stylish furniture that suits their taste.

Furniture production has huge growth potential to diversify its customer base and increase its product range. During global lock down and Movement Control Order ("MCO"), physical and digital international exhibitions were organised by government to reach a wider audience and continue to serve the sourcing needs of the global furniture community. With an enhanced exhibition platform and business-friendly environment, good quality products and a high potential market, the Malaysian furniture industry is poised to exceed expectations and to continue its exponential growth.

In 2021, businesses faced various problems as the world was hit by the Delta and Omicron variant. Prices of Malaysian wood products continued to rise in part due to shortage of workers, shipping rates going through the roof and enforced

shutdowns due to lockdowns when Covid-19 infection rates spiked again. Worldwide lockdowns continued and seasonal constraints leading to more shortages.

2. Plastic wares division

Malaysia is largest exporter of plastic products, among the ASEAN countries, with major exports destination being Europe, China, Singapore, Japan, and Thailand. Malaysia has more than 1500 plastic product manufacturing companies that export to different ASEAN countries.

The plastics industry is an important part of the supply chain for many key manufacturing sectors. Plastics can be shaped, stretched, or compressed into solid objects of diverse shapes due to their fluidity. For example, the plastics industry supplies packaging to the food sector; plastic components to the electrical and electronics sectors; automobile, medical, construction, and many more. The main challenge faced by plastics companies during the MCO period has been the shutdown of businesses in the non-essential sectors. Only those that directly or indirectly produce packaging materials for the food sector, or personal protective equipment, face shields, disposable medical aprons, plastic gloves, medical bottles, sprayers and hand sanitisers, are benefiting from the pandemic.

Despite the impact of the MCO, the plastics industry managed to register a mild growth in 2020. Sales turnover increased by 2.3% from RM47.35 billion for 2019 to RM48.46 billion for 2020, based on the revised method of compilation by the Department of Statistics. Export of plastics products declined by 11% to RM13.3 billion for 2020, compared to RM15.0 billion for 2019. Lower export value was due to weaker demand from the European Union and Australia as the Covid-19 pandemic impacted these countries.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

INDUSTRY OUTLOOK (CONT'D)

2. Plastic wares division (Cont'd)

The current crude oil price rises again due to fears over Russian invasion of Ukraine, lead to increase in raw material cost since 2022. Resins, which constitute 30% to 70% of the total production cost of plastic finished products, are derived from crude oil and natural gas. Malaysian plastics market is consolidated in nature due to the limited presence of plastic resin manufacturers in the country.

OPERATING ENVIRONMENT

2020 MCO was implemented by the federal government of Malaysia towards the covid-19 pandemic on 18 March 2020. In view of the situation, Malaysian government impose second MCO on 13 January 2021 and third MCO starting on 12 May 2021.

Despite the emergence of the Omicron variant of the COVID-19 virus and the occurrence of a severe flooding in the Klang Valley and several states in December 2021, Malaysia's Gross Domestic Product (GDP) performance in 2021 showed signs of improvement, with a 3.1% increase compared to a contraction of 5.6% in 2020. This reflects an improvement in the nation's economic recovery momentum as well as more vibrant economic and social activities which are in line with strong domestic and external demand.

The economic recovery in 2021 provided the necessary impetus for Malaysia's GDP to recover to pre-pandemic levels in 2022. In addition, growth will be driven primarily by an expansionary Budget 2022, normalisation in economic and social activities premised on high vaccination rates, resumption of projects with high multiplier effects, and strong external demand especially

from major trading partners. Malaysian economy is expected to grow between 5.5% and 6.5% in 2022, being recovery from MCO. The reopening of economies worldwide in 2022 will contributed to a surge in demand and expected changes in consumer spending.

The global growth outlook in 2022 will be shaped by two major factors – the state of the Covid-19 pandemic and Russia-Ukraine military conflict. Malaysia is moving from Phase 4 of the National Recovery Plan (“NRP”) to “Transition to Endemic” phase from April 2022, with the continued easing of movement restrictions. Higher vaccination coverage and the introduction of new medications will allow Malaysia to transition into endemic management of Covid-19.

Global economy will likely take a big hit if there is an outbreak of war resulting from Russia-Ukraine military conflict, and the ensuing global downturn, financial market turmoil. Inflation pressures faced by many parts of the world could be further complicated if escalating tensions and sanctions result in energy supply disruptions and potentially worsen already burdened shipping/supply chains.

BUSINESS OPERATIONS

Furniture and plastics manufacturing are both innovative and fast-moving sector. The Group has established a well-managed strategy to access those challenges and monitor the action plans to deliver favourable results.

New products and processing technologies are being developed to improve production efficiency, enhance product performance and quality as well as meet the ever-changing needs of the market. Keeping abreast with the latest technological development is therefore a key factor to sustain the competitiveness in the market. Sales and marketing department observe and explore

potential market. Procurement functions and inventory control have been strengthened to generate detailed planning, monitoring of stock level and raw material cost. Policies and procedures were reviewed and updated to monitor the overall performance.

While promoting the growth of the business, we also fully understand the concerns about the possible impact on the environment. The Group encourages better waste collection and management practices, advancing the recycling and exploring circular product design.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

KEY BUSINESS SEGMENTS

1. Furniture division

The furniture division, based in Muar, Johor, major in producing wood-based furniture mainly dining set and bedroom set, manufacturing of furniture plywood, paper and veneer laminations. Furniture division also involve in trading of hardware, furniture parts, equipment and construction materials, packing materials, metal stamping and tooling. Furniture division export to more than 20 countries worldwide primarily to Northern Europe and US.

2. Plastic wares division

Plastic wares division is principally a plastic ware solutions provider specialising in designing, developing, manufacturing and distributing a wide range of plastic storage, preparation, containment, serving and cleaning products for the home, office and industrial applications. It is also involved in ancillary services such as manufacturing and trading of other household products which includes plastic furniture and industrial products. Plastic wares division is located at Simpang Ampat, Penang. Plastic wares division trades in local market mostly. Export contributed about 10% of total revenue of the division, exporting to over 30 countries worldwide mainly ASEAN Countries.

FINANCIAL PERFORMANCE REVIEW

	2017 ← 1 September to 31 August (12 months) RM'000	2018 → RM'000	2019 01.09.2018 to 31.12.2019 (16 months) RM'000	2020 ← 1 Jan to 31 December (12 months) RM'000	2021 → RM'000
Revenue	144,864	130,666	178,296	139,564	159,744
Profit/(Loss) before tax	11,462	647	(10,649)	(628)	4,555
Profit/(Loss) after tax	9,070	(923)	(10,699)	(2,561)	2,952
Net Profit/(Loss) attributable to owners of the Parent	8,555	(1,038)	(9,824)	(2,459)	2,906
Equity attributable to owners of the Parent	99,838	98,800	90,171	102,997	109,263
Total assets	187,362	187,340	179,365	199,422	193,632
Deposit, bank and cash balance	13,595	10,231	8,047	27,191	12,546
Borrowings	54,900	54,771	59,932	57,757	57,037
Number of ordinary shares in issue ('000)	145,875	182,344	182,344	206,428	211,578
Net assets per share attributable to owners of the Parent (RM)	0.55	0.55	0.50	0.50	0.52
Earnings/(Loss) per share attributable to owners of the Parent (Sen)	4.69	(0.57)	(5.39)	(1.34)	1.37

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF ITEMS OF STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Financial year from 01.01.2021 to 31.12.2021			
	Furniture Division	Plastic Wares Division	Others	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	62,322	97,422	-	159,744
Gross Profit	5,125	17,612	-	22,737
Profit/ (Loss) before tax	1,951	3,119	(515)	4,555
Profit/ (Loss) after tax	1,172	2,440	(660)	2,952

1. Revenue

In comparison with the FYE 31 December 2020, revenue increased by 14.5% to RM159.74 million from RM139.56 million showing the continued growth and momentum across the businesses.

Furniture division recorded revenue of RM62.32 million for FYE 2021, 1.7% decreased as compared to previous year of RM63.40 million. Furniture division was mostly shut down in Q3 2021 under MCO. Furniture division suffered slowdown in export market due to lockdowns imposed by governments globally to prevent covid-19 pandemic, increased in global logistic charges and container shortage.

The revenue contribution from the plastic wares division increased by 27.9% to RM97.42 million as compared to previous year of RM76.16 million. Plastic wares division was operating with MITI approval as essential services during MCO. The local sales and e-commerce recovered during FYE 2021. The export market demands decreased since the lockdown and continued closure of international borders.

2. Gross Profit

In FYE 2021, the Group recorded a total gross profit of RM22.74 million as compared to RM23.11 million recorded in the previous year.

Furniture division's gross profit margin decreased from 11.2% in FYE 2020 to 8.2% in FYE 2021, recorded RM5.13 million gross profit. Plastic wares division's gross profit margin decreased from 21.0% in FYE 2020 to 18.1% in FYE 2021, recorded RM17.61 million gross profit. The gross profit margin for both divisions are more challenging due to reduce in operation and production capacity during MCO.

The Group has the production capacity, but not enough workers to optimise existing capacity. The shortage of manpower creates longer delivery lead times and manufacturers are unable to take in new orders. The shortage was caused by foreign workers' permits expiring, poaching of workers by other sectors and standard operating procedures (SOPs) during the various movement restrictions.

Businesses are feeling cost pressures from MCO-related restrictions. The escalation in raw material prices is a daunting reality and expect a higher cost of local and imported raw materials respectively in 2022. The Group was absorbing the cost impact as we are still in a recovery mode, and worry that a price increase would disrupt market demand. Cost transfer to customers is considered a final resort to ensure prices remain competitive.

3. Profit Before Tax

On the back of improvement in revenue, SWSCAP reported a PBT of RM4.56 million for the FYE 2021, as compared to a loss before tax of RM0.63 million reported in FYE 2020. Furniture division recorded profit before tax of RM1.95 million as compared to loss before tax of RM1.59 million in FYE 2020. Plastic wares division's profit before tax increased by 22.9% to RM3.13 million as compared to previous year of RM2.54 million. The improvement in PBT was mainly attributed to optimisation in operational efficiency and new markets exploration.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF ITEMS OF STATEMENTS OF FINANCIAL POSITION

1. Capital Expenditure

The Group invested RM9.26 million in plant and equipment to improve efficiency, productivity and product quality. The use of automated plant and machinery partially solve the labour shortage issues. A substantial amount of about RM3.83 million is for addition of product mould and machinery for plastic wares division. Furniture division also invested about RM5.43 million upgrading and acquiring new equipment, machineries and other assets.

2. Inventories

	2021 RM'000	2020 RM'000
Furniture Division	31,904	22,393
Plastic Wares Division	24,531	22,351
	56,435	44,744

Inventories increased from RM44.74 million in FYE 2020 to RM56.44 million in FYE 2021 mainly due to increased in furniture division to support the improved sales orders. The increase also due to management decision to stock up at end of FYE 2021 before the increased in wood cost due to shortage in supply. Raw material price for plastic division increased by end of FYE 2021 due to inflation pressure of energy supply and demand.

Management decided to stock up for cost planning purposes. Management will monitor the closing stock level and raw material cost to improve the gross profit margin.

3. Trade receivables and payables

Trade receivables decreased from RM30.06 million in FYE 2020 to RM24.44 million in FYE 2021 mainly due to favourable term of settlement from local and overseas customers after recovery from MCO. Cash flow and planning remain challenging. Management and salesperson are monitoring the credit term and limit.

Trade payables decreased from RM26.31 million in FYE 2020 to RM16.92 million in FYE 2021 mainly due to timely settlement for stock up of raw material. The management monitor the inventories level to ensure enough supplies and cash flow for operations.

4. Total Assets

As at FYE 2021, Group's total assets is RM193.63 million, representing 11.19% decrease as compared to RM199.42 million in preceding year.

5. Shareholders' Equity

Shareholders' equity remained at a positive level at RM109.32 million as at FYE 2021 as compared to RM103.00 million for the preceding year.

REVIEW OF ITEMS OF STATEMENTS OF CASH FLOW

1. Liquidity

	2021 (Days)	2020 (Days)	Changes (Days)
Trade receivables' turnover period ⁽¹⁾	56	79	(24)
Inventories' turnover period ⁽²⁾	150	140	10
Trade payables' turnover period ⁽²⁾	45	82	(36)
Cash conversion cycle	161	137	22

(1) This is derived using the formula: (Closing balance as at year-end / Total revenue) x 365 days

(2) This is derived using the formula: (Closing balance as at year-end / Cost of sales) x 365 days

During the year, the cash conversion cycle is 161 days compared with 137 days for the preceding year. As at FYE 2021, the Group reported negative cash flow from operating activities of RM11.12 million.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF ITEMS OF STATEMENTS OF CASH FLOW (CONT'D)

2. Cash and Cash Equivalents

	2021 RM'000	2020 RM'000
Cash and cash equivalents at end of financial year/period:		
Deposits, bank and cash balances	12,546	27,190
Less: Bank overdrafts	(6,444)	(6,633)
	6,102	20,557
Less: Fixed deposits pledged with licensed banks	(4,344)	(3,280)
	1,758	17,277

As at FYE 2021, the Group's cash and bank balances amounted to RM12.55 million compared to RM27.19 million in the preceding year.

3. Borrowing

The Group's gearing ratio still monitored at 0.41 times (FYE 2020 : 0.30 times) which places it in a healthy financial position to obtain financing to fund capital expenditure and/or working capital requirements for expansion of its operations.

RISKS RELATING TO THE BUSINESS

The Group's business operation and performance are exposed to risks. Group management are responsible to ensure that the risks encountered by the Group's business in pursuit of its objectives are identified, evaluated and managed at known and acceptable levels.

The Executive Directors of each subsidiary are required to undertake risk assessments against their business plan, strategies and other significant activities and to maintain risk registers that reflect an appropriate risk profile. Periodic operational/management meetings are held to ensure that the risks identified are monitored and related internal controls are communicated to the management.

There are steps to management of risks identified in the risk register which consists of:

- Identifying the risks to achieving strategic and operational objectives
- Determining and assessing the existing controls in place
- Assessing the impact and likelihood of the risk after taking account of existing controls to derive the residual risk
- Determining further control improvements to mitigate the risk and indicate what their impact on residual risk will be when they are fully implemented.

1. Foreign currency exchange risk

Furniture division export most of their products to Europe and US. The raw material including hardware and tools are imported from foreign countries. The Group profitability is exposed to foreign currency exchange risks as most transactions are denominated in United States Dollar ("USD"). Fluctuations in USD exchange rate will lead to impact on export gross profit margin and direct material cost. Strengthening USD will improve the profit margin while weakening USD will conversely reduce the Group profit. The Group has credit banking facilities with several financial institutions to monitor the foreign exchange risks. Further, the Group also maintain a foreign currency account to facilitate the revenue collections in USD to pay purchases which are also in USD, reducing the foreign exchange fluctuations.

Plastic wares division's export is about 10% of total revenue. The raw material and accessories are from local suppliers, who sourced from oversea, and thus also exposed to forex risks. Plastic raw material suppliers will provide quotation monthly, for management to monitor inventories level, cash flow and production planning. Export department will ensure oversea customers pay minimum deposit (30% of total invoices) before the delivery, and settle the balance when products reach port for clearance. Any credit term must be approved by the management and supported by local bankers.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

RISKS RELATING TO THE BUSINESS (CONT'D)

2. Labour market shortage

The furniture manufacturing process is mostly relying on human. The skilled and experienced staffs are Group assets which are difficult to replaced. Plastic wares division depend on foreign workers for 24 hours production. Contract workers are sometimes hard to get and expensive, thus increased the labour cost. The Group is subject to shortage of labour, both local and foreign workers from time to time.

The Group is required to comply with the policies imposed by the Government of Malaysia with regards to the employment of foreign workers, and subject to future changes which might incurred significant expenses. The company need to incur additional cost for training if unable to find suitable replacements. The production will also be interrupted, reducing the production capacity and effectiveness.

The Group actively liaise with the relevant Government and recruitment agencies for timely application and renewals of foreign workers' work permits. In addition, the Group ensure workplace and environment safety. Adequate training and monitoring from experienced supervisors will be provided for new recruits. Remuneration is another challenge to the management, to set the suitable and competitive remuneration package, that will benefit the staff to perform better and not putting burden to labour cost.

The investment in automated plant and machinery minimised the dependence on labour, improve production effectiveness and minimised human error. However not all operation can be automated. Research and development will also help to improve the process flow and quality control.

3. Shortage and price fluctuation of raw materials

The supply of raw material is always at risks of shortage and pricing issues, due to available market supply and competition. Both furniture and plastic wares division faced raw material shortage in prior years. Management needs to monitor the available stock for maximum production and profitability. At the moment, no suppliers in the market can ensure consistent supply and stable pricing. Environment issues and limited supply due to monopoly also causing supply issues. Some suppliers requested the Group to secured minimum order quantity for better quotations.

Fluctuations in the price of raw material will increased the direct material cost and bring down

the profit margin. Raw material shortage will result in production downtime and customers' complaint due to delay in delivery of finished goods. Acquisition of expensive replacement material will significantly affect operating margins. Reduced in sales order will end up insufficient profit to cover fixed operation and administrative expenses. The Group is unable to pass on such increases in the costs to the customers or find alternative sources for such raw materials at competitive prices.

4. Credit Risk

The Group's exposure to credit risk arises primarily from trade and other receivables. Trade and other receivables are monitored on an ongoing basis via the management reports. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group has a credit policy in place to control credit risk by dealing with creditworthy counterparties. Credit terms transaction with customers are on case-by-case basis. Management will run background checking before the approval and creation of account code in accounting system for further operations. Annual review evaluation will be done, with input from salesperson and account receivables control. Any changes of credit term for customers with good credit rating will need approval from management. The group has no significant concentration of credit risk as its exposure spread over many customers.

5. Competition

Both divisions are facing tough competition from existing and newcomer in the industries. The management ensure all products are highly competitive in price, quality, and design. Marketing strategies play an important role to ensure the Group stay competitive. The Group focused on cost control (including sourcing of raw materials) and operational efficiency. The Group also continues to explore new markets and invest in research and development to meet ever-changing consumer demand.

6. Political, economic and environment conditions

The Group operation is subject to uncertainties in the political, economic and regulatory environment in Malaysia and other regions. Any adverse changes could have unfavourable effect on the Group financial result and business prospects. The Group will constantly monitor external developments to ensure that the volatilities are managed in a prudent and effective manner.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROSPECTS

Budget 2022 themed "Keluarga Malaysia, Makmur Sejahtera (A Prosperous Malaysian Family)" which was presented by Finance Minister in Parliament on 30 October 2021. With the impressive vaccine rollout and swift implementation of economic policy support measures by the authorities, Malaysia's economy is set for a gradual recovery with projected 6.2% GDP growth in 2022 from 3.5% in 2021.

Covid-19 pandemic continues unabated. Malaysia is moving from Phase 4 of the National Recovery Plan (NRP) to "Transition to Endemic" phase from April 2022, with the continued easing of movement restrictions. Like most societies worldwide, Malaysian will need to learn to live with COVID-19.

The management is confident that current moderate business environment is sustainable and confident that the Group shall continue to deliver satisfactory financial and operational results in FYE 2022. The domestic demand for our furniture and plastic products have been improving over last fiscal year, amid the economic uncertainty driven by the world-wide pandemic. However, export demand remains challenging caused by skyrocketed raw material and shipping costs as the Covid-19 pandemic has disrupted supply chains and trade channels throughout the world.

The management is diligently taking strategic actions to optimise its operational cost, alongside exerting tremendous effort in new products development and new markets exploration, in order to further enhance our revenue stream and revenue base hence enable our Group sustainable growth.

The management foresee the significant increase in raw material cost in 2022 due to energy supply disruptions and worsen shipping/supply chains from Russia-Ukraine military conflict. Both divisions are monitoring the inventories level and production schedule to minimise the impact. The management is working hard on the production planning mainly due to the shortage of manpower. The Group is recruiting local staff to fill the vacancies. The management is working on adoption and improvement to the changing manufacturing landscape and make changes in line with the technological developments, thereby reducing reliance on labour-intensive manufacturing practices and increase the productivity.

Changes would be inevitable. After the pandemic, the Group may need to be restructured to cater for the new environment. Innovation and productivity improvements are critical for companies to remain competitive. A new era of human resources development will be required to adapt to the new changes.

The new norm requires changes that will mean moving out of respective comfort zones. The Group will continue to implement strategies to capture growth opportunities by increasing capacity and capabilities, introducing more value-added and sustainable products, and broadening its product portfolio and markets.

DIVIDENDS

The Board does not recommend dividend for the financial year under review.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CORPORATE GOVERNANCE

The Board is committed towards upholding the values of corporate governance by embracing the principles and best practices set out in the Malaysian Code of Corporate Governance.

The Board has incorporated the following policies which can be viewed at the Company's corporate website www.swscap.com:

- (a) Code of Conduct
- (b) Whistle Blowing Policy
- (c) Charter of Board
- (d) Charter of Management Board
- (e) Environmental, Social and Governance Policy
- (f) Enterprise Risk Management Framework
- (g) Term of Reference ("ToR") of Nomination Committee
- (h) ToR of Remuneration Committee
- (i) ToR of Audit Committee
- (j) Anti-Corruption and Bribery Policy

Across the Group, we ensure that business is conducted with integrity, discipline, transparency and in a socially responsible manner. Our corporate governance efforts practiced during the year is outlined in the Corporate Governance Statement in this Annual Report.

APPRECIATION

I would like to express my sincere appreciation to fellow Board members, Management and Staffs for their dedication and commitment for driving the Group in achieving an outstanding performance in the financial year under reviewed.

On behalf of the Board of Directors, I wish to extend my appreciation to our valued customers, shareholders, suppliers, business associates, and other stakeholders who have provided strong supports and confidence in the Group.

May we continue to forge ahead together and excel for SWS Capital Berhad.

Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai
Non-Independent Non-Executive Chairman



BOARD OF DIRECTORS' PROFILE

TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI

Aged 66 | Male | Malaysian

Non-Independent Non-Executive Chairman

Appointed as the Executive Director on 30 November 2003 and resigned on 26 October 2010. He was subsequently appointed as the Deputy Executive Chairman on 23 December 2015, redesignated as Executive Chairman on 16 November 2016 and redesignated as Non-Independent Non-Executive Chairman on 2 February 2021. He is also one of the founder of the Group. He graduated from Bolton University in Business Management majoring in Accounting. He is a member of the Institute of Certified Public Accountants, Ireland and fellow member of Malaysian Association of Company Secretaries. He is awarded with a Doctorate of Industry by public university, University Sains Malaysia. He has over 40 years of working experience in the fields of auditing, accounting and corporate finance. His experience and contribution in other directorship are as follows:-

- Non-Executive Director of Symphony Life Berhad (appointed on 2 September 2021 and redesignated as Executive Chairman on 15 November 2021);
- Executive Director of Muar Ban Lee Group Berhad (appointed on 30 June 2009);
- Non-Executive Chairman of Eka Noodles Berhad (appointed on 8 May 2017 and retired on 21 August 2020);
- Executive Director of Pensonic Holdings Berhad (appointed on 13 September 1995 and resigned on 1 October 2017);
- Senior Independent Non-Executive Director of Unimech Group Berhad (appointed on 6 March 2000 and resigned on 5 July 2016); and
- Independent Non-Executive Director of Denko Industrial Corporation Berhad (appointed on 27 December 2010 and resigned on 21 March 2017)

He also sits on the board of several other private limited companies. He has no family relationship with any other Director or major shareholder of the Company, exclude as disclosed in Analysis of Shareholdings.

TEOH HAN CHUAN

Aged 61 | Male | Malaysian

Managing Director
Director of:-

- Ee-Lian Enterprise (M) Sdn. Bhd.
- Ee-Lian Industries Sdn. Bhd.
- Ee-Lian Plastic Industries (M) Sdn. Bhd.
- Poh Keong Industries Sdn. Bhd.
- Skywood Residence Sdn. Bhd.
- SWS In Medics Sdn. Bhd.
- Syarikat U.D. Trading Sdn. Bhd.
- U.D. Panelform Sdn. Bhd.
- U.D. Wood Products Sdn. Bhd.

Appointed as the Deputy Managing Director on 3 July 2017 and redesignated as Managing Director on 16 November 2017. He is a co-founder and the Managing Director of Ee-Lian Enterprise (M) Sdn Bhd ("ELE"). He began his career as a Factory Worker when he was 19 years old after completing his Malaysian Certificate of Education (SPM) from Chung Ling High School in 1978. In 1985, he became a Salesman when he joined Union Trading Company which was principally involved in the trading of motor accessories and helmets. He was responsible for the company sales and marketing development and coordination activities in Malaysia. In 1987, he joined Gold Liloy Trading Sdn Bhd, a plastic manufacturer and marketing company as a Senior Salesman, where he managed and built business relationships with the company customers in major cities across Malaysia. From many years of sales experiences and knowledge gained from his previous employment, he foresaw a market potential in the Malaysian household plastic wares, where he co-founded ELE in 1993 to be principally involved in the trading of household plastic ware products. He has over 29 years of experience in the household plastic wares industry. He has no family relationship with any other Director or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE (CONT'D)

DR LOH YEE FEEI *

Aged 59 | Male | Malaysian

Executive Director/Chief
Operating Officer

Director of:-

- Ee-Lian Enterprise (M) Sdn. Bhd.
- Ee-Lian Industries Sdn. Bhd.
- Ee-Lian Plastic Industries (M) Sdn. Bhd.
- Poh Keong Industries Sdn. Bhd.
- Skywood Residence Sdn. Bhd.
- SWS In Medics Sdn. Bhd.
- Syarikat U.D. Trading Sdn. Bhd.
- U.D. Panelform Sdn. Bhd.
- U.D. Wood Products Sdn. Bhd.

Appointed as Independent Non-Executive Director on 23 December 2015 and redesignated as Chief Operating Officer on 1 October 2020 and is presently a member of the Remuneration Committee. Dr Loh is holding a Bachelor of Applied Science (Electrical Engineering) from University of Ottawa, Canada and Doctorate in Business Administration from Paramount University of Technology, U.S.A. He has more than 36 years of business and management experience in manufacturing - based industries. Prior to his appointment as Executive Director in SWS Capital Berhad, Dr Loh was the Managing Director of Bitmain Malaysia, with its parent company Bitmain Technologies Ltd. being the world number one manufacturer of mining hardware & Application-specific IC (ASIC) for block chain technology application. He was Group CEO & Executive Director for Denko Industrial Corporation Berhad (2015), a Malaysian public-listed company engaged in turn-key manufacturing, plastic injection moulding for electrical and electronic industries. He was the Executive Director of GPA Holdings Berhad (2011 - 2014), a Malaysian Public - Listed Company engaged in manufacturing and distribution of automotive and valve-regulated-lead-acid (VRLA) batteries, and the Chief Executive Officer of FACB Industries Incorporated Berhad (2009 - 2011), a Malaysian Public - Listed company with steel manufacturing as its flagship operations. He has also held senior management position in both local conglomerates and American multinational companies which including serving as General Manager of Hong Leong Industries Berhad, Supply Chain Director, Manufacturing Manager & Process Engineering Manager of Western Digital Malaysia. He started his career as process engineer with Intel Technology Malaysia in 1984. He has no family relationship with any other Director or major shareholder of the Company.

TEH LI KING

Aged 43 | Male | Malaysian

Executive Director

Director of:-

- Ee-Lian Enterprise (M) Sdn. Bhd.
- Ee-Lian Industries Sdn. Bhd.
- Ee-Lian Plastic Industries (M) Sdn. Bhd.
- Poh Keong Industries Sdn. Bhd.
- Skywood Residence Sdn. Bhd.
- SWS In Medics Sdn. Bhd.
- Syarikat U.D. Trading Sdn. Bhd.
- U.D. Panelform Sdn. Bhd.
- U.D. Wood Products Sdn. Bhd.

Appointed as the Executive Director on 12 January 2021. He is holding a Bachelor of Science in Business from New Hampshire College, USA and Master's in Business Administration from Charles Sturt University, Australia. He also has a Pre-Contract Examination for Insurance Agent Certification from The Malaysia Insurance Institute, Malaysia. He joined Hong Leong Bank as the Account Relationship Executive in 2000, managing and developing portfolio of business banking clients before joining the metal industry as the Marketing Manager of PP Steel Service Centre Sdn Bhd in 2003 and Sales Manager of Rex Metal Packaging Berhad in 2005. He moved on to serve as the Senior Business Development Manager of Sumimetal Industries (M) Sdn Bhd in 2006. In 2007, he joined the chemicals manufacturing industry as the Assistant General Manager of Hextar Chemicals Sdn Bhd and is currently the Group Chief Operating Officer of Hextar Group of Companies. His role is to oversee and manage the overall corporate development and strategies, human capital management as well as legal and compliance matters of the Group of Companies and concurrently serving as Director of the several private companies. He is a senior executive with experience in the area of corporate management, business banking and manufacturing. He is also the non-independent non-executive director of Opcom Holdings Berhad, Complete Logistic Services Berhad and Pekat Group Berhad. He has no family relationship with any other Director or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE
(CONT'D)**TAN KOK TIAM****Aged 57 | Male | Malaysian**Independent Non-Executive
Director

Appointed as Independent Non-Executive Director on 23 December 2015 and is presently Chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee. He is a Chartered Accountant and qualified as a Certified Public Accountant (CPA). He is a member of Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He has more than 27 years of experience in the investment banking industry, providing corporate advisory services covering IPOs, M&A, fund raising and privatization of listed companies. He started his articleship with a public accounting firm where he qualified as a CPA. Upon qualified as a CPA, he joined a merchant bank and was attached with Corporate Finance Department for about 5 years before joining a public listed company as a General Manager in charge of Finance and Corporate Finance. Subsequently in 2005, he joined an investment bank as Director of Investment Banking. Thereafter, he moved to two stockbroking companies as Head of Corporate Finance until current. He does not hold directorship in any other public listed companies. He has no family relationship with any other Director or major shareholder of the Company.

CHEN THIEN YIN**Aged 55 | Male | Malaysian**Independent Non-Executive
Director

Appointed as Independent Non-Executive Director on 6 January 2021 and is presently Chairman of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee. He graduated Degree in Finance and Management Information Systems from Syracuse University, Syracuse, New York, USA. He has over 31 years' experience in the banking industry. He is a seasoned banking professional having covered Retail, Global Markets, Corporate and Investment banking in growth markets of Malaysia, Singapore and Vietnam. He has held senior positions in Standard Chartered, JP Morgan, Hong Leong Bank and was most recently CEO of Al Rajhi Bank Malaysia. He possesses well rounded experience in Strategic Planning, Risk Management (compliance, credit, market and operational) and Banking Operations in both Conventional and Islamic Banking institutions. He is accredited by ICLIF Leadership and Governance Centre under the Financial Institutions Directors Education Programme (FIDE) to serve on Boards of Financial Institutions. He does not hold directorship in any other public listed companies. He has no family relationship with any other Director or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE (CONT'D)

KHOO CHEE SIANG

Aged 45 | Male | Malaysian

Independent Non-Executive
Director

Appointed as Independent Non-Executive Director on 6 January 2021 and is presently Chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee. He is a Chartered Accountant and qualified as a fellow member of Association of Chartered Certified Accountants (FCCA) and a member of Malaysian Institute of Accountants (MIA). He was the Executive Director of UHY Advisory (KL) Sdn Bhd, a boutique financial and corporate advisory firm from 2008 to 2016 and he subsequently joined SCH Group Berhad as an Executive Director to oversee the finance and account department and to lead the corporate finance exercise for 2017 and 2018. He started his career in auditing with an international medium accounting firm, Morison Anuarul Azizan Chew & Co and was subsequently promoted to Senior Consultant in Corporate Finance and Advisory Department. He later joined Finmart Alliance Sdn Bhd as an Associate Director in-charge of corporate finance and business advisory services. He has significant experience in corporate finance, initial public offerings, corporate debt restructuring as well as his external auditing experience covered various sectors. Currently, He is the Managing Director of Eco Asia Capital Advisory Sdn Bhd, a corporate finance advisory firms licensed by Securities Commission. He has no family relationship with any other Director or major shareholder of the Company.

Conflict of interest

None of the Directors has any conflict of interest with the Company.

Conviction of offence

None of the Directors has been convicted of any offence within the past five (5) years other than traffic offences.

* *Director who are standing for re-election.*

KEY SENIOR MANAGEMENT PROFILE

TAN SOON PING

Aged 51 | Male | Malaysian

Director of:-

- Ee-Lian Enterprise (M) Sdn. Bhd.
- Ee-Lian Plastic Industries (M) Sdn. Bhd.

He is an Executive Director of subsidiaries in SWS Group. After graduating from Han Chiang High School in 1989, he joined Eming Trading Company in 1990 in Penang as a Sales Representative responsible for sales and marketing. In 1994, he joined Quality Plastics Industries Sdn Bhd in Ipoh as a Sales Representative. In 1996, through his connection with Teoh Han Chuan and Heng Sew Hua, he invested into Ee-Lian Enterprise (M) Sdn Bhd ("ELE") and became a shareholder. He has no family relationship with any other Director or major shareholder of the Company.

HENG LIH JIUN

Aged 49 | Male | Malaysian

Director of:-

- Ee-Lian Enterprise (M) Sdn. Bhd.

He is an Executive Director of subsidiary in SWS Group. He holds a Bachelor's of Science Degree with Honours in Computing & Information Systems from Oxford Brookes University, United Kingdom ("UK"), in 1998 and graduated with Masters of Business Administration ("MBA") Postgraduate degree from Inti International University, Penang, in 2017. After completing his Bachelor's Degree, he started his career with Mexter Technology Berhad as a Software Engineer, where he was responsible for the system study, design, development, testing and implementing of automation solutions for the company's clients. Prior to joining ELE, he worked with various information and communications technology ("ICT") companies, such as Dynacraft Industries Sdn Bhd as Software Application Engineer in 2000, Nothern IT Distribution Sdn Bhd as Manager in 2001, and Elcomp Technologies Sdn Bhd as a Senior Software Engineer and a shareholder in 2002. He joined ELE in 2005 as a Director. He is currently responsible for overseeing plastic division production and IT divisions. He has no family relationship with any other Director or major shareholder of the Company.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

LEE CHAW HSIEN

Aged 40 | Male | Malaysian

Chief Financial Officer

Appointed as the Chief Financial Officer on 31 January 2018. Mr Lee Chaw Hsien holds Bachelor's degree in Accounting and Finance (Honours) from Sheffield Hallam University, United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a member of the Malaysian Institute of Accounts (MIA). He began his career as an Audit Assistant with KS Lau & Co., an audit firm in 2004 and become the Assistant Audit Manager in 2009. Subsequently in 2010, he joined KBH Capital Berhad, a marine logistics service provider, as Assistant Accountant. In 2012 he joined Kiarafield Sdn Bhd, a property developer, as the Accountant. In 2013, he joined Southern Steel Berhad, steel work manufacturer, as Assistant Manager. He led a team of accountants in compiling monthly reports, prepared monthly consolidations, forecasts and budgets. In 2014, he joined ELE as Finance Manager. He was tasked with preparing, examining, and analysing accounting records, financial statements, and other financial reports to assess accuracy, completeness, and conformance to reporting and procedural standards.

Other Directorships

No Key Senior Management holds any directorships in public companies and listed issuers.

Conflict of interest

No Key Senior Management has any conflict of interest with the Company.

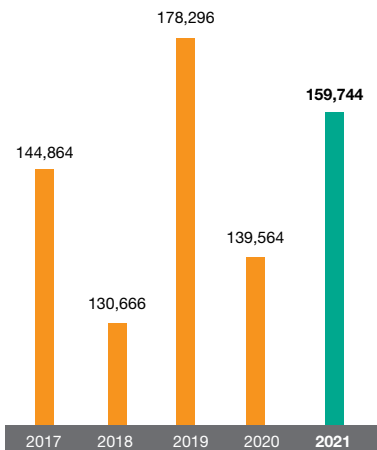
Conviction of offence

No Key Senior Management has been convicted of any offence within the past five (5) years other than traffic offences.

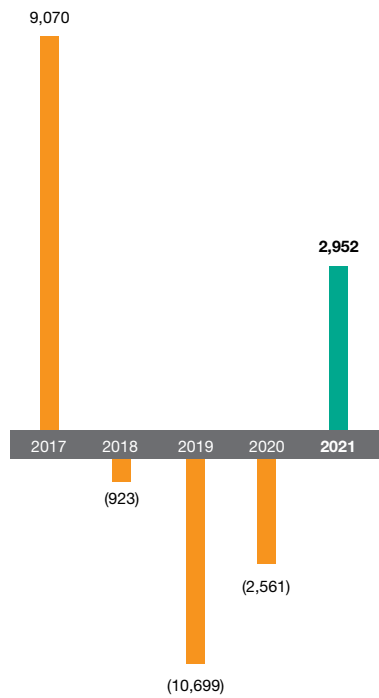


FINANCIAL HIGHLIGHTS

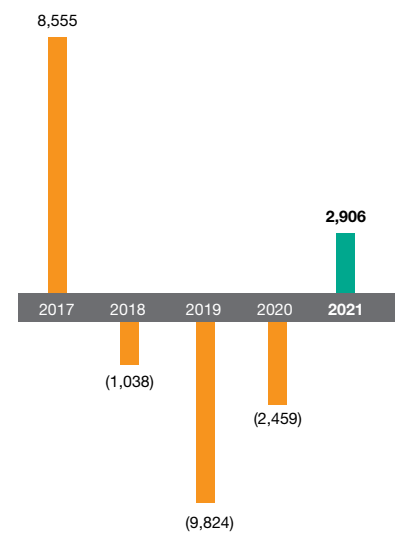
Revenue
(RM'000)



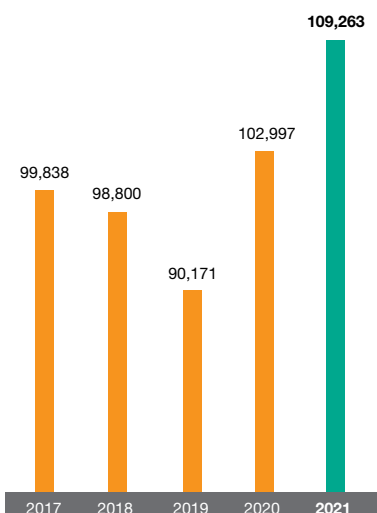
Profit/(Loss) After Tax
(RM'000)



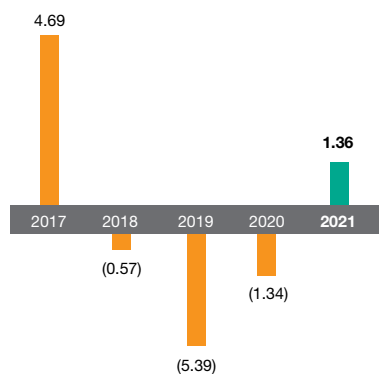
Net Profit/(Loss) Attributable to Equity Holders
(RM'000)



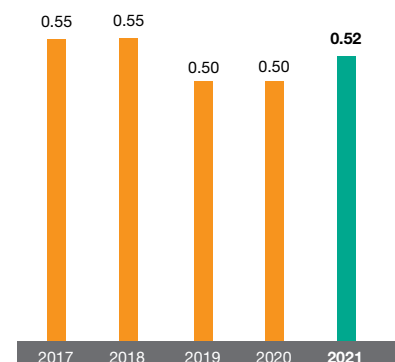
Shareholders' Fund
(RM'000)



Earnings/(Loss) Per Share
(Sen)



Net Assets per Share
(RM)



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of SWS Capital Berhad (“SWSCAP” or “Company”) acknowledges the importance of achieving good corporate governance (“CG”), and ensures that the highest standards of CG are practiced throughout SWSCAP group of companies (“the Group”) as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

This CG Overview Statement (“Statement”) should be read in conjunction with the Corporate Governance Report (“CG Report”), which is available on the Company’s website at www.swscap.com. The CG Report sets out the key aspects of how the Company has applied the principles of the new Malaysian Code on Corporate Governance (“MCCG”) during the financial year and up to the date of this report.

This statement summarised out how the Group has applied the Principles as set out in the MCCG or provide suitable alternative approach and may defer some to the following years.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board Responsibility

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group’s business;
- overseeing the conduct of the Group’s business and evaluating whether its businesses are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- overseeing the development and implementation of a shareholder communications policy; and
- reviewing the adequacy and integrity of the Group’s internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective Terms of Reference (“ToR”). The ultimate responsibility for decision making, however, lies with the Board. The Board reviews the respective Board Committees’ authority and ToR from time to time to ensure their relevance and enhance its efficiency.

Charter of Board (or “Charter”)

The Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, quarterly and annual financial statements for announcement, major investments, borrowings and expenditure as well as monitoring of the Group’s financial and operating performance. With efforts to enhance accountability, such delineation of roles is clearly set out in the Charter, which also serves as a reference point for Board activities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.

The Board reviews and updates its Charter from time to time as to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board’s objectives. The salient features of the Charter, after the last review undertaken by the Board on 22 April 2022 can be viewed on the Company’s website at www.swscap.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.1 Board Responsibility (Cont'd)

Code of Conducts and Whistle-blowing Policy

A Code of Conducts, setting out the standards of conduct expected from Directors and all employees of the Group has been formalised. The Code of Conduct provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board has also formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The Board recognises the importance of adhering to the Code of Conducts and has taken measures to put in place a process to ensure its compliance, including uploading of the Code of Conducts and Whistle-blowing Policy on the Company's website at www.swscap.com.

Access to Information and Advice

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, Board members have full and unrestricted access to all information pertaining to the Group's business and affairs. Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Directors are also notified of any corporate announcement released to Bursa Malaysia Securities Berhad ("Bursa Securities") and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly financial results.

The Company Secretary constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in CG through continuous training. The removal of the Company Secretary is a matter for the Board to decide.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition

As at the date of this statement, the Board consists of seven (7) members of whom three (3) are Executive Directors of whom one (1) is also the Managing Director (“MD”), three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Chairman. This composition fulfils the requirements as set out under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

With the age of the Directors ranges from 43 to 66, the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board. The Board is also of the opinion that its current composition and size constitute an effective Board to the Group. Furthermore, the strong representation of high caliber Independent Non-Executive Directors provides the necessary balance.

The role of the Independent Non-Executive Directors is important in ensuring that the strategies proposed by the Management are fully discussed and deliberated, and the interests of the shareholders, employees, customers, suppliers and other stakeholders are taken into consideration. The Board is, however, open to board changes as and when appropriate. The profile of each Director is set out on pages 21 to 24 of this Annual Report.

Nomination Committee

The Board conducts an assessment on the performance of the Board based on a self-assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considers and approves recommendations by the Nomination Committee on the re-election and re-appointment of Directors at the Company’s forthcoming annual general meeting.

The Nomination Committee was established by the Board on 25 October 2004, as the Board recognises the importance of the role the Nomination Committee plays not only in the selection and assessment of Directors but also in other aspects of CG of which the Nomination Committee can assist the Board to discharge its fiduciary and leadership functions. The ToR of the Nomination Committee provides that it shall comprise at least two (2) members with a majority of Independent Non-Executive Directors.

The ToR of the Nomination Committee further provides that it shall have specific responsibilities in relation to nomination matters. With respect to nomination matters, the specific responsibilities of the Nomination Committee shall include, amongst others:

- Review the composition and size of the Board of Directors and determine the criteria for membership on the Board of Directors, which may include, among other criteria, issues of character, judgment, independence, gender diversity, age, expertise, corporate experience, length of service, other commitments and the like;
- Conduct periodic evaluations of the Board of Directors as a whole;
- Identify, consider and select, or recommend for the selection of the Board of Directors, candidates to fill new positions or vacancies on the Board of Directors and Board Committees;
- Evaluate the performance of individual members of the Board of Directors eligible for re-election, and select, or recommend for the selection of the Board of Directors, the nominees for election to the Board of Directors by the stockholders at the annual general meeting;
- Assess the independence of Independent Directors annually;
- Periodically review the composition, the term of office and performance of each committee of the Board of Directors, particularly the Audit Committee and make recommendations to the Board of Directors for the creation of additional committees or the change in mandate or dissolution of committees;
- To give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the required skills and expertise that are needed by the Board in future; and
- To review the training needs of the Director.

Details of the ToR for the Nomination Committee are available for reference on the Company’s website at www.swscap.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Recruitment or Appointment of Directors

The Nomination Committee is guided by the ToR in carrying out its responsibilities in respect of the nomination, selection and appointment process, which also provides the requirements under the relevant laws and regulations on the matter. The review process involves the Nomination Committee's consideration and submission to the Board its recommendation of suitable candidates for the proposed appointment as Directors of the Company.

The Nomination Committee's annual review of the criteria to be used in the appointment process to the Board of Directors largely focuses on ensuring a good mix of skills, experience and strength in the qualities that are relevant for the Board to discharge its responsibilities in an effective and competent manner. The other factors considered by the Nomination Committee in its review include the candidates' ability to spend sufficient time and commitment on the Company's matters, the ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism, as well as having a balanced mix of age and diversity of Directors on the Board. The Board diversity factor as reviewed by the Nomination Committee includes experience, skills, competence, race, gender, culture and nationality, as to facilitate optimal decision-making by harnessing different insights and perspectives.

The Company re-election process accords with clause 21.5(a) of the Company's Constitution, which states that one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election at every annual general meeting of the Company. A retiring Director shall retain office until the close of the annual general meeting at which he retires, whether the annual general meeting is adjourned or not.

The Directors standing for re-election/re-appointment at the 22nd Annual General Meeting of the Company are as follows:

<u>Name</u>	<u>Designation</u>
Dr Loh Yee Feei	Executive Director/Chief Operating Officer
Tan Kok Tiam	Independent Non-Executive Director

Dr Loh Yee Feei and Tan Kok Tiam are due to retire pursuant to clause 21.5(a) of the Constitution of the Company at the 22nd Annual General Meeting. All these Directors will be recommended for re-election/re-appointment by the Board. Information of each Director standing for re-election is set out in pages 21 to 24 of the Directors' Profile of this Annual Report.

Annual Assessment

The Nomination Committee will carry out the annual assessment exercise on performance and effectiveness of the Board and the Board Committees annually and the Company Secretary will facilitate the Nomination Committee in carrying out the annual assessment exercise. The Board's effectiveness is assessed in the following key areas of composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, performance as well as the application of good governance principles to create sustainable shareholder's value.

The Board, through the Questionnaires and recommendation from the Nomination Committee, will examine the Board Committees, including their respective Chairman, to ascertain whether their functions and duties are effectively discharged in accordance with their respective ToR. The Board will adopt the board members' self and peer evaluation form, Independent Directors' evaluation form, Board and Board committee evaluation form in future.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Annual Assessment (Cont'd)

The annual assessment for financial year ended 31 December 2021 (“FYE 2021”) was conducted via Questionnaires in 22 April 2022. As a post-evaluation process, the Company Secretary summarised the results of evaluation and reported to each Board and Board Committee member by providing with individual results on each area of assessment. Thus, allowing the Directors to know their standing and the Board to take actions on the outcome of evaluation by recommending remedial measures on areas that need improvements, if any.

The Nomination Committee was satisfied that all the Executive, Non-Executive, Independent and Non-Independent Directors on the Board possess sufficient qualification to remain on the Board and have discharged their stewardship duties and responsibilities towards the Company as a Director effectively. Save for the Nomination Committee members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the Nomination Committee Members viewed that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company’s industry.

The Nomination Committee concluded that the Board and Board Committees were functioning effectively as a whole with a high level of compliance and integrity and the Board Committee and its members have carried out their duties in accordance with their respective ToR.

The Nomination Committee assessed the independence of Non-Executive Directors annually using the Policy on Assessing Independence of Directors (“Policy”) which was approved by the Board on 20 December 2012. The Nomination Committee was satisfied that all the Independent Non-Executive Directors had satisfied the criteria for an Independent Director as prescribed in the Listing Requirements and Practice Note 13 of Bursa Securities and they are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. Additionally, each of the Independent Non-Executive Directors has provided an annual confirmation of their independence to the Nomination Committee and the Board.

Gender Diversity Policy

The Board noted the 30% female representation on the Board as recommended in the MCCG. Insofar as board diversity is concerned, the Board does not intend to develop any specific policy on targets for female Director. The Board believes that the on-boarding process of Directors should not be based on any gender discrimination. As such, the evaluation of suitable candidates is solely based on the candidates’ competency, character, time commitment, integrity and experience in meeting the needs of the Company, as the case may be.

Independence of the Board

The roles of Independent Non-Executive Directors are vital for the successful direction of the Group as they provide independent professional views, advice and decisions to take into account the interest of the Group, shareholders, employees, customers, suppliers and many others of which the Group conducts business.

The existing three (3) Independent Non-Executive Directors are able to express their opinions without any constraint. This strengthens the Board who benefits from the independent views expressed before any decisions are taken. The Group has made available a dedicated electronic email, info@swscap.com to which stakeholders can direct such concerns to be reviewed and addressed by the Board accordingly.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Independence of the Board (Cont'd)

The positions of Chairman and MD are held by two different individuals. The Non-Independent Non-Executive Chairman, Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai, leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Together with the Executive Directors, he leads the discussion on the strategies and policies recommended by the Management.

The MD, Mr. Teoh Han Chuan, is responsible for the overall performance of the Group operations, organisation effectiveness and financial performance. As the MD, supported by fellow Executive Directors and Executive Management team, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

With the current Board composition, the Board is of the view that they are able to provide the necessary check and balance to the Board.

Directors' Commitment

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committees members at least seven (7) days before the meeting to allow the Directors sufficient time to study for effective discussion and decision making at the meetings. The agenda for the meeting of the Board are set by the Company Secretary in consultation with the Chairman and the MD. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board of Directors during the financial year under review.

Name	Board	AC	NC	RC
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	5/5*	N/A	N/A	N/A
Teoh Han Chuan	5/5	N/A	N/A	N/A
Tan Kok Tiam	4/5	3/4	1/1	1/1*
Dr Loh Yee Feei	5/5	N/A	N/A	1/1
Teh Li King (Appointed w.e.f. 12.01.2021)	5/5	N/A	N/A	N/A
Chen Thien Yin (Appointed w.e.f. 06.01.2021)	5/5	4/4	1/1*	1/1
Khoo Chee Siang (Appointed w.e.f. 06.01.2021)	5/5	4/4*	1/1	1/1

* Chairman of Board Committee
N/A – Not Applicable

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Directors' Commitment (Cont'd)

As stipulated in the Charter, the Directors are required to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Board before accepting any new directorship. Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) Public Listed Companies ("PLCs") (as prescribed in Paragraph 15.06 of Listing Requirements).

Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretary, where applicable.

Directors' Training – Continuing Education Programme

The Board, through the Nomination Committee also oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Group's operating centers to have an insight on the operations which would assist the Board to make effective decisions.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors. Any Director so appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four (4) months from the date of appointment. All the Board members have attended and completed the MAP as at the date of this Statement.

The details of the relevant training sessions attended by each Director during the financial year under review and up to the date of this Statement are as follows:-

Name	Training Programmes	Date
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khooon Hai	Content Marketing and Designing	13/04/2021 & 14/04/2021
	Seminar Percukaian Kebangsaan 2021	16/11/2021
Teoh Han Chuan	Content Marketing and Designing	13/04/2021 & 14/04/2021
	Seminar Percukaian Kebangsaan 2021	16/11/2021
Dr Loh Yee Feei	Content Marketing and Designing	13/04/2021 & 14/04/2021
	Seminar Percukaian Kebangsaan 2021	16/11/2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Directors' Training – Continuing Education Programme (Cont'd)

The details of the relevant training sessions attended by each Director during the financial year under review and up to the date of this Statement are as follows:- (Cont'd)

Name	Training Programmes	Date
Teh Li King	Understanding Listing Requirements & Guidance On Corporate Disclosure Policy With Case Studies	25/06/2021
	Sustainability Reporting Workshops for Practitioners: Scope & Materiality in Sustainability Reporting	21/09/2021
	Increasing Productivity by Optimizing Work Life Balance	24/09/2021
	Implementing ESG Practices in the organization	14/10/2021 & 15/10/2021
Tan Kok Tiam	Macroeconomic Forces in Financial Market / Investing in Clean Energy Industry	27/03/2021
	CHK001: Industry 4.0 and It's Impact of Malaysia Capital Market	27/07/2021
	AOB Conversation with Audit Committees	07/04/2022
Chen Thien Yin	Mandatory Accreditation Programme for Directors of PLC	24/02/2021 ~ 26/02/2021
Khoo Chee Siang	Section 17A Malaysian Anti-Corruption Commission Act 2009	05/03/2021
	Stock Trading Strategy - Value investing	01/08/2021
	Stock Trading Strategy - Technical Analysis for Investor	02/08/2021
	Stock Price Prediction using Machine Learning	19/09/2021
	Wealth Management - Understanding Your Clients	21/11/2021

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 Remuneration Committee

The Remuneration Committee was established by the Board on 25 October 2004 to assist the Board in the adoption of fair remuneration practices to attract, retain and motivate Executive Directors. The ToR of the Remuneration Committee provides that it shall comprise at least two (2) members with a majority of Independent Non-Executive Directors.

The specific responsibilities of the Remuneration Committee in relation to remuneration matters as set out under its ToR include, amongst others:

- To establish and recommend to the Board, the remuneration package for Executive Directors such as the terms of employment or contract of employment/service, benefit, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of the service contract by the Company and/or the Group etc.
- To consider other remunerations or rewards to retain and attract Executive Directors.
- To recommend the engagement of external professional advisors to assist and/or advise the Remuneration Committee on remuneration matters, where necessary.

The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors of the Company as well as other individuals serving as members of the Board Committees. Hence, the Board has established formal and transparent remuneration policies for the Board and Board Committees, and the procedures in determining the same. The Remuneration Committee reviews the Board remuneration policy annually and in the course of deliberating on the remuneration policy, it considers various factors including the Non-Executive Directors' fiduciary duties, time commitments expected of Non-Executive Directors and Board Committee members, the Company's performance and market conditions. The Remuneration Committee also takes into consideration the remuneration of Directors of other PLCs in order to ensure competitive remuneration policies that reflect the prevailing market rate.

In 22 April 2022, the Board approved the Remuneration Committee's recommendation on remuneration of the Executive Directors and MD, fee of the Non-Executive Directors, and Directors' fees for FYE 2021 for the approval of the shareholders at the Company's forthcoming annual general meeting. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board. Disclosure of each Director's remuneration is set out in the annual audited financial statements of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 Remuneration Committee (Cont'd)

The details of the remuneration of the Directors of the Company for the financial year from 01.01.2021 to 31.12.2021:

	EXECUTIVE DIRECTORS				TOTAL
	Teoh Han Chuan	Dr Loh Yee Feei	Teh Li King		
Salaries and other emoluments	719,000	526,300	–		1,245,300
Fee	–	6,000	–		6,000
Social contribution plan	1,185	1,847	–		3,032
Defined contribution plan	117,160	57,435	–		174,595
Estimated money value of benefits-in-kind	103,258	51,680	–		154,938
	940,603	643,262	–		1,583,965

	NON EXECUTIVE DIRECTORS				TOTAL
	Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	Tan Kok Tiam	Chen Thien Yin	Khoo Chee Siang	
Salaries and other emoluments	41,000	–	–	–	41,000
Fee	96,000	56,000	68,000	68,000	288,000
Social contribution plan	99	–	–	–	99
Defined contribution plan	7,940	–	–	–	7,940
Share-base payment expenses	7,500	–	–	–	7,500
Estimated money value of benefits-in-kind	500	–	–	–	500
	153,039	56,000	68,000	68,000	345,039

While MCCG has prescribed for disclosure of the detailed remuneration packages of its Key Senior Management staff on a named basis, the Board has considered and is of the view that the transparency and accountability aspects of CG applicable for the Key Senior Management staff are adequately served by the disclosure of the remuneration packages on a no-name basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 Remuneration Committee (Cont'd)

The number of Key Senior Management of the Group, whose total remuneration during the financial year under review fell within the following successive bands of RM50,000 is as follows:

<i>Range of Remuneration</i>	<i>Numbers of Directors</i>
RM50,000 to RM100,000	–
RM100,001 to RM150,000	1
RM150,001 to RM200,000	–
RM200,001 to RM250,000	1
RM250,001 to RM300,000	–
RM300,001 to RM350,000	1
RM350,001 to RM400,000	–
RM400,001 to RM450,000	–
RM450,001 to RM500,000	–
RM500,001 to RM550,000	–
RM550,001 to RM600,000	–
RM600,001 to RM650,000	1

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

2.1 Audit Committee

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the financial statements comprise the quarterly financial report announced to Bursa Securities, the annual audited financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board established the Audit Committee on 22 December 2003. The roles and responsibilities of the Audit Committee, including activities undertaken during the financial year under review, are set out in the Audit Committee Report on pages 47 to 49 of this Annual Report. One (1) of the key responsibilities of the Audit Committee in its ToR is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act 2016 ("the Act").

As part of the governance process in reviewing the quarterly and yearly financial statements by the Audit Committee, the MD and Chief Financial Officer provided assurance to the Audit Committee on a quarterly basis that adequate processes and controls were in place for an effective and efficient financial statement close process, that appropriate accounting policies had been adopted and applied consistently and that the relevant financial statements gave a true and fair view of the state of affairs of the Group.

In addition to the above, the Executive Director of subsidiaries also undertook an independent assessment of the system of internal control on an annually basis and assured the Audit Committee that no material issue or major deficiency had been noted which posed a high risk to the overall system of internal control under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.1 Audit Committee (Cont'd)

As such, the Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's position and prospects in the Directors' Report and the annual audited financial statements set out in this Annual Report.

The Audit Committee, without the presence of Executive Board members and Management also meets with the External Auditors at least twice during each financial year to exchange free and honest views on issues which the External Auditors may wish to discuss in relation to their audit findings.

To uphold the integrity of financial reporting by the Company, the Audit Committee has formalised and adopted Non-Audit Services Policy for the types of non-audit services permitted to be provided by the External Auditors on 20 December 2012, including the need for the Audit Committee's approval in writing before such services can be provided by the External Auditors. To address the "self-review" threat faced by the External Audit Firm it requires that the engagement team conducting the non-audit services to be different from the External Audit team.

In addition, the Audit Committee is also empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to their independence. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

In assessing the independence of External Auditors, the Audit Committee will seek assurance from the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The External Auditors provides such declaration in their annual audit plan presented to the Audit Committee prior to the commencement of audit for a particular financial year.

In this regard, the Audit Committee had on 22 April 2022, assessed the independence of Messrs. UHY as External Auditors of the Company as well as reviewed the level of non-audit services rendered by UHY to the Company during the financial year under review. Having satisfied itself with the technical competency, performance of and fulfillment of criteria as set out in the Non-Audit Services' Policy by the External Auditors as well as audit independence of UHY, the Audit Committee unanimously recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the 21st Annual General Meeting.

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, the Audit Committee also reviewed all the related party transactions entered into between the Company and its subsidiaries with the related parties on a quarterly basis.

The Audit Committee is satisfied that such transactions were entered into at an arm's length basis with the interested Directors were abstained from deliberation and voting on relevant resolutions in which they have an interest at the Board and general meetings convened and their undertaking to ensure that persons connected to them will similarly abstain from voting on the resolutions.

The details of the related party transactions are set out under Note 29 to the annual audited financial statements on pages 127 to 129 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.2 Risk Management and Internal Control Framework

The Board regards risk management and internal controls as an integral part of the overall management processes.

Recognising the importance of having risk management processes and practices, the Board had formalised an Enterprise Risk Management framework to provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an on-going basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group.

The responsibilities of identifying and managing risks are delegated to the respective management team led by the Executive Director. The Board and the Audit Committee are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The Audit Committee, through the Management Risk Committee will assist the Board in overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.

The Board has established an internal audit function within the Company based on the risk profiles of the business unit of the Group, which is led by the Head of each department of its subsidiaries who reports directly to the Audit Committee in a quarterly basis.

In line with the MCCG and the Listing Requirements of Bursa Securities, the Company has outsourced the internal audit function to NGL Tricor Governance Sdn Bhd as internal auditors, who reports directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls during the quarterly Audit Committee meetings. The internal audit is guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors. The internal audit function is independent of the activities it audited and the scope of work it covered during the financial year under review is provided in the Audit Committee Report set out on pages 47 to 49 of this Annual Report.

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

3.1 Ensure Timely and High Quality Disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board will formalize corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa Securities, but also setting out the persons authorized and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

The Company has put in place an internal policy on confidentiality to ensure that confidential information is handled properly by the Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

To augment the process of disclosure, the Board has uploaded the policies on the Company's website from time to time, where information on the Company's announcements to the regulators, the Charter, rights of shareholders and the Company's Annual Report may be accessed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3.2 Strengthen Relationship between the Company and its Shareholder

Shareholder Participation at General Meeting

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders. In this regard, the Board will ensure that all the Company's shareholders and stakeholders are treated equitably and the rights of all investors, including minority shareholders, are protected.

The annual general meeting, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification as well as for the Chairman of the annual general meeting to provide an overview of the Company's progress and receive questions from shareholders. At the annual general meeting, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last annual general meeting, a question & answer session was held where the Chairman of the annual general meeting invited shareholders to raise questions with responses from the Board and Senior Management.

The notice of annual general meeting is circulated to shareholders at least twenty-one (21) days before the date of the meeting to enable them to go through the Annual Report and papers supporting the resolutions proposed. Where special business items appear in the notice of annual general meeting, a full explanation is provided to shareholders on the effect of the proposed resolution emanating from the special business item. Separate resolutions are proposed at the meeting and the Chairman will declare the number of proxy votes received, both for and against each separate resolution where appropriate. All the resolutions set out in the notice of the last annual general meeting were put to vote by a show of hands and duly passed. The outcome of the last annual general meeting was announced to Bursa Securities on the same meeting day.

To in line with Paragraph 7.21A(2) of Listing Requirements for further promoting participation of members through proxies, the information regarding procedures and the rights of the members, corporate representatives and proxies present to speak and vote on the resolutions set out in the notice of 21st Annual General Meeting ("Notice") will be briefed via an explanatory note provided during the registration process and/or by the Chairman of the 22nd Annual General Meeting at the commencement of such meetings. The Clauses of the Company further entitles a member to vote in person, by corporate representative, by proxy or by attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote as if they were a member of the Company.

To in line with Section 327 of the Act, the Board may adopt electronic voting as to facilitate greater shareholder participation at general meetings.

Under Paragraph 8.29A(1) of the Listing Requirements, a PLC must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the poll administrator and an independent scrutineer will be appointed to validate the votes cast at the 22nd Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3.2 Strengthen Relationship between the Company and its Shareholder (Cont'd)

Communication and Engagement with Shareholders and Prospective Investors

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors.

All the Directors shall endeavor to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company the 20th Annual General Meeting. The proceedings of the 22nd Annual General Meeting will include the Chairman's briefing on the Company's overall performance for FYE 2021 and a Q&A session during which the Chairman will invite shareholders to raise questions pertaining to the Company's accounts and other items for adoption at the meeting. The Directors, MD and External Auditors will be in attendance to respond to the shareholders' queries. The Board will also share with the shareholders the Company's responses to questions submitted in advance of the 22nd Annual General Meeting by the Minority Shareholder Watch Group, if any.

The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the annual and extraordinary general meetings and through the Group's website at www.swscap.com where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. info@swscap.com to which stakeholders can direct their queries or concerns.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

(i) Investor Relations

The Company takes into consideration the shareholder's rights to access information relating to the Company and has thusly, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

COMPLIANCE STATEMENT

This Statement on the Company's corporate governance practices is made in compliance with Paragraphs 15.25 and 15.08A of the Listing Requirements. The Board considers and is satisfied that the Company has complied with the Practices of the MCGG, the relevant chapters of the Listing Requirements on CG and all applicable laws and regulations throughout the financial year under review.

This Statement was approved by the Board on 22 April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) of SWS Capital Berhad (“SWSCAP” or “Company”) is committed to maintain sound system of internal control and effective risk management to safeguard shareholders’ investment and Group’s assets. In compliance with Paragraph 15.26(b) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Institute of Internal Auditors Malaysia (the “Guidelines”), the Board is pleased to provide the following statement, on the nature and scope on risk management and internal control of the Group for the financial year ended 31 December 2021 (“FYE 2021”).

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the adequacy and integrity of the Group’s risk management and system of internal control including the review of its effectiveness. The system covers risk management, financial, operational, management information systems and compliance with relevant laws, rules, directives and guidelines.

However, the Board also takes cognizance of the inherent limitation in any system of internal control, which designed to manage, rather than eliminate, the risk of failure and therefore can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The responsibilities of the Board in relation to the system extend to all subsidiaries of the Group.

RISK MANAGEMENT FRAMEWORK

An on-going process has been designed to ensure that the risks encountered by the Group’s business in pursuit of its objectives are identified, evaluated and managed at known and acceptable levels throughout the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

The Group’s risk management initiative includes delegating the responsibilities of identifying and managing risk to the respective Head of each business units. Significant risk identified, and the corresponding internal controls implemented are discussed during periodic management meetings. In addition, significant risks identified are also brought to the attention of the Board. This is to ascertain risk identified are properly monitored, managed, and mitigated to an acceptable level.

The evaluation and management of significant risks are reviewed on a regular basis by the Audit Committee and the Board.

During the financial year under review, key principle risks affecting the Group’s business and operations has been identified with a risk register being established accordingly.

On the other hand, a Management Risk Committee (“MRC”), chaired by the Executive Director of each subsidiary will also be established to promote the risk management framework and to ensure that the risk management process and culture are embedded throughout the Group. MRC will meet on a quarterly basis where the Head of departments (“HoD”) have the overall responsibility to report the key risks to the attention of the MRC and to deliberate on risks identified, controls and risk mitigation strategies arising from the risk assessment process conducted and provide reporting and update to the Audit Committee on key risk management issues during the quarterly Audit Committee meetings. The responsibility for day-to-day risk management resides with the Management of each subsidiary and they are accountable for the risks identified and assessed.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

There are steps to management of risks identified in the risk register which consists of:

- Identifying the risks to achieving strategic and operational objectives
- Determining and assessing the existing controls in place
- Assessing the impact and likelihood of the risk after taking account of existing controls to derive the residual risk
- Determining further control improvements to mitigate the risk and indicate what their impact on residual risk will be when they are fully implemented.

The Executive Director of each subsidiary are required to undertake risk assessments against their business plan, strategies and other significant activities and to maintain risk registers that reflect an appropriate risk profile. The risk registers are used as one of the business tools to highlight the risks exposures and their risks mitigation. The risk registers are updated as and when there are changes to business environment or regulatory guidelines. Policies, procedures, guidelines, templates and the likes are being developed to assist in ensuring an awareness of what is an acceptable level of risk and that risks and opportunities are managed consistently and effectively across the Group. Periodic operational/management meetings are held to ensure that the risks identified are monitored and related internal controls are communicated to the management.

The Board affirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by major companies in the Group. The results of this process, including risk mitigating measures taken by Management to address key risks identified, are periodically reviewed by the Board through the Audit Committee.

RISK PROFILE

The Implementation of the Risk Management Process has resulted in the identification of a number of industry risks which may impact the Group's business as a furniture manufacturer with overseas operations. These risks include but are not limited to:

- depleting woods resources and increasing in wood costs;
- volatile resin costs due to fluctuation in crude oil prices;
- tightening in regulation and law in countries where the Group operates and sell to;
- subject to world economic changes since the Group operate in and sell across the globe;
- sovereign risk;
- exposure to foreign exchange fluctuation;
- production availability and technical changes in manufacturing processes;
- new standards across the globe to control plastic pollution;
- health, safety, environment and security risk; and
- exposure to debts.

These risks may change over time as the external environment changes and as the Company expand its operations. The risk Management Process requires regular reviews of the Company's existing risks and the identification of any new and emerging risks facing the Company, including financial and non-financial matters. It also requires the management (including mitigation where appropriate) of these risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

SYSTEM OF INTERNAL CONTROL

The Group maintains a system of internal control that serves to safeguard its assets; ensure compliance with statutory and regulatory requirements; and to ensure operational results are closely monitored and substantial variances are promptly explained.

Salient features of the framework of the system of internal control are as follows:

- Operating procedures that set out the policies, procedures and practices adopted by the Group are properly documented and communicated to staff member so as to ensure clear accountabilities. The effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements.
- The organisational structure is well defined, with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated.
- The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks.
- Financial results are reviewed quarterly by the Board and the Audit Committee.
- Executive Directors and HoD meet regularly to discuss operational, corporate, financial and key management issues.
- A reporting system which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.
- There are guidelines within the Group for hiring and termination of staff. Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development are provided for selected employees to enhance their competency in carrying out their responsibilities.
- A formal staff appraisal to evaluate and measure staff's performance and their competency is performed at least once a year.

INTERNAL AUDIT FUNCTION

The Internal audit function has the primary objective of carrying out reviews of the system of internal control to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the system of internal control so as to foster a strong management control environment.

The Board is fully aware of the importance of the internal audit function and outsourced its internal audit function to an independent professional service provider ("Internal Auditors"). The Internal Auditors report directly to the Audit Committee and assist the Audit Committee in discharging their duties and responsibilities. The internal audit team provides an independent assessment on the adequacy and effectiveness of the Group's internal control system. The internal audit focuses on regular and systematic reviews of the financial and operational processes, in anticipating potential risk exposures over key business processes.

The Internal Auditors adopt a risk-based approach by focusing on:

- reviewing identified high risks areas for compliance with policies and procedures; identifying business risks which have not been appropriately addressed; and
- evaluating the adequacy and effectiveness of controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION (CONT'D)

The Internal Auditors carry out audit assignment based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were forwarded to the Audit Committee for deliberation and approval.

The Internal Auditors have documented key findings from the internal audit carried out. They have discussed with process owners on the recommendation for internal control improvement and provided the Audit Committee with independent and objective reports on the state of the internal control and recommendations for improvements of the various operating units within the Group. The internal audits carried out have not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system. Audit issues and actions taken by Management to address the issues tabled by Internal Auditors were deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings which recorded these deliberations were presented to the Board.

The expenditure incurred for the internal audit function for the current financial year was RM21,570.

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR

In line with the Guidelines, the Managing Director has provided assurance to the Board that the Group's risk management and internal control systems have been operated adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

The Managing Director also reports to the Board on significant changes in the business and the external environment which affects the operations. Financial information, key performance and risk indicators are also reported on a quarterly basis to the Board.

REVIEW OF STATEMENT

In accordance with the Paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in this Annual Report, and reported that nothing has come to their attention that cause them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes adopted by the Board in reviewing the adequacy and integrity of the system of internal control and risk management.

CONCLUSION

The Board is of the view that the system of risk management and internal control that had been implemented within the Group is sound and effective. The internal control procedures will be reviewed continuously in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness so as to safeguard the Group's assets and shareholders' investments.

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This Statement was approved by the Board on 22 April 2022.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Audit Committee of SWS Capital Berhad (“SWSCAP” or “Company”) comprises three (3) members, all of whom are Independent Non-Executive Directors. The Audit Committee reviews and updates its Term of Reference (“ToR”) from time to time as to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board’s objectives. The salient features of the ToR can be viewed on the Company’s website at www.swscap.com.

COMPOSITION AND ATTENDANCE

The Board of Directors (“Board”), through Nomination Committee will review annually the terms of office of the Audit Committee members and assesses the performance of the Audit Committee and its members through the annual assessment conducted via Questionnaires. The Board is satisfied that for financial year ended 31 December 2021 (“FYE 2021”), the Audit Committee and its members have been able to discharge their functions, duties and responsibilities in accordance with the ToR of the Audit Committee, thereby supporting the Board in ensuring appropriate Corporate Governance (“CG”) standards within the Company and the subsidiaries (“Group”).

The current composition meets the requirement of paragraphs 15.09 and 15.10 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). Should there be a vacancy in the Audit Committee resulting in the non-compliance of paragraphs 15.09(1) and 15.10 of the Listing Requirements, the Company must fill up the vacancy within three (3) months thereof. The Audit Committee members and their attendance records are outlined in the CG Overview Statement.

MEETINGS

The Audit Committee held four (4) meetings in for the FYE 2021 without the presence of other Directors, members of Senior Management and employees, except when their attendance was requested by the Audit Committee. The Managing Director (“MD”) was invited to all Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

The lead audit engagement partner of the External Auditors responsible for the Group attended two (2) Audit Committee meetings in FYE 2021 to present the audit review memorandum and auditors’ report on the annual audited financial statements for FYE 2021.

During the first meeting between the external auditors and the Audit Committee, the Audit Committee sought the External Auditors’ confirmation that they had been given unfettered access to information and co-operation from the Management during the course of audit. In the Audit Committee meetings, the External Auditors were invited to raise any matter they considered important for the Audit Committee’s attention. The Audit Committee Chairman obtained confirmation from the External Auditors that the Management had given its full support and unrestricted access to information as required by the External Auditors to perform their duties and that there were no other matters considered important which had not been raised with the Audit Committee.

In addition to the meetings held between the Audit Committee and the External Auditors during the Audit Committee meetings where they were given opportunities to raise any matters without the presence of Management, the Audit Committee members also gave unrestricted access to the External Auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Deliberations during the Audit Committee meetings, including the issues tabled and rationale adopted for decisions, were recorded. Minutes of the Audit Committee meetings were tabled for confirmation at the following Audit Committee meeting and subsequently presented to the Board for notation.

AUDIT COMMITTEE REPORT (CONT'D)

MEETINGS (CONT'D)

The Audit Committee Chairman presented to the Board the recommendations of the Audit Committee for approval of the annual and quarterly financial statements. The Audit Committee Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors. The Internal Auditors were present at two (2) Audit Committee meetings to table the respective internal audit (“IA”) reports. The relevant Head of the Department of the audit subjects were also invited to brief the Audit Committee on specific issues arising from the relevant IA reports.

With the reporting and update by the Management Risk Committee on key risk management issues, the Audit Committee reviewed the key corporate risk profiles, risk assessment of core business processes, operational risks and mitigation measures as well as the process for identifying, evaluating, and managing risk through the Enterprise Risk Management framework as to ensure that the risk management process and culture are embedded throughout the Group.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, the activities of the Audit Committee included the following:–

- Reviewed and discuss the memorandum of matters and issues raised by the External Auditors and management’s response to all pertinent issues and findings raised and noted by the External Auditors during their audit of the financial statements, together with recommendations in respect of their findings.
- Reviewed the audit planning memorandum prepared by the External Auditors covering audit objectives and approach, audit plan, key audit area and relevant technical pronouncements and accounting standards.
- Reviewed the interim unaudited and annual audited financial statements of the Group prior to recommending for approval by the Board.
- Reviewed and discussed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- Reviewed internal audit’s resource requirements, scope, adequacy and function.
- Reviewed the internal audit’s plan and programs, IA reports, recommendations and Management responses. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the Internal Auditors were discussed together with the Management Team in a separate forum as well as review of implementation of these recommendations through follow-up audit reports.
- Briefed the Board on any major issues, acquisition and corporate exercise of the Company discussed at the Audit Committee meeting for further deliberation or decision as the case may be.
- Reviewed the related parties’ transactions and conflict of interest situation that that arose within the Company or the Group including any transaction, procedure or code of conduct that may raise concern or question of management’s integrity.
- Considered the nomination of External Auditors and Internal Auditors for recommendation to the Board for re-appointment.
- Reviewed its ToR periodically and recommendation to the Board on revision, if necessary.
- Reviewed the application of corporate governance principles and the extent of the Group’s compliance with the best practices set out under the Malaysian Code on Corporate Governance 2017.
- Reviewed and approved the whistle-blowing policy and the risk management policies and strategies and significant changes made thereto from time to time.
- Suggested on additional improvement opportunities in the areas of internal control systems and efficiency improvement.
- Assessed the resources and knowledge of the Management and employees involved in the internal control and risk management processes.
- Reviewed the unaudited financial results announcements before recommending them for Board’s approval, focusing particularly on:
 - o any change in accounting policies and practices
 - o significant adjustments arising from the audit
 - o the going concern assumption
 - o compliance with applicable financial reporting standards and other legal requirements

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Board acknowledges that it is responsible for maintaining a sound system of internal controls which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to safeguard shareholders' investment and the Group's assets.

The Company has engaged an independent professional risk management company as Internal Auditors to assist the Company to strengthen its internal audit processes during the financial year under review. The Internal Auditors are engaged to provide independent assessments on the adequacy and effectiveness of the risk management, internal control and governance processes within the Group.

An overview of the Group's approach in maintaining a sound system of internal control is set out in the Statement on Risk Management and Internal Control on pages 43 to 46 of the Annual Report.



STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of SWS Capital Berhad ("SWSCAP" or "Company") and the subsidiaries ("Group") are required to prepare the financial statements which give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of the results and cash flows of the Group and of the Company for the financial year then ended, in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 (the "Act") in Malaysia.

In preparing the financial statements the Directors have,

- used appropriate accounting policies that are consistently applied;
- made judgements and estimates that are prudent and reasonable;
- ensured that all applicable MFRS and IFRS in Malaysia have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements to comply with MFRS, IFRS and the Act in Malaysia.

The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.



SUSTAINABILITY STATEMENT

INTRODUCTION

In this fast-paced era of business globalisation, SWS Capital Berhad (“SWSCAP” or “Company”) and the subsidiaries (“Group”) have been continuously evolving to strive for sustainable growth. Over the years in business operations, the Group have established a well-diversified furniture and household plastic wares businesses with global product presence in over 40 countries.

The Board of Directors (“Board”) are very cautious of the important of sustainability and the impact on environmental, economic and social matters. Therefore, is it pertinent to identify and understand the matters that affect the Group’s sustainability and ensure proper management applied accordingly. During the financial year, the Group embarked on initiatives to review the sustainability management approach, materiality assessment, performance measurement and disclosure in efforts to strengthen the approach towards a sustainable business. Stakeholders’ communication and interest are properly assessed towards business sustainability and economic success.

SCOPE OF REPORTING

This report covers all operating subsidiaries of the Group, for furniture and plastic ware division. The reporting period is from 1 January 2021 to date of this report. This statement is prepared in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Sustainability Reporting Guide and its accompanying Toolkit issued by Bursa Securities.

STAKEHOLDER ENGAGEMENT

The Group understand the important to communicate with stakeholders. All issues raised by stakeholders are brought to the attention of the Management. Stakeholders engagement are carried out on a regular basis as they are integral to business development, relationships with stakeholders and commitment to sustainability.

The key stakeholders are outlines on the below table, along area to focus and forms of engagement:

Stakeholders	Focus areas	Engagement approach	Frequency
Shareholders	Business / Financial performance	Corporate website	On going
	Timely disclosure of information	Annual General Meeting	Annually
	Corporate governance	Annual Report	Annually
	Ethical business conduct	Quarterly result	Quarterly
	Internal control and risk management	Bursa announcement	As required
Customers	Product design	In house Research & Development team on product design and development	On going
	Product quality	Quality Control (“QC”) checking on in house product	On going
	Product pricing	Marketing plan and products promotion	On going
	Timely delivery of finished goods	Monitoring the production progress and due date of delivery	On going
	Customer performance	Customers valuation and on-site visit	As required

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholders	Focus areas	Engagement approach	Frequency
Employees	Health and safety of working environment	Compliance with relevant health and safety rules	On going
	Career development and training	Provide training and promotion opportunity	On going
	Prompt payment of remuneration	Ensure compliance of relevant employees and labour law in Malaysia	On going
	Performance and reward Communication and engagement	Performance appraisal and bonus Social events and recreational activities with employees	Annually On going
Supplier	Supplier performance	Supplier valuation and selection	As required
	Quality of supply	In coming QC inspection on raw materials	On going
Government and regulator	Compliance with laws and regulations	Compliance with local authorities	On going
	Approvals and permits	Regulatory compliance training	On going
	Standards and certifications	Audit and verification	As required
Local communities	Community wellbeing	Donations and sponsorship	On going
	Community investment	Social and cultural activities	On going
	Corporate social responsibilities	Industrial based learning and training	On going

MATERIALITY ASSESSMENT

The Group is in the midst of developing a strategy to ensure material sustainability matters in a more holistic and integrated manner moving forward. This will involve developing new policies and procedures, implementing various initiatives and action plans, setting achievable goals, as well as reviewing current system to capture, analyse and report sustainability data and information.

ECONOMIC

Economic are changing fast and the Group must ensure suitable strategy are applied with proper monitoring. Standard operating procedures was designed to allow the Group stay competitive in this growing market. Management monitor the manufacturing operation and quality control to promote the production efficiency and cost effectiveness. Sales and marketing study the market trend and opportunity to extend to new market, both local and export, at favourable pricing. Timeliness and well scheduled delivery are also monitored specially to export customers. The Group is working on releasing more sustainable and unique products over the next decade. Both furniture and plastic housewares division can react and customised premium products which contribute to Group revenue and growth.

The growth of the Group has assisted the Small and Medium Enterprise ("SME") that are working with us through their supply of packing material, services, construction of our factories and many more. This creates economic value to our surrounding community and indirectly to our country.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL

Environment impact has always been a major consent for wood-based furniture production. Malaysia is blessed with rich natural resources. Our lush rainforest provides an ample variety of wood for furniture-making. It also has a well-managed forestry system to ensure a continuous supply of high-grade sustainable timber and preservation of our natural heritage for generations to come. Most of the wood material used for furniture manufacturing are rubberwood. Rubberwood is a plantation wood, it does not come from valuable virgin rainforests, as such it is one of the most eco-friendly woods. Procurement and store ensure all wood purchased are with certificates before confirm receipt and production operation. The manufacturing process, proper storage system and store condition are important to minimise wastage.

As the Group other business involve plastics, the Group are vigilant on potential environmental impact that can be caused from the business. The Group take a serious view on compliance towards the environmental rules and regulations required by the Department of Environment ("DOE") and various authorities both locally and abroad. In terms of managing waste disposal, the Group has implemented procedures to reuse and recycle waste products whenever possible. The Group has recycling departments in Bukit Minyak, Penang plants that recycles plastic waste to be reused in production in order to optimise the consumption of plastic raw material. For materials or waste that cannot be reused or recycled, we appoint government approved waste contractors to disposal of the waste.

Furthermore, we ensure that all hazardous materials such as ink and solvents are to be stored in safe places. Hazardous waste will be disposed off in a proper manner through the contractor that has been certified by the DOE.

It is important to let the consumers notice that the Group is using eco-friendly material for plastic wares production. Ee-Lian Enterprise (M) Sdn Bhd ("ELE"), subsidiary of SWSCAP, had entered an agreement with American specialty chemicals producers Miliken, as well as Malaysian polymer producer Lotte Chemical Titan, to manufacture more sustainable products using Miliken's energy saving and UL certificated materials. Using the material during manufacturing process means a lower processing temperature is used, thus cumulating in 10% of annual energy savings and lower CO2 emissions. The agreement ensures that ELE become the first Malaysian producer authorised to use the UL-certified Green Label environment accreditation on its products and is expected to boost ELE sales locally and globally. This label communicates to customers that products have been audited by a credible third-party and independently validated to have been manufactured and/performed in accordance with its environmental claims.

For energy consumption, we are solely dependent on local electricity supply. The Group has been continuously devoting efforts to reduce the usage of the electricity, we have also engaged a certified electricity consultant to perform an analysis and to provide solutions to further reduce the usage of electricity apart from our current initiatives.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

SWSCAP is progressively integrating CSR as part of its business activities and will undertake responsible practices that impact our society and environment in a positive manner and to inculcate a culture of responsibility in all aspect of our business.

The expansion of the Group has been consistently providing a wide range of employment opportunities to local communities. Our employees are offered competitive salaries, performance incentives and various benefits. The Group also provides training to our employees in order to cultivate more talent within the Group to sustain our future growth.

Through the engagement with Department of Occupational safety and Health, it provides us with the framework for handling occupational health and safety related matters for our people to follow. The Group is committed to continue creating a safe and healthy environment. Apart from that, we have set up a safety committee to oversee the day-to-day occupational health and safety matters. The safety committee had conducted several programs to increase the level of safety through awareness of our employees in our working environment.

The programs below are initiatives that have been implemented:

- (a) Safety and awareness training;
- (b) Fire drill training for at least once a year;
- (c) Policies enforcing production employees to equip safety wear at work;
- (d) Requirement of work permit for all contractors or in-house maintenance to perform hot work;
- (e) Enforcing each factory have their own emergency response team ("ERT");
- (f) Compliance with Occupational Safety and Health ("OSH") regulations; and
- (g) Frequent inspection on machines, building structures and vehicles to detect unsafe conditions which may lead to accidents.

In addition, rules and regulations have been enforced to ensure a safe working environment for our employees as well as third parties that enter into our plants. Work instructions are clearly visible on every machine to ensure that our employees are always aware of safety procedures while operating machines.

CONCLUSION

SWSCAP recognised the importance of sustainability and continue to improve the corporate governance framework. The Group will continue to adopt a balance approach to promote effective economic approach, environmental stewardship, social responsibility and value.



OTHER DISCLOSURE REQUIREMENTS

The information set out below are disclosed in compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

AUDIT AND NON-AUDIT FEES

The fees payable to the External Auditors in relation to the audit and non-audit services rendered to the Company and the subsidiaries (“Group”) for the financial year ended 31 December 2021 (“FYE 2021”) are as follows:

	Company (RM)	Group (RM)
Audit fees	38,000	165,000
Non-audit fees	–	5,500

MATERIAL CONTRACTS

The Group and Company has not entered into any material contracts with any Directors or substantial shareholders of the Group and Company nor any persons connected to a Director or major shareholder of the Group and Company during the financial year.

RELATED PARTY DISCLOSURE

Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature for FYE 2021

The aggregate value of recurrent related party transactions conducted pursuant to the shareholders’ mandate during FYE 2021 are as follow:–

Related Party with whom Group is transacting	Company within the Group involved	Amount (RM)	Nature of transactions	Interested Related Party
Ee Jia Housewares (M) Sdn Bhd (“EJ”)	Ee-Lian Enterprise (M) Sdn Bhd (“ELE”)	7,737,941	Sales of plastic wares and other household products	Interested Director/ Major Shareholder Tan Sri Dato Seri’ Dr. Tan King Tai @ Tan Khoon Hai Teoh Han Chuan
		643,230	Purchases of plastic wares and other household products	
Ebottles Marketing (M) Sdn Bhd (“EBM”)	ELE	24,630	Purchases of water bottles and tumblers	Interested Director/ Major Shareholder Tan Sri Dato Seri’ Dr. Tan King Tai @ Tan Khoon Hai Teoh Han Chuan

OTHER DISCLOSURE
REQUIREMENTS
(CONT'D)

RELATED PARTY DISCLOSURE (CONT'D)

Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature for FYE 2021 (Cont'd)

Related Party with whom Group is transacting	Company within the Group involved	Amount (RM)	Nature of transactions	Interested Related Party
E Sponge Household Sdn Bhd ("ES")	ELE	18,476	Sales of cleaning products	Interested Director/ Major Shareholder Tan Sri Dato Seri' Dr. Tan King Tai @ Tan Khoon Hai Teoh Han Chuan
		236,629	Purchases of cleaning products	
PT Elianware Houseware Trading	ELE	2,837,413	Sales of plastic wares and other household products	Interested Director/ Major Shareholder Tan Sri Dato Seri' Dr. Tan King Tai @ Tan Khoon Hai Teoh Han Chuan
EJ	Ee-Lian Plastic Industries (M) Sdn Bhd ("ELP")	201,992	Sales of plastic wares and other household products	Interested Director/ Major Shareholder Tan Sri Dato Seri' Dr. Tan King Tai @ Tan Khoon Hai Teoh Han Chuan
		192,000	Purchases of plastic wares and other household products	
EBM	ELP	71,335	Sales of printing services	Interested Director/ Major Shareholder Tan Sri Dato Seri' Dr. Tan King Tai @ Tan Khoon Hai Teoh Han Chuan
ES	ELP	413	Sales of plastic wares and cleaning products	Interested Director / Major Shareholder Tan Sri Dato Seri' Dr. Tan King Tai @ Tan Khoon Hai Teoh Han Chuan

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

SWS Capital Berhad (“SWSCAP” or “Company”) recognises the importance of being a good corporate citizen in the conduct of its business as well as fulfilling its corporate social responsibility (“CSR”). SWSCAP has officially announced a policy on corporate social responsibility so that all groups of stakeholders, both inside and outside the Company, acknowledge, understand, and abide. This reflects the reinforcement and importance the Company and the subsidiaries (“Group”) give and the responsible practices that the Group has complied with including operating the business based on corporate governance, taking care of all of its stakeholders, balancing between business, society, and environment with the focus on benefits of living together and growing alongside each other in a sustainable manner.

COMMUNITY

The Group is committed to producing quality goods that are safe for consumers while taking into account its responsibility for communities and environment, related parties, and society as a whole in different aspects that might be affected from the Group’s operations. This is based on business principles that are transparent, accountable and ethical. The Group respects human rights and interests of stakeholders by complying with the laws and other regulations or relevant international standards. It is also committed to developing and improving in order to continuously and sustainably create a foundation of corporate social responsibility alongside its business growth with continuity.

As an integral part of the communities in which we operate, the Group continues its effort in caring for the people in need, actively participating in and supporting different charity projects. During the year, the Group has contributed to various charity organisations around the towns which we have been operating in.

The global pandemic of COVID-19 has shaken Malaysia and the rest of the world. The Movement Control Order (MCO) has affected many Malaysians especially the most vulnerable communities such B40 and daily income earners due businesses were put on hold. Fellow front liners were call to duty and have been working around the clock ever since. During this hard time, SWS Capital Berhad collaborates with several Government Agencies and NGOs, working together to supply and deliver food supplies to the underprivileged communities, stranded students and red zones front liners.



STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

ENVIRONMENT

Apart from having product quality which is a strength and manufacturing process that does not affect society and environment, receiving certified standard by external organisations regarding the Group's products, managing energy and environment, and providing channels coupled with monitoring of complaints from both internal and external parties.

The Group is supportive of all efforts to reduce or dispose wastage properly and to optimize efficiency in our operations. Employees are encouraged to participate in environmental activities and to develop keen awareness in the areas of concern. The Group ensured compliance with all environment laws and regulations. It continues to work closely with regulators and industry partners in providing technical expertise and support to identify areas of improvement for resources and waste management in our ground operations and offices. Measures taken include recycling waste materials and usage of electrical instead of fuel consumed forklift.

WORKPLACE

The Group's personnel are one of the key success factors of the corporate social responsibility which will build sustainable growth to the Group. The Group considers its employees as valuable assets and treats all staff with dignity, fairness and respect. CSR Implementation has been set as one of the annual working plan agendas that is brainstormed and implemented by every department continuously in order to make it as direct duty and responsibility of all personnel as well as building awareness of importance and advantages of the corporate social responsibility amongst personnel. Moreover, supports, developments or gap identification are also needed for improvement. Employees are given training to develop and upgrade their skills, knowledge and attitudes. During the year under review, trainings, festival feast, annual dinner and some sports activities have been carried out to build better rapport among employees.

The Group strives to maintain a safe and healthy working environment for all our employees through adoption of good occupational safety and health practices. The Group practises the Occupational Health & Safety Management System to enhance the safety and health practices amongst the employees from different operations and to take precautionary measures against potential hazardous sources which could arise from the daily operation of the business through the process of Hazard Identification, Risk Assessment and Control.

Other initiatives to improve employee working conditions include provision of medical treatment, medical insurance and subsidised meal allowance.

MARKETPLACE

SWSCAP is committed to the conduct of business based on practices of transparency, confidentiality and integrity in building long term relationship with our stakeholders.

DIRECTORS' REPORT

60

STATEMENT BY DIRECTORS

65

STATUTORY DECLARATION

65

**INDEPENDENT AUDITORS'
REPORT TO THE MEMBERS**

66

**STATEMENTS OF FINANCIAL
POSITION**

70

**STATEMENTS OF PROFIT OR
LOSS AND OTHER
COMPREHENSIVE INCOME**

72

**STATEMENTS OF CHANGES IN
EQUITY**

73

STATEMENTS OF CASH FLOWS

76

**NOTES TO THE FINANCIAL
STATEMENTS**

80



**FINANCIAL
STATEMENTS**

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	2,951,883	(825)
Attributable to:		
Owners of the parent	2,905,611	(825)
Non-controlling interests	46,272	-
	2,951,883	(825)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid up share capital through the issuance of:

- (i) 750,000 new ordinary shares pursuant to the exercise of Employee Share Option Scheme ("ESOS") at exercise price of RM0.49 per ordinary share;
- (ii) 4,400,000 new ordinary shares pursuant to the exercise of ESOS at exercise price of RM0.68 per ordinary share;

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

Employees' share option scheme

At the Extraordinary General Meeting held on 26 March 2018, the Company's shareholders approved the establishment of an ESOS.

The salient features of the ESOS are disclosed in Note 33 to the financial statements.

WARRANT

Warrant B

During the prior financial year, the Company had issued 91,171,801 detachable Warrant B which were listed on Bursa Malaysia Securities Berhad on 26 July 2018 in conjunction with the basis of five warrants for every eight existing ordinary shares held.

The warrants are constituted by a Deed Poll dated 10 April 2018 executed by the Company. Each warrant entitles the registered holder during the exercise period to subscribe for one new ordinary share at the exercise price of RM0.90 per share, subject to adjustment in accordance with the provisions of the Deed Poll.

The salient features of the warrants are as disclosed in Note 16(b) to the financial statements.

As at 31 December 2021, the total number of detachable Warrant B that remain unexercised were 91,171,801.

DIRECTORS

The Directors of the Company in office since the beginning of the financial year until the date of this report are:

Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	
Teoh Han Chuan	
Tan Kok Tiam	
Dr. Loh Yee Feei	
Chen Thien Yin	(Appointed on 6 January 2021)
Khoo Chee Siang	(Appointed on 6 January 2021)
Teh Li King	(Appointed on 12 January 2021)
Piong Yew Peng	(Resigned on 6 January 2021)
Dato Chua Heok Wee	(Resigned on 6 January 2021)
Chew Seng Guan	(Resigned on 6 January 2021)
Dato' Seri MR. Serm Juthamongkhon	(Demised on 15 April 2021)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the financial year until the date of this report are:

Tan Soon Ping	
Heng Lih Jiun	
Khairilnuar Bin Abdul Rahman	
Tan Kean Aik	(Resigned on 8 June 2021 and reappointed on 17 February 2022)
Lee Yew Chye	(Resigned on 26 April 2021)
Ooi Chen Hoon	(Resigned on 26 April 2021)
Lim Boon Leong	(Resigned on 8 June 2021)
Dato Heng Yak Hoi	(Resigned on 23 July 2021)

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and warrant of the Company and of its related corporations (other than wholly owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	At 01.01.2021	Number of ordinary shares		At 31.12.2021
		Allocated/ Bought	Sold	
Interests in the Company				
Direct interests				
Tan Sri Dato' Seri Dr Tan King Tai @ Tan Khoon Hai	14,628,525	1,000,000	-	15,628,525
Teoh Han Chuan	11,125,000	-	-	11,125,000
Dr. Loh Yee Feei	1,020,000	-	(15,000)	1,005,000
Tan Kok Tiam	500,000	-	-	500,000

Indirect interests				
Tan Sri Dato' Seri Dr Tan King Tai @ Tan Khoon Hai #	5,720,894	400,000	-	6,120,894
Teoh Han Chuan #	1,841,250	-	305,000	1,536,250

	At 01.01.2021	Number of Warrant B		At 31.12.2021
		Bought	Sold	
Interests in the Company				
Direct interests				
Tan Sri Dato' Seri Dr Tan King Tai @ Tan Khoon Hai	8,698,512	-	-	8,698,512
Indirect interests				
Tan Sri Dato' Seri Dr Tan King Tai @ Tan Khoon Hai	4,723,983	-	-	4,723,983
Teoh Han Chuan #	1,925	-	-	1,925

	At 01.01.2021	Number of ESOS		At 31.12.2021
		Granted	Exercised	
Interests in the Company				
Direct interests				
Teoh Han Chuan	700,000	-	-	700,000
Dr. Loh Yee Feei	500,000	-	-	500,000
Tan Kok Tiam	500,000	-	-	500,000

deemed interest by virtue of shares held by spouse/children.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 29 to the financial statements) by reason of a contract made by the Company or a related corporations with the 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate, other than the issue of Employees Share Option Scheme.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM3,000,000 (2020: RM3,000,000) and RM5,000 (2020: RM4,700) respectively. No indemnity was given to or insurance effected for auditors of the Company.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are set out in Note 24 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 April 2022.

DR. LOH YEE FEEI

TEOH HAN CHUAN

PENANG

STATEMENT BY DIRECTORS

pursuant to section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 April 2022.

DR. LOH YEE FEEI

TEOH HAN CHUAN

PENANG

STATUTORY DECLARATION

pursuant to section 251(1) of the Companies Act, 2016

I, **TEOH HAN CHUAN**, being the Director primarily responsible for the financial management of **SWS Capital Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements are 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 George Town in the State of)
Penang on 22 April 2022)

TEOH HAN CHUAN

Before me,

Zainul Abidin Bin Ahmad (W790)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of SWS CAPITAL BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SWS Capital Berhad, which comprise the statements of financial position as at 31 December 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 146.

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 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International 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 *Auditors' 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 IESBA Code.

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
<p>1. Impairment of trade receivables</p> <p>The carrying amount of the Group's trade receivables was amounted to RM24,435,001. During the financial year, the Group assessed the impairment of trade receivables and the assessment of impairment involves significant estimation uncertainty subjective assumptions and the application of significant judgement.</p>	<p>We obtained an understanding and evaluated the appropriateness of the Group's policy on management of credit risk and its credit exposures.</p> <p>We enquired with management regarding the recoverability of trade receivables that are past due but not impaired and reviewed customers' correspondence.</p> <p>We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss.</p> <p>We tested the accuracy and completeness of the data used by the management.</p> <p>We evaluated subsequent year end receipts and recoverability of outstanding trade receivables.</p>

INDEPENDENT AUDITORS' REPORT To the members of SWS CAPITAL BERHAD (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 annual 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 other information 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 other information and, in doing so, consider whether the other information is 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 this other information, 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International 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, disclosing, as applicable, matters related to 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 has 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 the 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 skepticism 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 the Company's internal control.

INDEPENDENT AUDITORS' REPORT

To the members of SWS CAPITAL BERHAD
(CONT'D)

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

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 skepticism throughout the audit. We also:
(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 the 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 financial statements of the Group. 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 safeguard 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 finance 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.

INDEPENDENT AUDITORS' REPORT
To the members of SWS CAPITAL BERHAD
(CONT'D)

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411
Chartered Accountants

ANG KAI SING

Approved Number: 03605/10/2023 J
Chartered Accountant

PENANG
22 April 2022

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	34,447,711	29,987,284	–	–
Investment properties	5	2,265,000	2,265,000	–	–
Investment in subsidiary companies	6	–	–	70,765,595	70,765,595
Right-of-use assets	7	57,790,989	57,277,145	–	–
		94,503,700	89,529,429	70,765,595	70,765,595
Current assets					
Inventories	8	56,435,504	44,743,758	–	–
Trade receivables	9	24,435,001	30,064,588	–	–
Other receivables	10	3,589,828	2,528,495	1,000	1,000
Amount due from subsidiary companies	11	–	–	18,723,791	2,069,710
Tax recoverable		2,115,701	1,440,103	–	–
Derivatives financial assets	12	6,429	1,472	–	–
Deposits, bank and cash balances	13	12,545,941	27,190,510	1,317,513	16,823,749
		99,128,404	105,968,926	20,042,304	18,894,459
Asset held for sale	14	–	3,923,310	–	–
		99,128,404	109,892,236	20,042,304	18,894,459
Total assets		193,632,104	199,421,665	90,807,899	89,660,054

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2021
(CONT'D)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
EQUITY					
Share Capital	15	109,971,602	106,233,002	109,971,602	106,233,002
Reserves	16	(709,088)	(3,235,599)	(19,327,555)	(18,947,630)
Equity attributable to owners of the parent		109,262,514	102,997,403	90,644,047	87,285,372
Non-controlling interests		53,071	6,799	-	-
Total equity		109,315,585	103,004,202	90,644,047	87,285,372
LIABILITIES					
Non-current liabilities					
Loans and borrowings	17	5,289,361	8,481,149	-	-
Lease liabilities	18	2,350,678	1,393,913	-	-
Deferred tax liabilities	19	3,630,988	3,767,275	-	-
		11,271,027	13,642,337	-	-
Current liabilities					
Loans and borrowings	17	48,106,139	46,927,871	-	-
Lease liabilities	18	1,291,066	953,831	-	-
Trade payables	20	16,918,943	26,307,885	-	-
Other payables	21	6,697,883	8,577,662	132,391	2,372,178
Provision of taxation		31,461	7,877	31,461	2,504
		73,045,492	82,775,126	163,852	2,374,682
Total liabilities		84,316,519	96,417,463	163,852	2,374,682
Total equity and liabilities		193,632,104	199,421,665	90,807,899	89,660,054

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	22	159,744,310	139,564,204	390,000	780,000
Cost of sales		(137,007,484)	(116,450,850)	–	–
Gross profit		22,736,826	23,113,354	390,000	780,000
Other income		5,315,112	651,426	508,976	73,340
Administrative expenses		(15,270,910)	(15,207,700)	(754,568)	(1,501,155)
Selling and distribution expenses		(5,274,902)	(5,698,844)	–	–
Other expenses		(332,899)	(697,371)	–	–
Net (loss)/gain on impairment of financial instruments		(507,744)	37,458	–	–
Profit/(Loss) from operations		6,665,483	2,198,323	144,408	(647,815)
Finance costs	23	(2,110,722)	(2,826,407)	–	–
Profit/(Loss) before tax	24	4,554,761	(628,084)	144,408	(647,815)
Taxation	25	(1,602,878)	(1,932,985)	(145,233)	(106,374)
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year		2,951,883	(2,561,069)	(825)	(754,189)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		2,905,611	(2,458,638)	(825)	(754,189)
Non-controlling interests		46,272	(102,431)	–	–
		2,951,883	(2,561,069)	(825)	(754,189)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		2,905,611	(2,458,638)	(825)	(754,189)
Non-controlling interests		46,272	(102,431)	–	–
		2,951,883	(2,561,069)	(825)	(754,189)
Earnings/(Loss) per share					
- Basic earnings/(loss) per share (sen)	27	1.4	(1.3)		
- Diluted earnings/(loss) per share (sen)	27	1.4	(1.3)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

Group	Note	Attributable to owners of the parent										Total equity RM		
		Non-distributable					Share-based						Non-controlling interests RM	
		Share capital RM	Other reserve RM	Warrant reserve RM	Share-based payment reserve RM	Revaluation reserve RM	Accumulated losses RM	Total RM	Share-based payment reserve RM	Revaluation reserve RM	Accumulated losses RM	Total RM		Non-controlling interests RM
At 1 January 2021		106,233,002	(68,816,475)	68,816,475	1,819,270	8,070,470	(13,125,339)	102,997,403				102,997,403	6,799	103,004,202
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	2,905,611	2,905,611	-	-	-	2,905,611	46,272	2,951,883
Transaction with owners: Issuance of ordinary share pursuant to exercise of ESOS	15	3,738,600	-	-	(379,100)	-	-	3,359,500	-	-	-	3,359,500	-	3,359,500
Realisation of revaluation reserve upon disposal of land		-	-	-	-	(423,063)	423,063	-	(423,063)	423,063	-	-	-	-
Realisation of revaluation surplus upon depreciation		-	-	-	-	(442,827)	442,827	-	(442,827)	442,827	-	-	-	-
At 31 December 2021		109,971,602	(68,816,475)	68,816,475	1,440,170	7,204,580	(9,353,838)	109,262,514	1,440,170	7,204,580	(9,353,838)	109,262,514	53,071	109,315,585

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2021
(CONT'D)

Group	Note	Attributable to owners of the parent										Total equity RM
		Non-distributable					Share-based					
		Share capital RM	Other reserve RM	Warrant reserve RM	Share-based payment reserve RM	Revaluation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM		
At 1 January 2020		91,242,917	(68,816,475)	68,816,475	1,524,600	8,508,926	(11,105,157)	90,171,286	109,181	90,280,467		
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	(2,458,638)	(2,458,638)	(102,431)	(2,561,069)		
Transaction with owners:												
Issuance of ordinary share pursuant to exercise of ESOS	15	4,140,630	-	-	(1,274,130)	-	-	2,866,500	-	2,866,500		
Issuance of ordinary share pursuant to private placement		10,849,455	-	-	-	-	-	10,849,455	-	10,849,455		
Issuance of ESOS	33	-	-	-	1,568,800	-	-	1,568,800	-	1,568,800		
Additional non-controlling interests arising on the incorporation of SWS In Medics Sdn Bhd	6(b)	-	-	-	-	-	-	-	49	49		
Realisation of revaluation surplus upon depreciation		-	-	-	-	(438,456)	-	-	-	-		
At 31 December 2020		106,233,002	(68,816,475)	68,816,475	1,819,270	8,070,470	(13,125,339)	102,997,403	6,799	103,004,202		

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2021
(CONT'D)

Company	Note	Non-distributable				Share-based payment reserve RM	Accumulated losses RM	Total equity RM
		Share capital RM	Other reserve RM	Warrant reserve RM	Share-based payment reserve RM			
At 1 January 2021		106,233,002	(68,816,475)	68,816,475	1,819,270	(20,766,900)	87,285,372	
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(825)	(825)	
Transactions with owners:								
Issuance of ordinary share pursuant to exercise of ESOS	15	3,738,600	-	-	(379,100)	-	3,359,500	
At 31 December 2021		109,971,602	(68,816,475)	68,816,475	1,440,170	(20,767,725)	90,644,047	
At 1 January 2020		91,242,917	(68,816,475)	68,816,475	1,524,600	(20,012,711)	72,754,806	
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(754,189)	(754,189)	
Transactions with owners:								
Issuance of ordinary share pursuant to exercise of ESOS	15	4,140,630	-	-	(1,274,130)	-	2,866,500	
Issuance of ordinary share pursuant to private placement	15	10,849,455	-	-	-	-	10,849,455	
Issuance of ESOS	33	-	-	-	1,568,800	-	1,568,800	
At 31 December 2020		106,233,002	(68,816,475)	68,816,475	1,819,270	(20,766,900)	87,285,372	

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows (used in)/ from operating activities					
Profit/(Loss) before tax		4,554,761	(628,084)	144,408	(647,815)
Adjustment for:					
Allowance of doubtful debts:					
- impairment losses		548,233	26,000	-	-
- reversal		(40,489)	(63,458)	-	-
Amortisation of right-of-use assets	7	2,237,871	1,939,050	-	-
Depreciation of property, plant and equipment	4	4,589,402	4,862,316	-	-
Fair value gain on investment properties		-	(125,000)	-	-
Fair value gain on derivatives		(4,957)	(1,472)	-	-
Finance costs		2,110,722	2,826,407	-	-
Gain on disposal of:					
- Asset held for sale		(3,309,690)	-	-	-
- Property, plant and equipment		(166,194)	(9,165)	-	-
- Right-of-use assets		(100,000)	-	-	-
Interest income		(246,503)	(121,159)	(508,976)	(73,340)
Inventories:					
- Written down		86,155	262,849	-	-
- Written off		-	62,478	-	-
Share-based payment expense		-	1,568,800	-	921,670
Unrealised loss/(gain) on foreign exchange		12,519	(97,485)	-	-
Operating profit/(loss) before working capital changes		10,271,830	10,502,077	(364,568)	200,515

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2021
(CONT'D)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows (used in)/ from operating activities (Cont'd)				
Operating profit/(loss) before working capital changes (Cont'd)	10,271,830	10,502,077	(364,568)	200,515
Changes in working capital:				
Amount due from subsidiary companies	-	-	244,071	(21,879)
Inventories	(11,777,901)	(2,213,106)	-	-
Trade and other receivables	3,853,602	(4,309,382)	-	28,123
Trade and other payables	(11,289,379)	9,223,948	(2,239,787)	2,206,678
	(19,213,678)	2,701,460	(1,995,716)	2,212,922
Cash (used in)/ generated from operations	(8,941,848)	13,203,537	(2,360,284)	2,413,437
Tax paid	(2,416,516)	(853,523)	(116,276)	(151,288)
Tax refunded	242,327	-	-	-
Net cash (used in)/from operating activities	(11,116,037)	12,350,014	(2,476,560)	2,262,149

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2021
(CONT'D)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows (used in)/ from investing activities					
Acquisition of property, plant and equipment	4	(9,140,185)	(2,633,174)	–	–
Acquisition of right-of-use assets	7(d)	(118,904)	(58,008)	–	–
Interest received		182,502	121,159	508,976	73,340
Withdrawal of pledged fixed deposit		(1,000,000)	(91,789)	–	–
Proceeds from disposal of asset held for sale		7,233,000	960,000	–	–
Proceeds from disposal of property, plant and equipment		256,550	14,400	–	–
Proceeds from disposal of right-of-use assets		100,000	–	–	–
Acquisition of SWS In Medics Sdn Bhd	6(b)	–	–	–	(51)
Proceeds from non-controlling interest		–	49	–	–
Advances to subsidiary companies		–	–	(16,898,152)	–
Net cash (used in)/from investing activities		(2,487,037)	(1,687,363)	(16,389,176)	73,289
Cash flows (used in)/ from financing activities					
Drawdown of bankers acceptance	28	2,151,000	1,612,036	–	–
Repayment of lease liabilities	28	(1,338,811)	(1,090,534)	–	–
Repayment of term loans	28	(3,974,814)	(3,035,899)	–	–
Interest paid		(2,110,722)	(2,826,407)	–	–
Issuance of ordinary share pursuant to exercise of ESOS		3,359,500	2,866,500	3,359,500	2,866,500
Issuance of ordinary share pursuant to private placement	15	–	10,849,455	–	10,849,455
Net cash (used in)/from financing activities		(1,913,847)	8,375,151	3,359,500	13,715,955

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2021
(CONT'D)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Net (decrease)/ increase in cash and cash equivalents		(15,516,921)	19,037,802	(15,506,236)	16,051,393
Effect of exchange translation differences on cash and cash equivalents		(1,943)	26,529	–	–
Cash and cash equivalents at the beginning of the financial year		17,277,246	(1,787,085)	16,823,749	772,356
Cash and cash equivalents at the end of the financial year		1,758,382	17,277,246	1,317,513	16,823,749
Cash and cash equivalents at the end of the financial year comprises:					
Deposit, bank and cash balances	13	12,545,941	27,190,510	1,317,513	16,823,749
Less: Bank overdrafts	17	(6,443,705)	(6,633,411)	–	–
		6,102,236	20,557,099	1,317,513	16,823,749
Less: Fixed deposits pledged with licensed banks		(4,343,854)	(3,279,853)	–	–
		1,758,382	17,277,246	1,317,513	16,823,749

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. CORPORATE INFORMATION

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.

The principal place of business of the Company is located at PTD 6001, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Batu 8, 84200 Muar, Johor Darul Takzim.

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs and interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
IFRIC Agenda Decision on MFRS 123	Borrowing Costs

The adoption of the amendments to MFRSs and interpretation did not have any significant impact on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9-Comparative Information	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial application of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgments, 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.

Judgments

There are no significant areas of estimation uncertainty and critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group includes the renewal period as part of the lease term for leases of land and buildings with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgments, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives/depreciation of property, plant and equipment and amortisation of right-of-use ("ROU") asset

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation/amortisation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 7 respectively.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2021 for investment properties. For investment properties, a valuation methodology based on sales comparison approach was used.

The key assumptions used to determine the fair value of the properties are provided in Note 5.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 19.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgments, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoiced values or retail price. Discounts are not considered as they are not only given in rare circumstances.

Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade receivables.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 9.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgments, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group has tax recoverable of RM2,115,701 and tax payable of RM31,461 (2020: tax recoverable of RM1,440,103 and tax payable of RM7,877) and the Company has tax payable of RM31,461 (2020: tax payable of RM2,504).

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant policies set put below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency transaction and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included 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 reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i) to the financial statement.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and building are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

Property, plant and equipment are depreciated based on the estimated annual depreciation rate as follows:

Freehold buildings	2%
Renovation and electrical installation	10% - 20%
Plant, machinery and equipment	10%
Motor vehicles	10% - 20%
Other assets #	10% - 20%

Other assets comprise of office equipment, furniture and fittings, computers, air-conditioners and signboard.

The residual values, useful lives and depreciation method are reviewed at each reporting year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases

As lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	Over the remaining lease period
Leasehold buildings	2%
Plant, machinery and equipment	10%
Motor vehicles	20%
Office equipment	10%
Premises	Over the lease period

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases (Cont'd)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(e) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment properties (Cont'd)

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualification and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(f) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated once classified as held for sale.

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiary companies, derivative financial assets and deposits, bank and cash balances.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial assets (Cont'd)

(b) Fair value through other comprehensive income

Debt instruments

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value adjustment reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVOCI.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Derivatives instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a noncurrent liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out basis.

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

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, asset held for sale and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of assets

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(o) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. 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. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Employee benefits

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Share-based payments transactions

Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

(q) Revenue and other income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

(i) Sale of goods

Sales of finished goods and raw materials are recognised upon delivery of products and when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue and other income recognition

(ii) Rental income

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

(iii) Interest income

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

(iv) Management fee

Management fee is recognised on accrual basis when services are rendered.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(t) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents comprise cash and bank balances, deposits with licensed banks and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation		At cost					Total RM
	Freehold land RM	Freehold buildings RM	Renovation and electrical installation RM	Plant, machinery and equipment RM	Motor vehicles RM	# Other assets RM		
Group								
2021								
Cost/Valuation								
At 1 January 2021	6,270,757	3,152,000	2,733,405	58,398,842	3,189,463	7,264,039	81,008,506	
Additions	2,000	-	501,044	8,218,958	197,000	221,183	9,140,185	
Disposal	-	-	-	(1,933,919)	(249,030)	-	(2,182,949)	
Written off	-	-	-	(1,110,040)	-	-	(1,110,040)	
At 31 December 2021	6,272,757	3,152,000	3,234,449	63,573,841	3,137,433	7,485,222	86,855,702	
Accumulated depreciation								
At 1 January 2021	-	206,666	2,149,362	40,160,355	3,107,533	5,397,306	51,021,222	
Charge for the financial year	-	59,400	167,812	3,792,071	71,055	499,064	4,589,402	
Disposal	-	-	-	(1,843,563)	(249,030)	-	(2,092,593)	
Written off	-	-	-	(1,110,040)	-	-	(1,110,040)	
At 31 December 2021	-	266,066	2,317,174	40,998,823	2,929,558	5,896,370	52,407,991	
Carrying amount								
At 31 December 2021	6,272,757	2,885,934	917,275	22,575,018	207,875	1,588,852	34,447,711	

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

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

	At valuation				At cost				Total RM
	Freehold land RM	Freehold buildings RM	Leasehold land RM	Leasehold buildings RM	Renovation and electrical installation RM	Plant, machinery and equipment RM	Motor vehicles RM	# Other assets RM	
Group 2020									
Cost/Valuation									
At 1 January 2020	10,194,067	3,152,000	22,550,000	35,570,343	2,517,940	59,235,720	6,124,381	7,112,560	146,457,011
Effect of adoption MFRS 16 (Note 7)	-	-	(22,550,000)	(35,570,343)	-	(3,094,260)	(2,626,067)	-	(63,840,670)
At 1 January 2020, Restated	10,194,067	3,152,000	-	-	2,517,940	56,141,460	3,498,314	7,112,560	82,616,341
Additions	-	-	-	-	215,465	2,257,382	-	160,327	2,633,174
Disposal	-	-	-	-	-	-	(151,453)	(8,848)	(160,301)
Written off	-	-	-	-	-	-	(157,398)	-	(157,398)
Transfer to asset held for sales (Note 14)	(3,923,310)	-	-	-	-	-	-	-	(3,923,310)
At 31 December 2020	6,270,757	3,152,000	-	-	2,733,405	58,398,842	3,189,463	7,264,039	81,008,506

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

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

	At valuation				At cost				Total RM
	Freehold land RM	Freehold buildings RM	Leasehold land RM	Leasehold buildings RM	Renovation and electrical installation RM	Plant, machinery and equipment RM	Motor vehicles RM	# Other assets RM	
Group 2020									
Accumulated depreciation									
At 1 January 2020	-	147,266	974,746	1,703,513	1,986,683	36,669,783	5,078,916	4,859,642	51,420,549
Transfer	-	-	-	17,579	(17,579)	-	-	-	-
Effect of adoption MFRS 16 (Note 7)	-	-	(974,746)	(1,721,092)	-	(471,168)	(1,782,173)	-	(4,949,179)
At 1 January 2020, Restated	-	147,266	-	-	1,969,104	36,198,615	3,296,743	4,859,642	46,471,370
Charge for the financial year	-	59,400	-	-	180,258	3,961,740	119,641	541,277	4,862,316
Disposal	-	-	-	-	-	-	(151,453)	(3,613)	(155,066)
Written off	-	-	-	-	-	-	(157,398)	-	(157,398)
At 31 December 2020	-	206,666	-	-	2,149,362	40,160,355	3,107,533	5,397,306	51,021,222
Carrying amount									
At 31 December 2020	6,270,757	2,945,334	-	-	584,043	18,238,487	81,930	1,866,733	29,987,284

Other assets comprise of office equipment, furniture and fittings, computers, air-conditioners and signboard.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

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

	Company	
	2021 RM	2020 RM
Signboard		
Cost		
At 1 January/31 December	10,797	10,797
Accumulated depreciation		
At 1 January/31 December	10,797	10,797
Carrying amount		
At 31 December	-	-

(a) Assets pledged as securities to financial institutions

The net carrying amount of property, plant and equipment of the Group are pledged to licensed bank for bank facilities as disclosed in Note 17 are:

	Group	
	2021 RM	2020 RM
Freehold buildings	2,885,934	2,945,334
Freehold land	6,272,757	6,270,757
	9,158,691	9,216,091

(b) Revaluation of land and buildings

In previous financial years, land and buildings of the Group were revalued by Messrs. Jordan Lee & Jaafar (M'CCA) Sdn. Bhd., Messrs. Henry Butcher Malaysia (Muar) Sdn. Bhd. and Messrs. Knight Frank Malaysia Sdn. Bhd., independent professional valuer.

The fair value of land was within level 2 of the fair value hierarchy. The fair value was determined by based on cost approach that reflects the cost to a similar land that were sold recently and those that are currently offered for sale in the vicinity with appropriate adjustments made to reflect the dissimilarities and to arrive at the value of subject land as an improved site.

The fair value of buildings was within level 3 of the fair value hierarchy. The fair value was determined using the market comparison approach that reflects recent transaction price or listed for sale within the same location or other comparable localities.

There was no transfer between Level 2 and Level 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

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

(b) Revaluation of land and buildings (Cont'd)

Had the land and buildings been carried at historical cost less accumulated depreciation and impairment loss, their carrying amount would be as follows:

	2021	Group
	RM	2020
		RM
Freehold land and buildings	11,035,451	11,100,124

5. INVESTMENT PROPERTIES

	2021	Group
	RM	2020
		RM
At 1 January	2,265,000	2,140,000
Change in fair value recognised in profit or loss	–	125,000
At 31 December	2,265,000	2,265,000
Included in the above are:		
At fair value		
Freehold land	1,665,000	1,665,000
Buildings	600,000	600,000
	2,265,000	2,265,000

(a) Investment properties under leases

Investment properties comprise a number of freehold land and buildings that are leased to third parties. Each of the leases contains a cancellable period of 2 years. Subsequent renewals are negotiated with the lessee on an average renewal period of 2 year. No contingent rents are charged.

(b) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers amounting to RM2,265,000 (2020: RM2,265,000). The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There was no transfer between different level within fair value during the financial year.

In previous financial year, the increase in the fair value of RM125,000 has been recognised in the profit or loss during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

- (c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2021	2020
	RM	RM
Rental income	80,500	135,400
Direct operating expenses:		
- Income generating investment properties	(4,556)	(24,409)
- Non-income generating investment properties	(1,802)	(1,886)

- (d) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to RM1,800,000 (2020: RM1,800,000) has been pledged to secure banking facilities granted to the Group as disclosed in Note 17.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2021	2020
	RM	RM
In Malaysia		
Unquoted shares, at cost	92,509,299	92,509,299
Less: Accumulated impairment losses	(22,390,834)	(22,390,834)
	70,118,465	70,118,465
Cost of investment in relation to share option granted to employees of subsidiary companies	647,130	647,130
	70,765,595	70,765,595

Movements in the allowance for impairment losses of subsidiary companies are as follows:

	Group	
	2021	2020
	RM	RM
At 1 January/31 December	22,390,834	22,390,834

The Company conducted a review of the recoverable amounts of its investments in certain subsidiary companies of which its carrying amount of investments exceeded net assets of the respective subsidiary companies at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of Company	Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Syarikat U.D. Trading Sdn. Bhd. ("UDT")	Malaysia	100.00	100.00	Dealing of furniture plywood, hardware, parts, equipment and construction materials
U.D. Panelform Sdn. Bhd. ("UDP")	Malaysia	100.00	100.00	Paper lamination and manufacturer of furniture and furniture parts
Poh Keong Industries Sdn. Bhd. ("PKI")	Malaysia	100.00	100.00	Furniture and parts manufacturing
Ee-Lian Industries Sdn. Bhd. ("ELI")	Malaysia	100.00	100.00	Manufacturer and trader of packing materials metal stamping and tooling
Ee-Lian Enterprise (M) Sdn. Bhd. ("ELE")	Malaysia	100.00	100.00	Manufacturer and trader of plastic wares, utensils and goods
SWS In Medics Sdn. Bhd. ("SWSIM")	Malaysia	51.00	51.00	Export of medical and dental instrument and supplies, wholesale of pharmaceutical and medical goods
Skywood Residence Sdn. Bhd. ("SR")	Malaysia	100.00	100.00	Investment holding
Held through UDP				
U.D. Wood Products Sdn. Bhd. ("UDW")	Malaysia	100.00	100.00	Veneer lamination
Held through ELE				
Ee-Lian Plastic Industries (M) Sdn. Bhd. ("ELP")	Malaysia	77.50	77.50	Manufacturer and trader of plastic wares, utensils and goods

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Acquisition of a subsidiary company

In previous financial year, on 21 September 2020, the Company acquired 1 ordinary share in SR for a cash consideration of RM1, representing 100% equity interest in SR. The acquisition was deemed to be completed by 21 September 2020 and as a result, SR becomes a wholly owned subsidiary of the Company.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

(i) Fair value of identifiable assets acquired and liabilities assumed

	SR RM
Cash and cash equivalents	1
Total identifiable assets and liabilities	1

(ii) Net cash outflows arising from acquisition of subsidiary company

	SR RM
Purchase consideration settled in cash	(1)
Cash and cash equivalents acquired	1
Net cash inflows on acquisition of subsidiary	-

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

The effect of acquisition of subsidiary company did not have any material effect on the financial results and position of the Group.

(b) Incorporation of a subsidiary company

In the previous financial year, the Company incorporated a partly-owned subsidiary, SWSIM by subscribing to RM51 ordinary shares representing 51% of the issued and paid-up share capital of SWSIM for a cash consideration of RM51. SWSIM is intended to carry out the principal activities of export of medical and dental instrument and supplies, wholesale of pharmaceutical and medical goods.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

7. RIGHT-OF-USE ASSETS

	At valuation		At cost					Total RM
	Leasehold land RM	Leasehold buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	Office equipment RM	Premises RM		
Group								
2021								
Cost/Valuation								
At 1 January 2021	22,550,000	35,411,531	3,167,911	2,729,603	224,480	81,849	64,165,374	
Additions	-	15,504	1,042,353	80,904	-	1,612,954	2,751,715	
Disposal	-	-	-	(547,034)	-	-	(547,034)	
At 31 December 2021	22,550,000	35,427,035	4,210,264	2,263,473	224,480	1,694,803	66,370,055	
Accumulated Amortisation								
At 1 January 2021	1,389,514	2,441,203	780,595	2,235,095	18,707	23,115	6,888,229	
Charge for the financial year	414,770	720,111	371,434	259,677	22,448	449,431	2,237,871	
Disposal	-	-	-	(547,034)	-	-	(547,034)	
At 31 December 2021	1,804,284	3,161,314	1,152,029	1,947,738	41,155	472,546	8,579,066	
Carrying Amount								
At 31 December 2021	20,745,716	32,265,721	3,058,235	315,735	183,325	1,222,257	57,790,989	

The Group leases various land, buildings, motor vehicles, plant, machineries and equipment and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different term and conditions.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

7. RIGHT-OF-USE ASSETS (CONT'D)

	At valuation			At cost				Total RM
	Leasehold land RM	Leasehold buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	Office equipment RM	Premises RM		
Group 2020								
Cost/Valuation								
At 1 January 2020	-	-	-	-	-	-	-	-
Effect of adoption of MFRS 16 (Note 4)	22,550,000	35,496,692	3,167,911	2,626,067	-	-	-	63,840,670
At 1 January 2020, restated	22,550,000	35,496,692	3,167,911	2,626,067	-	-	-	63,840,670
Additions	-	-	-	103,536	224,480	81,849	-	409,865
Adjustment #	-	(85,161)	-	-	-	-	-	(85,161)
At 31 December 2020	22,550,000	35,411,531	3,167,911	2,729,603	224,480	81,849	-	64,165,374
Accumulated Amortisation								
At 1 January 2020	-	-	-	-	-	-	-	-
Effect of adoption of MFRS 16 (Note 4)	974,746	1,721,092	471,168	1,782,173	-	-	-	4,949,179
At 1 January 2020, restated	974,746	1,721,092	471,168	1,782,173	-	-	-	4,949,179
Charge for the financial year	414,768	720,111	309,427	452,922	18,707	23,115	-	1,939,050
At 31 December 2020	1,389,514	2,441,203	780,595	2,235,095	18,707	23,115	-	6,888,229
Carrying Amount								
At 31 December 2020	21,160,486	32,970,328	2,387,316	494,508	205,773	58,734	-	57,277,145

The adjustment is related to the reversal of cost to other payables.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

7. RIGHT-OF-USE ASSETS (CONT'D)

(a) Assets pledged as securities to financial institutions

The net carrying amount of right-of-use assets of the Group are pledged to licensed bank for bank facilities as disclosed in Note 17 are:

	2021 RM	Group 2020 RM
Leasehold buildings	32,265,721	32,970,328
Leasehold land	20,745,716	21,160,486
	53,011,437	54,130,814

(b) Revaluation of land and buildings

In previous financial years, land and buildings of the Group were revalued by Messrs. Jordan Lee & Jaafar (M'CCA) Sdn. Bhd., Messrs. Henry Butcher Malaysia (Muar) Sdn. Bhd. and Messrs. Knight Frank Malaysia Sdn. Bhd., independent professional valuer.

The fair value of land was within level 2 of the fair value hierarchy. The fair value was determined by based on cost approach that reflects the cost to a similar land that were sold recently and those that are currently offered for sale in the vicinity with appropriate adjustments made to reflect the dissimilarities and to arrive at the value of subject land as an improved site.

The fair value of buildings was within level 3 of the fair value hierarchy. The fair value was determined using the market comparison approach that reflects recent transaction price or listed for sale within the same location or other comparable localities.

There was no transfer between Level 2 and Level 3 during the financial year.

Had the land and buildings been carried at historical cost less accumulated depreciation and impairment loss, their carrying amount would be as follows:

	2021 RM	Group 2020 RM
Leasehold buildings	9,787,166	9,927,929
Leasehold land	21,188,350	21,727,555
	30,975,516	31,655,484

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

7. RIGHT-OF-USE ASSETS (CONT'D)

(c) Leasehold land and buildings

In the current financial year, the remaining lease terms of the leasehold land and buildings are ranging from 47 years to 73 years (2020: 48 years to 74 years).

(d) Purchase of right-of-use assets

The aggregate additional cost for the right-of-use assets of the Group during the financial year are as follows:

	Group	
	2021	2020
	RM	RM
Aggregate costs	2,751,715	409,865
Less: Lease liabilities financing (Note 18)	(2,632,811)	(351,857)
Cash payment	118,904	58,008

8. INVENTORIES

	Group	
	2021	2020
	RM	RM
Raw materials	27,240,758	17,971,817
Work-in-progress	13,340,697	11,497,475
Finished goods	15,854,049	15,274,466
	56,435,504	44,743,758
Recognised in profit or loss:		
Inventories recognised as cost of sales	136,921,329	116,125,523
Inventories written off	-	62,478
Inventories written down	86,155	262,849

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

9. TRADE RECEIVABLES

	Note	2021 RM	Group 2020 RM
Trade receivables	(a)	22,833,782	27,797,065
Companies in which certain Directors have substantial financial interest	(b)	2,561,051	2,719,611
		25,394,833	30,516,676
Less: Accumulated impairment losses		(959,832)	(452,088)
		24,435,001	30,064,588

- (a) Trade receivables are non-interest bearing and are generally on 30 to 120 days (2020: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Amount due from companies in which certain Directors have substantial financial interest is unsecured non-interest bearing and are generally on 30 to 120 days (2020: 30 to 120 days).

Movements in the allowance for impairment losses of trade receivables is as follows:

	2021 RM	Group 2020 RM
At 1 January	452,088	489,546
Impairment losses recognised	548,233	26,000
Impairment losses reversed	(40,489)	(63,458)
At 31 December	959,832	452,088

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Impairment losses reversed during the financial year amounting to RM40,489 (2020: RM63,458) pertains to previously impaired receivables recovered during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

9. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
2021			
Neither past due nor impaired	9,873,437	(71,000)	9,802,437
Past due not impaired:			
Less than 30 days	7,363,769	(48,000)	7,315,769
31 to 60 days	4,187,635	(50,000)	4,137,635
More than 61 days	3,358,160	(179,000)	3,179,160
Total past due but not impaired	14,909,564	(277,000)	14,632,564
Individually impaired	24,783,001 611,832	(348,000) (611,832)	24,435,001 –
	25,394,833	(959,832)	24,435,001
2020			
Neither past due nor impaired	17,272,548	(50,000)	17,222,548
Past due not impaired:			
Less than 30 days	4,991,249	(48,000)	4,943,249
31 to 60 days	4,039,466	(48,000)	3,991,466
More than 61 days	4,101,325	(194,000)	3,907,325
Total past due but not impaired	13,132,040	(290,000)	12,842,040
Individually impaired	30,404,588 112,088	(340,000) (112,088)	30,064,588 –
	30,516,676	(452,088)	30,064,588

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2021, trade receivables of RM14,632,564 (2020: RM12,842,040) were past due but not impaired as there has not been significant change in the credit quality and the Group believes that the amounts are still considered fully recoverable.

The Group has applied a provision matrix in calculating loss allowance for trade receivables at an amount equal to lifetime ECL. The Group estimated the loss allowance on trade receivables by applying an ECL rate at each reporting period. The ECL rate is computed based on estimated irrecoverable amounts determined by reference to past default experience of the Group and an analysis of general economic conditions of the industry and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM611,832 (2020: RM112,088), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

10. OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	44,566	91,679	-	-
Deposits	2,215,757	594,131	1,000	1,000
Prepayments	1,329,505	1,842,685	-	-
	3,589,828	2,528,495	1,000	1,000

In previous financial year, included in other receivables of the Group is an amount of RM13,228 being amount due from companies in which certain Directors have substantial financial interest is unsecured, non-interest bearing and repayable on demand.

11. AMOUNT DUE FROM SUBSIDIARY COMPANIES

	Note	Company	
		2021 RM	2020 RM
Amount due from subsidiary companies			
Trade	(a)	483,429	727,500
Non-trade	(b)	18,240,362	1,342,210
		18,723,791	2,069,710

(a) Amount due from subsidiary companies are unsecured, interest free and repayable on demand.

(b) Amount due from subsidiary companies are unsecured, which bear interest at rates range from 2.23% to 3.84% (2020: 4.99% to 5.04%) per annum and repayable on demand.

12. DERIVATIVE FINANCIAL ASSETS

	2021		2020	
	Contract/ Notional amount USD	Financial assets RM	Contract/ Notional amount USD	Financial assets RM
Group				
Non-hedging derivative				
Current				
- Forward exchange contracts	200,000	6,429	76,472	1,472

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

12. DERIVATIVE FINANCIAL ASSETS (CONT'D)

The Group had forward currency contracts to manage some of the transaction exposure. These contracts were not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

During the financial year, the Group recognised a gain of RM4,957 (2020: gain of RM1,472) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

13. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	7,603,537	23,323,720	1,317,513	16,823,749
Fixed deposits with licensed banks	4,942,404	3,866,790	–	–
	12,545,941	27,190,510	1,317,513	16,823,749

Fixed deposits with licensed banks of the Group amounting to RM4,343,854 (2020: RM3,279,853) are pledged as security for bank borrowings as disclosed in Note 17.

The effective interest rates and maturities of fixed deposits of the Group as at the end of the reporting period range from 1.75% to 3.35% (2020: 3.10% to 3.63%) per annum and 30 days to 12 months (2020: 30 days to 12 months) respectively.

14. ASSET HELD FOR SALE

	Group	
	2021 RM	2020 RM
Land and building held for sale	–	3,923,310

On 14 September 2020, the Group has entered into a sale and purchase agreement to sell a parcel of land for a consideration price of RM7,233,000. The said transaction was completed on 10 February 2021.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

15. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
Ordinary shares issued and fully paid shares:				
At 1 January	206,428,160	182,343,782	106,233,002	91,242,917
Issuance of ordinary shares pursuant to exercise of ESOS	5,150,000	5,850,000	3,738,600	4,140,630
Issuance of ordinary shares pursuant to private placement	–	18,234,378	–	10,849,455
At 31 December	211,578,160	206,428,160	109,971,602	106,233,002

During the financial year, the Company increased its issued and paid up share capital through the issuance of:

- (i) 750,000 new ordinary shares pursuant to the exercise of ESOS at exercise price of RM0.49 per ordinary share;
- (ii) 4,400,000 new ordinary shares pursuant to the exercise of ESOS at exercise price of RM0.68 per ordinary share;

In previous financial year, the Company increased its issued and paid up share capital through the issuance of:

- (i) 18,234,782 new ordinary shares pursuant to private placement for working capital;
- (ii) 5,850,000 new ordinary shares pursuant to the exercise of ESOS at exercise price of RM0.49 per ordinary share;

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Pursuant to Section 74 of the Companies Act, 2016 the Company utilised and merged its entire share premium of RM71,026 into the Company's share capital. Immediately upon the exercise, the issued and paid-up share capital of the Company amount to RM91,242,917 comprising 182,343,782 ordinary shares.

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 regards to the Company residual assets.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

16. RESERVES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-distributable</u>					
Other reserve	(a)	(68,816,475)	(68,816,475)	(68,816,475)	(68,816,475)
Warrant reserve	(a)	68,816,475	68,816,475	68,816,475	68,816,475
Share-based payment reserve	(b)	1,440,170	1,819,270	1,440,170	1,819,270
Revaluation reserve	(c)	7,204,580	8,070,470	-	-
Accumulated losses		(9,353,838)	(13,125,339)	(20,767,725)	(20,766,900)
		(709,088)	(3,235,599)	(19,327,555)	(18,947,630)

The nature of reserves of the Group and the Company is as follows:

(a) Warrants reserve/Other reserve

Warrants reserve represent reserve allocated to free detachable warrants issued with right issue.

Warrant B

The Company issued 91,171,801 warrants which were listed on the Bursa Malaysia Securities Berhad on 26 July 2018 in conjunction with the bonus issue on the basis of five free warrants for every eight existing ordinary shares held.

The warrants are constituted by a Deed Poll dated 10 April 2018 executed by the Company.

The salient features of the warrants are as follows:

- (i) Each warrant entitles the registered holder during the exercise period to subscribe for one new ordinary share at the exercise price of RM0.90 per share, subject to adjustment in accordance with the provision of the Deed Poll.
- (ii) The warrants may be exercised at any time on or before the expiry date of five years from the issue date of the warrants on 20 July 2018. The warrants not exercised during the exercise period will thereafter become lapse and void.
- (iii) All the new ordinary shares in the Company to be issued upon the exercise of the warrants shall, on allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company excepts that they shall not be entitled to any dividends, that may be declared prior to the date of allotment and issue of the new shares, nor shall they be entitled to any distributions or entitlements for which the record date is prior to the date of exercise of the warrants.

As at 31 December 2021, the total number of warrants that remain unexercised were 91,171,801 (2020: 91,171,801). The closing market price of warrant for the financial period was at RM0.015 each.

(b) Share-based payment reserve

The equity-settled employees' benefits reserve relates to share options granted by the Company to employees of the Group under the ESOS. Further information about share-based payments to employees is set out in Note 33.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

16. RESERVES (CONT'D)

(c) Revaluation reserve

The revaluation reserve represents increases in the fair value of land and buildings, and decrease to the extent that such decreases related to an increase on the same asset previously recognised in other comprehensive income.

17. LOANS AND BORROWINGS

	2021 RM	Group 2020 RM
Secured		
Term loans	8,013,795	11,988,609
Bank overdraft	6,443,705	6,633,411
Bankers' acceptance	38,938,000	36,787,000
	53,395,500	55,409,020
Non-current		
Term loans	5,289,361	8,481,149
Current		
Term loans	2,724,434	3,507,460
Bank overdraft	6,443,705	6,633,411
Bankers' acceptance	38,938,000	36,787,000
	48,106,139	46,927,871
	53,395,500	55,409,020

The term loans, bank overdrafts, bankers' acceptance are secured by the following:

- (i) First party legal charge over the Group's properties as disclosed in Note 4, Note 5 and Note 7;
- (ii) Pledged of Group's fixed deposits as disclosed in Note 13;
- (iii) Facilities agreement;
- (iv) Corporate guarantee by the Company; and
- (v) Guarantee by the certain Directors of the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

17. LOANS AND BORROWINGS (CONT'D)

The average effective interest rates per annum are as follows:

	2021 %	2020 %
Term loans	3.25 to 6.01	3.25 to 6.51
Bank overdraft	6.45 to 7.20	6.45 to 7.20
Bankers' acceptance	3.14 to 3.88	3.25 to 3.99

18. LEASE LIABILITIES

	2021 RM	Group 2020 RM
Cost		
At 1 January	2,347,744	–
Effect of adoption of MFRS 16	–	3,086,421
At 1 January, restated	2,347,744	3,086,421
Additions	2,632,811	351,857
Accretion of interest (Note 23)	165,823	165,724
Payments of interest expense	(165,823)	(165,724)
Payments of principal	(1,338,811)	(1,090,534)
At 31 December	3,641,744	2,347,744
Presented as:		
Current portion	1,291,066	953,831
Non-current portion	2,350,678	1,393,913
	3,641,744	2,347,744

The maturity analysis of right-of-use lease liabilities as of the end of financial year:

Repayable within one year	1,468,205	954,148
Repayable within one to two years	1,139,439	826,858
Repayable within two to five years	1,383,182	770,565
Repayable in five years and more	121,000	74,655
	4,111,826	2,626,226
Less: Future finance charges	(470,082)	(278,482)
Present value of right-of-use lease liabilities	3,641,744	2,347,744

The Group leases various land, buildings, motor vehicles, plant, machineries and equipment and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different term and conditions.

The lease liabilities bear interest at effective rates ranging from 2.19% to 3.85% (2020: 2.08% to 3.85%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

19. DEFERRED TAX LIABILITIES

	Group	
	2021	2020
	RM	RM
At 1 January	3,767,275	3,319,267
Recognised in profit or loss (Note 25)	(239,817)	(59,991)
Relating to crystallisation of reserve deferred tax liability on revaluation	(42,740)	(20,353)
Under provision in prior years	146,270	528,352
At 31 December	3,630,988	3,767,275

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2021	2020
	RM	RM
Deferred tax assets	(1,671,203)	(775,460)
Deferred tax liabilities	5,302,191	4,542,735
At 31 December	3,630,988	3,767,275

The components and movements of deferred tax assets and liabilities are as follows:

	Others	Unutilised tax losses and capital allowances	Unutilised reinvestment allowances	Total
	RM	RM	RM	RM
Group				
Deferred tax assets				
At 1 January 2021	–	(757,422)	(18,038)	(775,460)
Recognised in profit or loss	(173,600)	(382,725)	(339,418)	(895,743)
At 31 December 2021	(173,600)	(1,140,147)	(357,456)	(1,671,203)
At 1 January 2020	–	(642,893)	(226,949)	(869,842)
Recognised in profit or loss	–	(137,647)	246,532	108,885
Over/(Under) provision in prior year	–	23,118	(37,621)	(14,503)
At 31 December 2020	–	(757,422)	(18,038)	(775,460)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

19. DEFERRED TAX LIABILITIES (CONT'D)

	Others RM	Accelerated capital allowances RM	Revaluation of assets RM	Total RM
Group				
Deferred tax liabilities				
At 1 January 2021	(201,865)	3,642,657	1,101,943	4,542,735
Recognised in profit or loss	165,147	490,779	–	655,926
Relating to crystallisation of deferred tax liability on revaluation reserve	–	–	(42,740)	(42,740)
Under provision in prior year	–	146,270	–	146,270
At 31 December 2021	(36,718)	4,279,706	1,059,203	5,302,191
At 1 January 2020	(60,289)	3,127,102	1,122,296	4,189,109
Recognised in profit or loss	(141,576)	(27,300)	–	(168,876)
Relating to crystallisation of deferred tax liability on revaluation reserve	–	–	(20,353)	(20,353)
Under provision in prior year	–	542,855	–	542,855
At 31 December 2020	(201,865)	3,642,657	1,101,943	4,542,735

The amounts of temporary differences for which no deferred tax assets have been recognised are as follow:

	Group	
	2021 RM	2020 RM
Unutilised tax losses	24,765,488	24,008,336
Unutilised capital allowances	1,703,690	1,657,198
Unutilised reinvestment allowances	1,398,333	1,398,333
	27,867,511	27,063,867

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

20. TRADE PAYABLES

	Note	Group	
		2021 RM	2020 RM
Trade payables	(a)	16,552,632	25,474,388
Companies in which certain Directors have substantial financial interest	(b)	366,311	833,497
		16,918,943	26,307,885

- (a) Credit terms of trade payables of the Group ranged from 30 to 90 days (2020: 30 to 90 days) depending on the terms of the contracts.
- (b) Amount due to companies in which certain Directors have substantial financial interest is unsecured, non-interest bearing and are generally on 30 to 90 days (2020: 30 to 90 days).

21. OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Amount due to Directors	5,907	48,725	–	–
Other payables	2,824,807	1,913,287	9,391	5,178
Deposits received	605,848	3,817,734	–	2,244,000
Accruals	3,261,321	2,797,916	123,000	123,000
	6,697,883	8,577,662	132,391	2,372,178

Amount due to Directors are unsecured, not-interest bearing and repayable on demand.

22. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Sales	159,744,310	139,564,204	–	–
Management fees	–	–	390,000	780,000
	159,744,310	139,564,204	390,000	780,000
Timing of revenue recognition:				
At a point in time	159,744,310	139,564,204	390,000	780,000

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

23. FINANCE COSTS

	Group	
	2021 RM	2020 RM
Interest expenses on:		
- Bank overdraft	302,325	476,782
- Bankers' acceptance	1,110,565	1,311,293
- Term loans	532,009	872,608
- Lease liabilities	165,823	165,724
	2,110,722	2,826,407

24. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration				
- statutory audits	165,000	155,000	38,000	38,000
- non-audit services	5,500	11,246	-	-
Allowance of doubtful debts:				
- impairment losses	548,233	26,000	-	-
- reversal	(40,489)	(63,458)	-	-
Amortisation of ROU assets	2,237,871	1,939,050	-	-
Depreciation of property, plant and equipment	4,589,402	4,862,316	-	-
Fair value gain on investment properties	-	(125,000)	-	-
Fair value gain on derivatives	(4,957)	(1,472)	-	-
Foreign exchange loss/(gain)				
- realised	138,273	347,890	-	-
- unrealised	12,519	(97,485)	-	-
Gain on disposal of:				
- asset held for sale	(3,309,690)	-	-	-
- property, plant and equipment	(166,194)	(9,165)	-	-
- ROU assets	(100,000)	-	-	-
Interest income:				
- fixed deposit with licensed financial institution	(75,612)	(106,310)	-	-
- interest received from banks	(170,891)	(14,849)	(101,169)	(10,787)
- interest received from subsidiary companies	-	-	(407,807)	(62,553)
Inventories:				
- written down	86,155	262,849	-	-
- written off	-	62,478	-	-
Lease expenses relating to short-term leases	278,537	91,911	-	-
Rental income	(80,500)	(135,400)	-	-
Share-based payment expense	-	1,568,800	-	921,670

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

25. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Tax expenses recognised in profit or loss				
Current tax	1,475,682	1,412,140	119,793	80,000
(Over)/Under provision in prior years	(105,233)	72,837	25,440	26,374
Real property gain tax	368,716	–	–	–
	1,739,165	1,484,977	145,233	106,374
Deferred tax (Note 19)				
Origination and reversal of temporary differences	(239,817)	(59,991)	–	–
Relating to crystallisation of deferred tax liability on revaluation reserve	(42,740)	(20,353)	–	–
Under provision of deferred tax liabilities in prior years	146,270	528,352	–	–
	(136,287)	448,008	–	–
	1,602,878	1,932,985	145,233	106,374

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

25. TAXATION (CONT'D)

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(Loss) before tax	4,554,761	(628,084)	144,408	(647,815)
At Malaysian statutory tax rate of 24%	1,093,143	(150,740)	34,658	(155,476)
Income not subject to tax	(861,753)	(122,337)	–	–
Expenses not deductible for tax purposes	811,600	1,022,869	85,135	235,476
Real property gain tax	368,716	–	–	–
Deferred tax assets not recognised	405,323	610,355	–	–
Utilisation of previously unrecognised unabsorbed capital allowances, tax losses and reinvestment allowances	(212,448)	(7,998)	–	–
Relating to crystallisation of deferred tax liability on revaluation reserve	(42,740)	(20,353)	–	–
	1,561,841	1,331,796	119,793	80,000
(Over)/Under provision of tax expenses in prior years	(105,233)	72,837	25,440	26,374
Under provision of deferred tax in prior years	146,270	528,352	–	–
	1,602,878	1,932,985	145,233	106,374

The Group has estimated unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances of RM26,478,405 (2020: RM24,383,465), RM4,741,386 (2020: RM3,610,720) and RM2,887,733 (2020: RM2,887,733) respectively available for carried forward to set-off against future taxable profit. The said amounts are subject to approval by the tax authorities.

The unutilised capital allowances of the Group and of the Company are available indefinitely for offsetting against future taxable profits of the Group and of the Company, subjects to no substantial changes in shareholdings of the Group entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

The unused tax losses are available for offset against future taxable profits of the Group and of the Company up to the following financial years.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

25. TAXATION (CONT'D)

	Group	
	2021 RM	2020 RM
Unutilised tax losses to be carried forward until:		
- Year of assessment 2028	21,592,728	21,592,728
- Year of assessment 2029	1,786,501	1,786,501
- Year of assessment 2030	1,004,236	1,004,236
- Year of assessment 2031	2,094,940	-
	26,478,405	24,383,465

26. STAFF COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages and other emoluments	17,549,522	22,987,736	301,000	323,000
Social contribution plans	175,637	202,313	-	-
Defined contribution plans	1,455,694	1,499,339	-	-
Share-based payment expenses	-	1,568,800	-	921,670
Other benefits	151,806	144,617	-	-
Estimated money value of benefit-in-kind	245,808	13,886	2,550	13,886
	19,578,467	26,416,691	303,550	1,258,556

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial period as disclosed in Note 29 to the financial statements.

27. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated based on the consolidated profit/(loss) for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings/(loss) per share is calculated based on the adjusted consolidated profit/(loss) for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential shares.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

27. EARNINGS/(LOSS) PER SHARE (CONT'D)

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated based on the consolidated profit/(loss) for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	2021	Group 2020
Profit/(Loss) attributable to owners of the parent (RM)	2,905,611	(2,458,638)
Weighted average number of ordinary shares in issues		
Issued ordinary shares at 1 January	206,428,160	170,885,020
Effect of private placement	–	7,672,389
Effect of exercise of ESOS	5,042,877	5,076,102
Weighted average number of ordinary shares as at 31 December	211,471,037	183,633,511
Basic earnings/(loss) per share (sen)	1.4	(1.3)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated based on the adjusted consolidated profit/(loss) for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential shares as follows:

	2021 RM	Group 2020 RM
Profit/(Loss) attributable to owners of the parent (RM)	2,905,611	(2,458,638)
Weighted average number of ordinary shares used in calculation of basic earnings per share	211,471,037	183,633,511
Effect of dilution of ESOS	39,706	1,652,732
Weighted average number of ordinary shares at 31 December (diluted)	211,510,743	185,286,243
Diluted earnings/(loss) per share (sen)	1.4	(1.3)

There are no effects on the diluted earnings per share for warrant and warrant have a dilutive effect only when the average market price of ordinary share during the financial year exceeds the exercise price of the warrants. The closing market price of Warrant B for the financial year was at RM0.015 each and is below the exercise price of RM0.90 per warrant.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

	At 1 January 2021 RM	Financing cash flow (i) RM	Non-Cash Changes (ii) RM	At 31 December 2021 RM
Group				
Bankers' acceptance (Note 17)	36,787,000	2,151,000	-	38,938,000
Term loans (Note 17)	11,988,609	(3,974,814)	-	8,013,795
Lease liabilities (Note 18)	2,347,744	(1,338,811)	2,632,811	3,641,744

(i) The cash flows from loans and borrowings and lease liabilities make up the net amount of proceeds from or repayments of borrowing in the statement of cash flows.

(ii) Other changes include addition of right-of-use assets.

29. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in the Notes 9, 10, 11 and 20 the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(i) Transactions with subsidiary companies				
- Management fee income	-	-	390,000	780,000
- Interest income	-	-	407,807	62,553
(ii) Transactions with companies which Directors of the Company have substantial financial interest:				
- Sales of goods	10,867,570	11,072,471	-	-
- Purchase of goods	1,096,489	1,867,137	-	-
- Rental income	-	45,000	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

29. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive Directors				
<u>Existing Directors of the Company</u>				
Salaries and other emoluments	1,251,300	1,574,833	6,000	-
Social contribution plan	3,032	3,776	-	-
Defined contribution plans	174,595	187,463	-	-
Share-based payment expenses	-	431,420	-	-
Estimated money value of benefits-in-kind	154,938	96,177	-	-
	1,583,865	2,293,669	6,000	-
<u>Existing Directors of the Subsidiary Companies</u>				
Salaries and other emoluments	726,800	1,520,200	-	-
Social contribution plan	2,435	7,216	-	-
Defined contribution plans	141,286	245,146	-	-
Share-based payment expenses	16,000	549,080	-	-
Estimated money value of benefits in-kind	91,019	194,692	-	-
	977,540	2,516,334	-	-
<u>Past Director of the Company *</u>				
Salaries and other emoluments	298,000	-	-	-
Social contribution plan	1,693	-	-	-
Defined contribution plans	35,760	-	-	-
Share-based payment expenses	28,750	-	-	-
Estimated money value of benefits in-kind	8,383	-	-	-
	372,586	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

29. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (Cont'd)

Remuneration of Directors and other members of key management are as follows: (Cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-executive Directors				
<u>Directors of the Company</u>				
Fees	288,000	323,000	288,000	323,000
Salaries and other emoluments	41,000	–	–	–
Social contribution plan	99	–	–	–
Defined contribution plans	7,940	–	–	–
Share-based payment expenses	7,500	490,250	7,500	490,250
Estimated money value of benefits-in-kind	500	7,000	500	7,000
	345,039	820,250	296,000	820,250
<u>Past Director of the Company *</u>				
Fee	7,000	–	7,000	–
Share-based payment expenses	15,000	–	15,000	–
Estimated money value of benefits-in-kind	500	–	500	–
	22,500	–	22,500	–
Other Members of Key Management				
Salaries and other emoluments	209,585	167,202	–	–
Social contribution plan	923	923	–	–
Defined contribution plans	23,022	20,538	–	–
Share-based payment expenses	13,000	58,830	–	–
	246,530	247,493	–	–
Total Directors and key management remuneration	3,548,060	5,877,746	324,500	820,250

* This represents the remuneration paid to the Director during the financial year until his resignation.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

30. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Investment holding	Investment holding and provision of management services.
Manufacturing of furniture	Business of design, manufacture and sales of wooden furniture products.
Manufacturing of plastic wares	Manufacturer and trader of plastic wares, utensil and goods.

Except as indicated above, no operating segments have been aggregated to from the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial period.

(a) Business segments

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers is set out below:

Group 2021	Investment holding RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Adjustment and eliminations RM	Consolidated RM
Revenue					
External revenue	–	62,322,164	97,422,146	–	159,744,310
Management fees	390,000	–	–	(390,000)	–
Inter-segment revenue	–	8,447,633	21,190,826	(29,638,459)	–
Total revenue	390,000	70,769,797	118,612,972	(30,028,459)	159,744,310
Results					
Interest income	508,976	181,932	129,726	(574,131)	246,503
Amortisation of right-of-use assets	–	(702,750)	(1,287,367)	(247,754)	(2,237,871)
Finance costs	–	(957,113)	(1,727,740)	574,131	(2,110,722)
Depreciation of property, plant and equipment	–	(1,262,420)	(3,326,982)	–	(4,589,402)
Taxation	(145,233)	(784,306)	(684,109)	10,770	(1,602,878)
Other non-cash items	–	(3,285,608)	311,185	–	(2,974,423)
Segment profit/(loss)	(825)	1,008,888	2,331,965	(388,145)	2,951,883
Segment assets	90,807,899	106,984,245	123,342,481	(127,502,521)	193,632,104
Segment liabilities	163,852	57,950,884	72,312,540	(46,110,757)	84,316,519

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

30. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers is set out below (Cont'd):

Group 2020	Investment holding RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Adjustment and eliminations RM	Consolidated RM
Revenue					
External revenue	-	63,397,774	76,166,430	-	139,564,204
Management fees	780,000	-	-	(780,000)	-
Inter-segment revenue	-	6,792,520	21,733,713	(28,526,233)	-
Total revenue	780,000	70,190,294	97,900,143	(29,306,233)	139,564,204
Results					
Interest income	73,340	228,673	92,532	(273,386)	121,159
Amortisation of right-of-use assets	-	(841,538)	(1,097,512)	-	(1,939,050)
Finance costs	-	(878,601)	(2,221,192)	273,386	(2,826,407)
Depreciation of property, plant and equipment	-	(1,173,761)	(3,688,555)	-	(4,862,316)
Taxation	(106,374)	(214,585)	(1,754,707)	142,681	(1,932,985)
Other non-cash items	-	1,237,957	385,590	-	1,623,547
Segment profit/(loss)	(754,190)	(1,810,053)	809,038	(805,864)	(2,561,069)
Segment assets	89,660,054	86,117,114	121,188,730	(97,544,233)	199,421,665
Segment liabilities	2,374,682	38,092,644	72,490,753	(16,540,616)	96,417,463

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

30. SEGMENT INFORMATION (CONT'D)

(a) Business segments (Cont'd)

Adjustments and eliminations

Inter-segment revenues and balances are eliminated on consolidation.

Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	Group	
	2021	2020
	RM	RM
Allowance of doubtful debts:		
- impairment losses	548,233	26,000
- reversal	(40,489)	(63,458)
Fair value gain on derivatives	(4,957)	(1,472)
Fair value gain on investment properties	-	(125,000)
Foreign exchange loss/(gain)		
- unrealised	12,519	(97,485)
Gain on disposal of:		
- asset held for sale	(3,309,690)	-
- property, plant and equipment	(166,194)	(9,165)
- ROU assets	(100,000)	-
Inventories:		
- written down	86,155	262,849
- written off	-	62,478
	(2,974,423)	1,623,547

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

Group	Revenue		Non-current assets	
	2021	2020	2021	2020
	RM	RM	RM	RM
Asia Pacific	8,927,401	10,146,490	-	-
Australia	382,373	656,335	-	-
Europe	8,999,673	10,204,271	-	-
Malaysia	111,238,904	90,570,843	94,503,700	89,529,429
Middle East	637,356	247,168	-	-
Others	29,558,603	27,739,097	-	-
	159,744,310	139,564,204	94,503,700	89,529,429

Non-current assets for this purpose consist of property, plant and equipment, investment properties and right-of-use asset.

(c) Major customer

No disclosure on major customer information as no customer represents equal or more than ten percent of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expense, including fair values gains or losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

Group	At amortised cost RM	FVTPL RM	Total RM
2021			
Financial asset			
Trade receivables	24,435,001	–	24,435,001
Other receivables, net of prepayments	2,260,323	–	2,260,323
Derivatives financial assets	–	6,429	6,429
Deposit, bank and cash balances	12,545,941	–	12,545,941
	39,241,265	6,429	39,247,694
Financial liabilities			
Trade payables	16,918,943	–	16,918,943
Other payables	6,697,883	–	6,697,883
Loans and borrowings	53,395,500	–	53,395,500
Lease liabilities	3,641,744	–	3,641,744
	80,654,070	–	80,654,070
2020			
Financial asset			
Trade receivables	30,064,588	–	30,064,588
Other receivables, net of prepayments	685,810	–	685,810
Derivatives financial assets	–	1,472	1,472
Deposit, bank and cash balances	27,190,510	–	27,190,510
	57,940,908	1,472	57,942,380
Financial liabilities			
Trade payables	26,307,885	–	26,307,885
Other payables	8,577,662	–	8,577,662
Loans and borrowings	55,409,020	–	55,409,020
Lease liabilities	2,347,744	–	2,347,744
	92,642,311	–	92,642,311

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis: (Cont'd)

Company	At amortised cost RM
2021	
Financial assets	
Other receivables	1,000
Amount due from subsidiary companies	18,723,791
Deposit, bank and cash balances	1,317,513
	20,042,304
Financial liability	
Other payables	132,391
	132,391
2020	
Financial assets	
Other receivables	1,000
Amount due from subsidiary companies	2,069,710
Deposit, bank and cash balances	16,823,749
	18,894,459
Financial liability	
Other payables	2,372,178
	2,372,178

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, deposits with banks and financial institutions and financial guarantees given to banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks. The Group's and the Company's maximum exposure in this respect is RM2,660,000 (2020: RM2,610,000) and RM13,459,352 (2020: RM13,567,589) respectively. The Company's maximum exposure to credit risk represents the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. 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 funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Group 2021	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<u>Non-derivative financial liabilities</u>						
Trade payables	16,918,943	-	-	-	16,918,943	16,918,943
Other payables	6,697,883	-	-	-	6,697,883	6,697,883
Loans and borrowings	48,491,351	3,639,111	6,845,475	1,767,583	60,743,520	53,395,500
Lease liabilities	1,468,205	1,139,439	1,383,182	121,000	4,111,826	3,641,744
Financial guarantee liabilities*	2,660,000	-	-	-	2,660,000	-
	76,236,382	4,778,550	8,228,657	1,888,583	91,132,172	80,654,070
2020						
<u>Non-derivative financial liabilities</u>						
Trade payables	26,307,885	-	-	-	26,307,885	26,307,885
Other payables	8,577,662	-	-	-	8,577,662	8,577,662
Loans and borrowings	50,050,054	3,561,325	4,103,316	1,836,329	59,551,024	55,409,020
Lease liabilities	954,148	826,858	770,565	74,655	2,626,226	2,347,744
Financial guarantee liabilities*	2,610,000	-	-	-	2,610,000	-
	88,499,749	4,388,183	4,873,881	1,910,984	99,672,797	92,642,311

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Company	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
2021			
<u>Non-derivative financial liabilities</u>			
Other payables	132,391	132,391	132,391
Financial guarantee liabilities *	13,459,352	13,459,352	–
	13,591,743	13,591,743	132,391
2020			
<u>Non-derivative financial liabilities</u>			
Other payables	2,372,178	2,372,178	2,372,178
Financial guarantee liabilities *	13,567,589	13,567,589	–
	15,939,767	15,939,767	2,372,178

* Based on the maximum amount that can be called for under the financial guarantee contract.

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM13,459,352 as at 31 December 2021 (2020: RM13,567,589). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary and related companies would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and others.

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities of the reporting period are as follows:

Group	Denominated in		Total RM
	USD RM	Others RM	
2021			
Trade receivables	6,086,324	110	6,086,434
Deposits, bank and cash balances	2,234,731	–	2,234,731
Trade payables	(89,635)	(239,318)	(328,953)
	8,231,420	(239,208)	7,992,212
2020			
Trade receivables	3,794,888	265	3,795,153
Deposits, bank and cash balances	738,010	–	738,010
Trade payables	(2,006,372)	(86,442)	(2,092,814)
Other payables	(28,571)	–	(28,571)
	2,497,955	(86,177)	2,411,778

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and others exchange rates against RM, with all other variables held constant.

Group	Change in currency rate	2021 Effect on profit before tax RM	2020 Effect on loss before tax RM
USD	Strengthened 5% (2020: 5%)	411,571	124,898
	Weakened 5% (2020: 5%)	(411,571)	(124,898)
Others	Strengthened 5% (2020: 5%)	(11,960)	(4,309)
	Weakened 5% (2020: 5%)	11,960	4,309

(ii) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2021	2020
	RM	RM
Group		
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits with licensed banks	4,942,404	3,866,790
<u>Financial liabilities</u>		
Lease liabilities	(3,641,744)	(2,347,744)
	1,300,660	1,519,046
Floating rate instruments		
<u>Financial liabilities</u>		
Term loans	(8,013,795)	(11,988,609)
Bank overdraft	(6,443,705)	(6,633,411)
Bankers' acceptance	(38,938,000)	(36,787,000)
	(53,395,500)	(55,409,020)
Company		
Fixed rate instruments		
<u>Financial asset</u>		
Amount due from subsidiary companies	18,240,362	1,342,210

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/ (decreased) the Group's profit/(loss) before tax by RM533,955 (2020: RM554,090) and, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instrument not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Group 2021										
Financial asset										
Derivative financial assets	-	6,429	-	-	-	-	-	-	6,429	6,429
Financial liabilities										
Term loans	-	-	-	-	-	(5,116,276)	-	(5,116,276)	(5,116,276)	(5,289,361)
Lease liabilities	-	-	-	-	-	(1,705,202)	-	(1,705,202)	(1,705,202)	(2,544,668)
	-	-	-	-	-	(6,821,478)	-	(6,821,478)	(6,821,478)	(7,834,029)
2020										
Financial asset										
Derivative financial assets	-	1,472	-	-	-	-	-	-	1,472	1,472
Financial liabilities										
Term loans	-	-	-	-	-	(8,032,927)	-	(8,032,927)	(8,032,927)	(8,481,149)
Lease liabilities	-	-	-	-	-	(1,427,214)	-	(1,427,214)	(1,427,214)	(1,393,913)
	-	-	-	-	-	(9,460,141)	-	(9,460,141)	(9,460,141)	(9,875,062)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (Cont'd)

(i) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bond).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iii) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

(CONT'D)

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	2021	2020
	RM	RM
Total loans and borrowings (Note 17)	53,395,500	55,409,020
Lease liabilities (Note 18)	3,641,744	2,347,744
Less: Deposit, bank and cash balances (Note 13)	(12,545,941)	(27,190,510)
Net debt	44,491,303	30,566,254
Total equity	109,262,514	102,997,403
Gearing ratio (times)	0.41	0.30

There were no changes in the Group's approach to capital management during the financial year.

33. SHARE-BASED PAYMENTS

At the Extraordinary General Meeting held on 26 March 2018, the Company's shareholders approved the establishment of an ESOS. The ESOS was implemented on 25 June 2019 and will be in force for a maximum period of 5 years from the effective date.

The maximum number of the Company's shares under ESOS should not exceed 15% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point in time during the duration of the scheme.

Salient features of the ESOS are as follows:

- (a) Employees eligible to participate in the ESOS must have attained 18 years of age, is not an undischarged bankrupt or subject to any bankruptcy proceedings, has been confirmed in service and has not served a notice to resign nor received a notice of termination and is in the employment of any corporation within SWS Group.
- (b) The actual entitlement of eligible employees shall essentially be based on the performance, contribution, employment grade, seniority and/or length of service.
- (c) The price of which the grantee is entitled to subscribe for shares under ESOS is the volume weighted average market price for the 5 market days preceding the date of offer, subject to a discount of not more than 10% which the Company may at its discretion decide to give.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

33. SHARE-BASED PAYMENTS (CONT'D)

Salient features of the ESOS are as follows: (Cont'd)

- (d) The shares to be allotted upon the exercise of the option shall, upon issue and allotment, rank pari passu in all respects with the existing issued and paid-up capital of the Company, except that such shares will not be entitled for any dividend, rights, transfer, allotment or distribution declared, made or paid to shareholders prior to the date of allotment and issuance of the new SWS shares.

Movement in the number of share option and the weighted average exercise price ("WAEP") are as follows:

Option shares	Exercise price	Number of options			
		At 1 January	Granted	Exercised	At 31 December
Group 2021					
Grant I	0.49	1,150,000	–	(750,000)	400,000
Grant II	0.68	8,000,000	–	(4,400,000)	3,600,000
2020					
Grant I	0.49	7,000,000	–	(5,850,000)	1,150,000
Grant II	0.68	–	8,000,000	–	8,000,000

Options granted pursuant to ESOS during the financial period, which are vested and exercisable over a period of 5 years, are as follows:

Option shares	Grant date	Number of options	Expiry date	Exercise price RM	Fair value per option at grant date RM
Grant I	25 June 2019	7,000,000	2 August 2023	0.49	0.218
Grant II	9 December 2020	8,000,000	2 August 2023	0.68	0.196

Fair value of share option granted during the prior financial period

Fair value of the share options granted during the prior financial period was valued using the Black-Scholes Valuation model. Inputs into the valuation model are as follows:

	Grant I
Share price at grant date	RM0.540
Exercise price	RM0.490
Dividend yield	0%
Expected life	5 years
Risk-free interest rate	9.33%
Volatility	40.67%

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
(CONT'D)

33. SHARE-BASED PAYMENTS (CONT'D)

Fair value of share option granted during the financial year (Cont'd)

Fair value of the share options granted during the financial year was valued using the Black-Scholes Valuation model. Inputs into the valuation model are as follows: (Cont'd)

	Grant II
Share price at grant date	RM0.658
Exercise price	RM0.680
Dividend yield	0%
Expected life	5 years
Risk-free interest rate	1.72%
Volatility	44.27%

34. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified to conform with current year's presentation.

The reclassifications that have been made to the Group's and the Company's financial statements for the financial year ended 31 December 2020 are as follows:

	As previously reported RM	Prior year adjustments RM	As restated RM
2020			
Statement of Profit or Loss And Other Comprehensive Income for the year ended 31 December 2020			
Other income	708,885	(57,459)	651,426
Other expenses	(717,372)	20,001	(697,371)
Net gain on impairment of financial instruments	-	37,458	37,458

35. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 April 2022.

LIST OF MATERIAL PROPERTIES

AS AT 31 DECEMBER 2021

The Group's policy on revaluation of landed properties is as stated in Note 3 (c) and 3 (e) to the Financial Statements.

Address / Location	Description	Land Area	Existing Use	Tenure/ Age of Building	Net Book Value RM'000	Date of Valuation
No. 1027, Lengkok Perindustrian Bukit Minyak 1, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang.	Industrial land with double-storey office, single storey warehouse and ancillary	16,657 square metres	Office with plastic manufacturing facilities	60 years leasehold expiring in 12-10-2068 / 11 years	20,096	31.08.17
No. 947, Lorong Perindustrian Bukit Minyak 11, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang.	Industrial land with double-storey office and single storey factory	8,274 square metres	Office with plastic manufacturing facilities	60 years leasehold expiring in 31-01-2062 / 11 years	10,037	31.08.17
Lot 8791, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with 2 adjoining blocks of factory building with a three-storey office block	10,056 square metres	Office with furniture manufacturing facilities	99 years leasehold expiring in 29-12-2094 / 24 years	5,987	30.06.17
Lot 1789, GM1142, Mukim of Sungai Raya, District of Muar, Johor.	Industrial land with single-storey factory and detached double-storey office	19,391 square metres	Furniture manufacturing facilities	Freehold / 15 years	5,366	30.06.17
No. 1028, Lengkok Perindustrian Bukit Minyak 1, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang.	Industrial land with double-storey office, single storey warehouse and guard house	4,088 square metres	Office with plastic manufacturing facilities	60 years leasehold expiring in 12-10-2068 / 6 years	4,841	31.08.17
Lot 8784, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Muar, Johor.	Industrial land with single-storey factory	5,502 square metres	Furniture manufacturing facilities	99 years leasehold expiring in 29-12-2094 / 18 years	4,609	22.06.17
Lot 8800, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with single-storey factory and office block	8,217 square metres	Office cum warehouse	99 years leasehold expiring in 29-12-2094 / 18 years	4,318	22.06.17

LIST OF MATERIAL PROPERTIES
AS AT 31 DECEMBER 2021
(CONT'D)

Address / Location	Description	Land Area	Existing Use	Tenure/ Age of Building	Net Book Value RM'000	Date of Valuation
Plot 319 (d), Batu Kawan Industrial Park, Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang.	Industrial land	6,674 square metres	Vacant	60 years leasehold expiring in 11-08-2076 / 6 years	2,680	31.08.17
PTD 5960, HS (D) 35568, Mukim Parit Jawa, Daerah Muar, Johor	Industrial land	13,046 square metres	Vacant	Freehold / 4 year	2,580	30.08.18*
No 18, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor.	Double storey terrace warehouse with office	991 square metres	Rented	Freehold / 27 years	1,900	29.05.17
Lot 8792, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with single-storey detached factory	2,321 square metres	Warehouse	99 years Leasehold expiring in 29-12-2094 / 17 years	1,625	30.06.17

* Date of acquisition

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

SHARE CAPITAL

TOTAL NUMBER OF ISSUED SHARES	: 211,578,160 ordinary shares
CLASS OF SHARES	: Ordinary Share
VOTING RIGHTS	: One vote per Ordinary Share
NUMBER OF SHAREHOLDERS	: 1,927

DISTRIBUTION OF SHAREHOLDINGS BASED ON THE RECORD OF DEPOSITORS AS AT 31 MARCH 2022

SIZE OF HOLDING	NO. OF HOLDERS		NO. OF SHARES	
		%		%
1 - 99	70	3.63	2,495	0.00
100 - 1,000	111	5.76	49,512	0.02
1,001 - 10,000	936	48.58	4,274,769	2.02
10,001 - 100,000	628	32.59	22,176,283	10.48
100,001 - less than 5% of issued shares	181	9.39	162,034,001	76.59
5% and above of issued shares	1	0.05	23,041,100	10.89
TOTAL:	1,927	100.00	211,578,160	100.00

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follow:-

NO.	NAME	NO. OF SHARES HELD		NO. OF SHARES HELD	
		DIRECT	%	INDIRECT	%
1	TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	15,628,525	7.39	6,120,894 ⁽¹⁾	2.89 ⁽¹⁾
2	TEOH HAN CHUAN	11,125,000	5.26	1,536,250 ⁽²⁾	0.73 ⁽²⁾
3	DR LOH YEE FEEI	1,005,000	0.48	-	-
4	TEH LI KING	-	-	-	-
5	TAN KOK TIAM	500,000	0.24	-	-
6	CHEN THIEN YIN	-	-	-	-
7	KHOO CHEE SIANG	-	-	-	-

Remark:-

- ⁽¹⁾ Deemed interest by virtue of shares held through his spouse, son and daughter.
⁽²⁾ Deemed interest by virtue of shares held through his spouse and son.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

(CONT'D)

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

NO.	NAME	NO. OF SHARES HELD		NO. OF SHARES HELD	
		DIRECT	%	INDIRECT	%
1	DATO' ONG CHOO MENG	35,964,978	17.00	–	–
2	TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	15,628,525	7.39	6,120,894 ⁽¹⁾	2.89 ⁽¹⁾
3	PUAN SRI DATIN CHAN MEI CHENG	2,210,281	1.05	19,539,138 ⁽²⁾	9.24 ⁽²⁾
4	TEOH HAN CHUAN	11,125,000	5.26	1,536,250 ⁽³⁾	0.73 ⁽³⁾

Remarks:-

- ⁽¹⁾ Deemed interest by virtue of shares held through his spouse, son and daughter.
⁽²⁾ Deemed interest by virtue of shares held through her husband, son and daughter.
⁽³⁾ Deemed interest by virtue of shares held through his spouse and son.

30 LARGEST SECURITIES ACCOUNTS HOLDERS

(Based on Record of Depository as at 31 March 2022)

NO.	SHAREHOLDERS	NO. OF SHARES	%
1	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (MGN-OCM0001M)	23,041,100	10.890
2	DATO' SERI MR. SERM JUTHAMONGKHON	10,508,375	4.967
3	AM BANK (M) BERHAD PLEGDED SECURITIES ACCOUNT FOR TEOH HAN CHUAN (SMART)	9,825,000	4.644
4	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR CHIAU HAW CHOON	8,993,100	4.250
5	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR CHIAU BENG TEIK	8,890,100	4.202
6	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	7,795,000	3.684
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI (6000117)	6,823,750	3.225
8	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	5,128,878	2.424
9	NEO TIAM HOCK	4,029,656	1.905
10	BO ENG CHEE	3,710,000	1.753

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022
(CONT'D)

30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

(Based on Record of Depository as at 31 March 2022)

NO.	SHAREHOLDERS	NO. OF SHARES	%
11	HENG SEW HUA	3,300,000	1.560
12	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RESERVOIR LINK HOLDINGS SDN. BHD.	3,262,400	1.542
13	TAN SOON PING	3,175,000	1.501
14	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI (M01)	3,104,250	1.467
15	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR AWAN TRAVEL SDN. BHD. (SMART)	3,054,100	1.443
16	TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	2,731,500	1.291
17	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM KIAN HIN	2,703,200	1.278
18	HENG LIH JIUN	2,521,500	1.192
19	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PUAN SRI DATIN CHAN MEI CHENG	2,210,281	1.045
20	DATO' CHUA HEOK WEE	2,181,856	1.031
21	TEH KHEE SOK	1,875,000	0.886
22	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	1,555,000	0.735
23	YEAP BOEY LEAN	1,532,500	0.724
24	OOI SIEW SUAN	1,500,000	0.709
25	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI (SMART)	1,414,025	0.668
26	LAU TECK POH	1,407,500	0.665
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEOH HAN CHUAN (7004582)	1,300,000	0.614
28	TAN TAT LENG	1,300,000	0.614
29	CHIA KAM PENG	1,292,500	0.611
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAU TECK POH (6000328)	1,250,000	0.591

ANALYSIS OF WARRANTS B (SWSCAP-WB) HOLDINGS

AS AT 31 MARCH 2022

CLASS OF SHARES : WARRANTS B (SWSCAP-WB)
TOTAL NUMBER OF SWSCAP-WB : 91,171,801 warrant
NUMBER OF WARRANTS HOLDERS : 1,368

DISTRIBUTION OF WARRANTS B HOLDINGS AS AT 31 MARCH 2022

SIZE OF HOLDING WARRANTS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 - 99	144	10.53	5,815	0.01
100 - 1,000	255	18.64	153,990	0.17
1,001 - 10,000	522	38.16	1,928,194	2.11
10,001 - 100,000	311	22.73	12,640,645	13.86
100,001 - less than 5% of issued warrants	136	9.94	76,443,157	83.85
5% and above of issued warrants	-	-	-	-
TOTAL:	1,368	100.00	91,171,801	100.00

DIRECTORS' INTERESTS IN WARRANTS B AS AT 31 MARCH 2022

NO.	NAME	NO. OF WARRANTS B HELD		NO. OF WARRANTS B HELD	
		DIRECT	%	INDIRECT	%
1	TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	8,698,512	9.54	4,723,983 ⁽¹⁾	5.18 ⁽¹⁾
2	TEOH HAN CHUAN	-	-	1,925 ⁽²⁾	0.00 ⁽²⁾
3	DR LOH YEE FEEI	-	-	-	-
4	TEH LI KING	-	-	-	-
5	TAN KOK TIAM	-	-	-	-
6	CHEN THIEN YIN	-	-	-	-
7	KHOO CHEE SIANG	-	-	-	-

Remark:-

⁽¹⁾ Deemed interest by virtue of warrants held through his spouse and daughters.

⁽²⁾ Deemed interest by virtue of warrants held through his spouse and son.

ANALYSIS OF
WARRANTS B (SWSCAP-WB) HOLDINGS
AS AT 31 MARCH 2022
(CONT'D)

WARRANT B HOLDERS HOLDING 5% OR ABOVE AS AT 31 MARCH 2022

NO.	NAME	NO. OF WARRANTS B HELD		NO. OF WARRANTS B HELD	
		DIRECT	%	INDIRECT	%
1	TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	8,698,512	9.54	4,723,983 ⁽¹⁾	5.18 ⁽¹⁾
2	PUAN SRI DATIN CHAN MEI CHENG	1,179,828	1.29	12,242,667 ⁽²⁾	13.43 ⁽²⁾
3	CHEW SENG KHAI	5,519,062	6.05	-	-

Remark:-

⁽¹⁾ Deemed interest by virtue of warrants held through his spouse and daughters.

⁽²⁾ Deemed interest by virtue of warrants held through her husband and daughters.

30 LARGEST WARRANTS B HOLDERS

(Based on Record of Depository as at 31 March 2022)

No.	Warrants B Holders	No. of Warrants B Held	%
1	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SEIK YEE KOK	3,901,200	4.279
2	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEW SENG KHAI	3,644,062	3.997
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI (6000117)	3,411,875	3.742
4	TAN HUI TING	2,717,812	2.981
5	LEE MEE KUEN	2,621,500	2.875
6	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. CHEONG CHEE CHUNG	2,156,000	2.365
7	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI (M01)	2,052,125	2.251
8	CHEW SENG KHAI	1,875,000	2.057
9	TAN KIM SIW	1,754,562	1.924
10	HENG CHEW HOON	1,700,300	1.865

ANALYSIS OF
WARRANTS B (SWSCAP-WB) HOLDINGS
AS AT 31 MARCH 2022
(CONT'D)

30 LARGEST WARRANTS B HOLDERS (CONT'D)

(Based on Record of Depository as at 31 March 2022)

No.	Warrants B Holders	No. of Warrants B Held	%
11	THINAGARAN A/L GOVINDASAMY	1,405,800	1.542
12	CHUA LYE PING	1,350,000	1.481
13	CHEW CHONG CHIN	1,300,000	1.426
14	TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	1,253,887	1.375
15	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR MBL REALTY SDN. BHD. (SMART)	1,250,000	1.371
16	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	1,220,500	1.339
17	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI (SMART)	1,203,125	1.320
18	KOON CHING CHAI @ JIMMY	1,200,000	1.316
19	PUAN SRI DATIN CHAN MEI CHENG	1,179,828	1.294
20	YEONG LAI FUN	1,176,800	1.291
21	LAU TECK POH	1,098,200	1.205
22	KHONG HENG JIAN	1,016,900	1.115
23	HAN WANG SOON	1,000,000	1.097
24	KENANGA NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	1,000,000	1.097
25	LIM LIAN HOOI	904,000	0.992
26	YONG LEE HONG	865,000	0.949
27	LOO FOOI WAH	800,000	0.877
28	OCEAN EXPERT SDN BHD	800,000	0.877
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LAW KOK LIM	800,000	0.877
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	777,500	0.853

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-second (22nd) Annual General Meeting (“AGM”) of SWS Capital Berhad (“SWS” or the “Company”) will be held on a fully virtual basis and entirely via remote participation and voting (RPV) facilities at <https://agm.digerati.com.my/sws-online> on Friday, 27 May 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of transacting the following businesses:

AGENDA

- | | |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to Explanatory Note 1</i> |
| 2. To approve the payment of Directors’ fees and monthly allowances as per Table A for the period commencing from the conclusion of the 22 nd AGM of the Company until the conclusion of the next AGM of the Company. | <i>Ordinary Resolution 1</i> |
| 3. To re-elect the following Directors who retire pursuant to Clause 21.5(a) of the Company’s Constitution and being eligible, have offered themselves for re-election: - | |
| i. Dr. Loh Yee Feei | <i>Ordinary Resolution 2</i> |
| ii. Tan Kok Tiam | |
| <i>(Please refer to Explanatory Note 3 below)</i> | |
| 4. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <i>Ordinary Resolution 3</i> |
| As Special Business: | |
| To consider and, if thought fit, to pass the following resolutions: | |
| 5. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 | <i>Ordinary Resolution 4</i> |

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and 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 issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

Ordinary Resolution 5

"THAT subject to the provisions of the MMLR of Bursa Securities, approval be and is hereby given for the Proposed Renewal of Shareholders' Mandate of the Company and/or its subsidiaries ("SWSCAP Group") to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the related parties as specified in the Circular to Shareholders dated 29 April 2022 provided that such transactions are:-

- (a) Undertake in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public;
- (b) Necessary for the day-to day operations; and
- (c) Not to the detriment of the minority shareholders of the Company.

THAT such approval shall continue to be in force until:-

- (a) The conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the said AGM; or
- (b) The expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) Revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

7. To transact any other business of which due notices shall have been given in accordance with the Act.

BY ORDER OF THE BOARD,

Tan Tong Lang (MAICSA 7045482/ SSM PC No. 202208000250)
Thien Lee Mee (LS0009760 / SSM PC No. 201908002254)
Company Secretaries

Selangor
Date: 29 April 2022

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. 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. The proxy form must be duly completed and deposited at the office of the Share Registrar of the Company, at Level 5, Block B, Dataran PHB, Saujana Resorts, Section U2, 40150 Shah Alam, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appoint a proxy shall be in writing under hand of the Member or his/her attorney duly authorised in writing. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
7. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors ("ROD") as at **19 May 2022** and only a member whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

1. Audited Financial Statements for the Financial Year Ended 31 December 2021

This Agenda item is meant for discussion only as Section 340(1) (a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Ordinary Resolution 1: Payment of Directors' Fees and Monthly Allowances

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' Fees and Monthly Allowances payable to Directors.

The total estimated monthly allowances payable is calculated based on the estimated number of scheduled Board's and Board Committees' meetings for the period from the conclusion of the 22nd AGM until the next AGM of the Company.

The Proposed Directors' fees and monthly allowance are in the best interest of the Company and in accordance with the remuneration framework of the Group. The details of the Directors' fees and monthly allowance proposed are as per Table A below and assuming that all Non-Executive Directors will hold office until the calculation of the next AGM:

	Directors' Fees per annum per pax (RM)	Monthly Allowance per pax (RM)
Non-Executive Chairman	20,000	6,000
Non-Executive Directors	20,000	3,000

This resolution is to facilitate payment of Directors' fees and monthly allowances on current financial year basis. In the event the Directors' fees proposed are insufficient (e.g. due to more meetings), approval will be sought at the next AGM for additional fees to meet the shortfall.

3. Retirement of Mr Tan Kok Tiam

Mr. Tan Kok Tiam had on 25 April 2022 informed the Company that he does not wish to seek for re-election. He will retain his office until the conclusion of the 22nd AGM and will retire in accordance with Clause 21.5(a) of the Company's Constitution.

4. Ordinary Resolution 4: Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 4, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

The 10% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 10% General Mandate, pursuant to Section 76(4) of the Companies Act, 2016 from its shareholders at the forthcoming 22nd AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS: (CONT'D)

4. Ordinary Resolution 4: Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act (Cont'd)

The 10% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions. The 10% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the 31 December 2022.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the Previous Mandate granted to the Directors at the 21st AGM held on 25 June 2021 which will lapse at the conclusion of this 22nd AGM.

5. Ordinary Resolution 5 - Proposed Renewal of Shareholders' Mandate

The proposed Ordinary Resolution 5, if passed, will provide a renewal mandate for SWSCAP Group to enter into recurrent related party transactions of a revenue or trading nature with related parties in the ordinary course of business based on commercial terms which are not more favourable to the related parties than those generally available to the public and which are necessary for the Group's day-to-day operations. This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at general meeting.

For further information on this resolution, please refer to the Circular to Shareholders dated 29 April 2022.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual is standing for election as a Director, save for the above Directors who are standing for re-election at the forthcoming 22nd AGM of the Company.
2. The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Explanatory Notes on Special Business for Ordinary Resolution 4 of the Notice of the 22nd AGM of the Company.

TWENTY-SECOND (22ND) ANNUAL GENERAL MEETING ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

Date : Friday, 27 May 2022
Time : 10.00 a.m. or at any adjournment thereof
Virtual Meeting accessible at : <https://agm.digerati.com.my/sws-online>

MODE OF MEETING

In light of the Coronavirus Disease 2019 (COVID-19) pandemic and as part of the safety measures and control for the well-being of the shareholders of 22nd Annual General Meeting (“**AGM**”) of SWS Capital Berhad will be held on a fully virtual meeting through live streaming and online remote voting using the Remote Participation and Voting Platform (“**RPV Platform**”), as the safety of our shareholders, Directors, staff and other stakeholders who will attend the AGM is of paramount importance to us.

According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of Companies Act 2016 if the online platform is located in Malaysia.

In line with the Malaysian Code on Corporate Governance Practice 12.3, this virtual AGM will facilitate greater shareholder’s participation (including posting questions to the Board of Directors and/or Management of the Company) and vote at the AGM without being physically present at the venue. For shareholders who are unable to participate in this virtual AGM, you may appoint proxy(ies) or the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained while using RPV provided by Digerati Technologies Sdn Bhd (“**DIGERATI**”) at <https://agm.digerati.com.my/sws-online>.

PROCEDURES FOR RPV

Members/proxies/corporate representatives/attorneys who wish to participate the 22nd AGM remotely using RPV must follow the following procedures:-

Step	Action	Procedure
A	To register as a user using the website: https://agm.digerati.com.my/sws-online	<ul style="list-style-type: none"> • Complete the registration form. • Upload your identity documents. • Submit your registration form. • You will receive an email for verification purpose. You need to complete the process to complete the registration. (Please check your spam mailbox if you do not receive the email) • You will receive an email upon successful or rejected registration. • You may skip this step if you are already a registered user



TWENTY-SECOND (22ND)
ANNUAL GENERAL MEETING
ADMINISTRATIVE GUIDE FOR SHAREHOLDERS
(CONT'D)

PROCEDURES FOR RPV (CONT'D)

Members/proxies/corporate representatives/attorneys who wish to participate the 22nd AGM remotely using RPV must follow the following procedures:- (Cont'd)

Step	Action	Procedure
B	To request for RPV	<ul style="list-style-type: none"> • Login your registered account through the Registrar website. • Select "SWSCAP 22nd AGM". • Read and agree to Terms & Conditions then confirm the Declaration. • Complete and submit the request form. • You may appoint proxy(s) in the request form. • You may pose your question, if any, to the Chairman/Board in the request form. • You will receive an email as the receipt of request form. • Registrar will verify your request against the ROD after closing time. Closing time for request submission will be 48 hours prior to the meeting. No request will be entertained after closing time. • You and your proxy(s) will receive a notification email upon approval or rejection of RPV. • In the case of approval, below links will be attached in the email. <ol style="list-style-type: none"> 1. Broadcast link 2. E-Poll Form link
C	On the day of AGM	<ul style="list-style-type: none"> • Login to the company website. • Access to Broadcast and E-Poll Form using the website or through email links • If you have any question for the Chairman/Board, you may use the Q&A section to text your question. If time permits, the Chairman/Board will try to respond to those relevant questions relating to the businesses which are submitted by remote participants. • Submit your voting within a specific period of time once the Chairman announces that the voting is open. • Voting will be closed upon the expiry of the voting period. • Broadcast will be terminated upon the announcement of the poll result by the Chairman.

RECORD OF DEPOSITORS ("ROD")

For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a **Record of Depositors as at 19 May 2022**. Only a depositor whose name appears on the Record of Depositors as at 19 May 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf. We strongly encourage our shareholders and holders of proxy for those shareholders to participate in the virtual AGM and vote remotely at this AGM.

TWENTY-SECOND (22ND) ANNUAL GENERAL MEETING ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D)

APPOINTMENT OF PROXY

If you are unable to attend and participate at the meeting via RPV facilities, you may appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

The instrument appointing a proxy and the power of attorney or other authority i.e. the corporate representatives / authorised nominees or exempt authorised nominees who wishes to attend and participate at the meeting via RPV facilities, please ensure the duly executed original Proxy Form(s) or the original / duly certified Certificate(s) of Appointment of its corporate / authorised representative / power of attorney / letter of authority or other documents proving authority must be deposited to Company's Share Registrar office, Aldpro Corporate Services Sdn Bhd. at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting i.e. not later than **Wednesday, 25 May 2022 at 10.00 a.m.**

NO DOORGIFT / FOOD VOUCHERS

There will be no distribution of door gifts/vouchers this year to members/proxies/corporate representatives/attorneys who participated in the 22nd AGM.

NO RECORDING OR PHOTOGRAPHY

Please note that no recording or photography of the 22nd AGM proceedings is allowed.

ENQUIRY

If you have any enquiry or require any assistance before or during the 22nd AGM, please contact the following officers during office hours, 9.00 a.m. to 5.00 p.m. (Monday to Friday).

For registration, logging in and system related:

Digerati Technologies Sdn Bhd

Name : Mr. Alex Kong
Telephone : +6011-6338 8316
Email : sws_helpdesk@digerati.com.my

For Proxy and other matters:

Aldpro Corporate Services Sdn. Bhd.

Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam, Selangor.

Tel : +603-7890 0638
Fax : +603-7890 1032
Email : registrar@aldpro.com.my / sws_helpdesk@digerati.com.my
Name : Ms. Vivien Khoh / Ms. Esther Loo

SWS Capital Berhad

(Registration No. 199901027346 (502246-P))
(Incorporated in Malaysia)

PROXY FORM

I/We, (Full Name in Block Letters) (NRIC/Company No.)

of (Full Address)

Email Address: Tel No. being a member of
SWS Capital Berhad [(Registration No. 199901027346 (502246-P))] ("SWS" or the "Company") hereby appoint:

Name of Proxy (Full Name)	NRIC No./Passport No.	% of Shareholding to be represented (refer to Note 4 set out below)
Address	Email Address	Contact No.

and/or failing him/her

Name of Proxy (Full Name)	NRIC No./Passport No.	% of Shareholding to be represented (refer to Note 4 set out below)
Address	Email Address	Contact No.

Or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Second (22nd) Annual General Meeting ("AGM") of the Company to be held on a fully virtual basis and entirely via remote participation and voting (RPV) facilities at <https://agm.digerati.com.my/sws-online> on Friday, 27 May 2022 at 10.00 a.m. or at any adjournment thereof, on the following resolutions in the manner indicated below:-

My/Our proxy is to vote as indicated below:-

No.	Agenda	Resolutions	For	Against
1.	To approve the payment of Directors' fees and monthly allowances as per Table A for the period commencing from the conclusion of the 22nd AGM of the Company until the conclusion of the next AGM of the Company.	Ordinary Resolution 1		
2.	To re-elect Dr. Loh Yee Feei as Director of the Company.	Ordinary Resolution 2		
3.	To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 3		
As Special Business:				
4.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary Resolution 4		
5.	Proposed Renewal of Shareholders' Mandate	Ordinary Resolution 5		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this _____ day of _____, 2022.

Signature

(If shareholder is a corporation, this form should be executed under seal)

No. of Shares held	
CDS Account No.	



Notes:

1. 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. The proxy form must be duly completed and deposited at the office of the Share Registrar of the Company, at Level 5, Block B, Dataran PHB, Saujana Resorts, Section U2, 40150 Shah Alam, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under hand of the Member or his/her attorney duly authorised in writing. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
7. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors ("ROD") as at **19 May 2022** and only a member whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

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AFFIX
STAMP

The Share Registrar of
SWS Capital Berhad
(Registration No. 199901027346 (502246-P))
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor

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Fold This Flap For Sealing



www.swscap.com

SWS Capital Berhad

[199901027346 (502246-P)]

**PTD 6001, Jalan Perindustrian 5,
Kawasan Perindustrian Bukit Bakri, Batu 8, 84200 Muar, Johor**

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