SWS Capital Berhad

[199901027346 (502246-P)]

ANNUAL REPORT 2023

CONTENTS

RATIONALE

The cover design of our annual report expresses the theme of progress from vision to achievement. SWSCAP operates through two primary business divisions, namely plastic wares and furniture division. 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 trading of plastic wares, utensils and goods
- Marketing and distribution of plastic household and industrial products
- Manufacturing and sale of dining furniture, occasional furniture 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

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.


elianware

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI
Non-Independent Non-Executive Chairman

DATO' TEOH HAN CHUAN
Deputy Executive Chairman
(Redesignated w.e.f. 03/10/2023)

DATO' CHUA HEOK WEE
Group Managing Director
(Appointed w.e.f. 25/08/2023)
(Redesignated w.e.f. 03/10/2023)

CHUA KANG SING
Executive Director
(Appointed w.e.f. 25/08/2023)
(Redesignated w.e.f. 03/10/2023)

DATO SIMON TOH BOON WAN
Independent Non-Executive Director
(Appointed w.e.f. 01/09/2023)

KOAY HOOI LYNN
Independent Non-Executive Director
(Appointed w.e.f. 01/09/2023)

LIU TIAN KHIEW
Independent Non-Executive Director
(Appointed w.e.f. 15/09/2023)

ONG PENG TENG
Independent Non-Executive Director
(Appointed w.e.f. 15/09/2023)

DR LOH YEE FEEI
Executive Director/Chief Operating Officer
(Resigned w.e.f. 19/02/2024)

TEH LI KING
Executive Director
(Resigned w.e.f. 25/08/2023)

CHEN THIEN YIN
Independent Non-Executive Director
(Resigned w.e.f. 01/09/2023)

SHARON NG SAW EAN
Independent Non-Executive Director
(Resigned w.e.f. 01/09/2023)

KHOR HUN NEE
Independent Non-Executive Director
(Resigned w.e.f. 15/09/2023)

AUDIT COMMITTEE

Ong Peng Teng
Chairperson
(Appointed w.e.f. 15/09/2023)

Dato Simon Toh Boon Wan
Member
(Appointed w.e.f. 01/09/2023)

Koay Hooi Lynn
Member
(Appointed w.e.f. 01/09/2023)

Liu Tian Khiew
Member
(Appointed w.e.f. 15/09/2023)

Khor Hun Nee
Chairperson
(Resigned w.e.f. 15/09/2023)

Chen Thien Yin
Member
(Resigned w.e.f. 01/09/2023)

Sharon Ng Saw Ean
Member
(Resigned w.e.f. 01/09/2023)

CORPORATE INFORMATION (CONT'D)

NOMINATION AND REMUNERATION COMMITTEE
(Merger w.e.f. 29/11/2022)

Koay Hooi Lynn
Chairperson
(Appointed w.e.f. 01/09/2023)

Dato Simon Toh Boon Wan
Member
(Appointed w.e.f. 01/09/2023)

Liu Tian Khiew
Member
(Appointed w.e.f. 15/09/2023)

Ong Peng Teng
Member
(Appointed w.e.f. 15/09/2023)

Chen Thien Yin
Chairman
(Resigned w.e.f. 01/09/2023)

Sharon Ng Saw Ean
Member
(Resigned w.e.f. 01/09/2023)

Khor Hun Nee
Member
(Resigned w.e.f. 15/09/2023)

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482 / SSM PC NO. 202208000250)

Thien Lee Mee
(LS0010621 / SSM PC NO.201908002254)

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

Wong-Chooi & Mohd. Nor Advocates & Solicitors
Teh & Lee Advocates & Solicitors
NSK & Partners
Alan Tan & Associates
Syarikat Lim Kiam Hoon Advocates & Solicitors

SHARE REGISTRAR

Aldpro Corporate Services Sdn. Bhd.
B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : +603- 9770 2200
Fax : +603- 2201 7774
Email : admin@aldpro.com.my

REGISTERED OFFICE

B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : +603- 9770 2200
Fax : +603- 2201 7774
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

WEBSITE

www.swscap.com

CORPORATE STRUCTURE

SWS Capital Berhad
[199901027346 (502246-P)]
("SWSCAP")

- 100% Ee-Lian Industries Sdn. Bhd. [199001000762 (192321-U)] *("ELI")*
- 100% Poh Keong Industries Sdn. Bhd. [199401001321 (286999-X)] *("PKI")*
- 100% U.D. Panelform Sdn. Bhd. [198401007875 (120394-P)] *("UDP")*
- 100% Syarikat U.D. Trading Sdn. Bhd. [198201005271 (85023-X)] *("UDT")*
- 100% SWS In Medics Sdn. Bhd. [202001030854 (1387174-M)] *("SIM")*
- 100% Skywood Residence Sdn. Bhd. [202001028877 (1385197-H)] *("SKY")*
- 100% Ee-Lian Enterprise (M) Sdn. Bhd. [199301028474 (283212-H)] *("ELE")*
  - 100% Ee-Lian Plastic Industries (M) Sdn. Bhd [200201023752 (591415-M)] *("ELP")*
- 100% U.D. Wood Products Sdn. Bhd. [199601030240 (402592-K)] *("UDW")*


保 强 工 业 有 限 公 司
POH KEONG INDUSTRIES SDN BHD


保强工业有限公司
POH KEONG INDUSTRIES SDN BHD

GLOBAL PRESENCE

AFRICA

- Mauritius
- South Africa

ASIA

- Brunei Darussalam
- Indonesia
- India
- Myanmar
- Philippines
- Singapore
- Thailand
- Vietnam

EUROPE

- Albania
- Denmark
- France
- Italy
- Russia
- Sweden

GLOBAL PRESENCE (CONT'D)

MIDDLE EAST

- United Arab Emirates

NORTH AMERICA

- United States

OCEANIA

- New Zealand

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

I am privileged to address you at my capacity as the Chairman of the Board of Directors ("Board") of SWS Capital Berhad ("SWS"). On behalf of the Board, I present to you the Annual Report and Financial Statements of our Group for the financial year ended 31 December ("FYE") 2023, acknowledging the challenges we faced during this period.

OPERATING ENVIRONMENT

In 2023, a significant transition occurred as the world moved from the pandemic phase to the endemic phase of Coronavirus Disease 2019 ("COVID-19"). Despite this shift, the global economy remains entrenched in a challenging environment shaped by ongoing pandemic-related issues. Heightened geopolitical tensions and continued efforts to address inflation through monetary policy tightening have amplified the risk of a global economic slowdown. Malaysia, with its open economy and financial system, is not immune to these global developments.

The global economy was aggravated by uncertainties with the war in Ukraine and the downturn in China's economic growth, impacting developing nations as well as weakening trade dynamism against a backdrop of supply chain disruptions and ongoing trade tensions. In addition, soaring food and energy prices erode real incomes, triggering a global cost-of-living crisis, particularly for the most vulnerable. Furthermore, the increase in interest rates caused a decline in global consumer demand. Global economic growth moderated to projected 3.0% in 2023, declining from the 3.5% registered in 2022.

(Source : https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023)

In 2023, the growth of the Malaysian economy normalised to 3.7%, compared to the robust growth recorded in 2022 of 8.7%. This moderation in growth can be attributed to challenges in the external environment, including a slowdown in global trade, a downturn in the global technology industry, geopolitical tensions, and more stringent monetary policies.

As such, the Group faced a decline in revenue, dropping from RM158.4 million in FYE 2022 to RM123.6 million in FYE 2023, representing a 22.0% decrease. This downturn was primarily driven by subdued market demand and weakened consumer sentiments, exacerbated further by inflationary pressures. Consequently, the Group reported a net loss of RM6.4 million in FYE 2023, in contrast to a net income of RM2.9 million in FYE 2022, with the reduction of RM9.3 million primarily attributed to the decline in revenue and an impairment loss on property, plant and equipment, and right-of-use assets of RM3.7 million.

Despite these challenges, the Group remained committed to pursuing strategic initiatives aimed at generating both financial and non-financial value. Emphasising a strategy of value engineering, the Group focused on managing costs effectively. Prudent management practices were paramount in ensuring cost optimisation amidst the prevailing economic conditions.

CHAIRMAN'S STATEMENT (CONT'D)

FORWARD LOOKING

Even as we emerge from a global pandemic after three years, the path forward for most businesses remains rife with challenges. Ongoing conflicts in regions like Russia-Ukraine and Israel-Palestine, coupled with prolonged trade tensions between the United States of America and China, alongside the enduring effects of the pandemic, will continue to foster geopolitical, economic, and social uncertainties worldwide. The spikes in commodity prices due to geopolitical shocks and supply disruptions, along with underlying inflation persisting, may prolong tight monetary conditions. Additionally, exacerbating property sector difficulties in China or the potential for disruptive tax hikes and spending cuts elsewhere could result in growth setbacks. Global GDP, which registered at 3.5% in 2022, declined to projected 3.0% in 2023, with forecasts indicating a baseline settling around 3.1% for 2024.

(Source : https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024)

Malaysia's economy is anticipated to achieve a robust growth rate of 4-5% in 2024, marking a significant improvement. However, this growth projection is contingent upon various risks stemming from both external and domestic factors. Externally, a slower-than-expected recovery in external demand poses a key downside risk. Domestically, factors such as weaker labour market conditions, and heightened impact from El Nino on commodity production could potentially dampen the growth outlook. These factors highlight the need for vigilance and proactive measures to mitigate risks and sustain economic momentum.

(Source : https://www.bnm.gov.my/documents/20124/12521489/qb23q3_transcript.pdf)

Despite the prevailing challenges in the operating environment, the Group foresees continued difficulty in business conditions for FYE 2024. However, we maintain cautious optimism regarding the Group's future prospects as we remain committed to delivering growth and long-term shareholder value. Through a balanced approach of strength, resilience, prudence, and effective enterprise risk management, we persist in navigating the challenges to foster and expand the Group's business.

A more in-depth review of our financial and operational performance will be reported under "Management Discussion and Analysis of Business Operations and Financial Performance" in this Annual Report.

DIVIDEND

The Group remains committed to its ongoing efforts to fortify business operations, anticipating long-term benefits from these initiatives. Given the prevailing market challenges and economic slowdown, it is imperative for the Group to prudently conserve funds for future expenditures and maintain a robust buffer against potential shocks. Therefore, after careful deliberation, the Board has decided not to recommend the payment of any dividend for FYE 2023.

The Board emphasised that the decision to withhold dividends is made with a focus on safeguarding the Group's financial stability and ensuring its resilience in the face of uncertainties. However, it is important to note that the Board intends to reassess the dividend policy regularly and aims to resume dividend payments at the earliest opportunity once the Group is deemed to be in a comfortable position to do so.

ACKNOWLEDGEMENT

On behalf of the Company's Board, I wish to convey our deepest appreciation to our shareholders for their persistent trust and confidence in our Group. Furthermore, I extend heartfelt thanks to all our employees for their unwavering commitment and dedication, which has played a pivotal role in our Group's resilience and achievements.

I would also like, together with the Board, to extend our gratitude to our business partners, advisors, and the relevant government and regulatory agencies for their invaluable support and guidance throughout FYE 2023.

As we navigate through a period of transition marked by the change in the entire Board, I extend my heartfelt appreciation to the outgoing members for their dedicated service, invaluable contributions, and unwavering commitment to the Group's mission and objectives during their tenure on the Board. We extend our sincere best wishes to them as they embark on new endeavours.

While we bid farewell to our esteemed colleagues, I am confident that the fresh perspectives and diverse expertise brought by the incoming Board members will further enrich our decision-making processes and propel the Group to new heights of achievement.

Our commitment to creating sustainable value for our stakeholders remains steadfast. I look forward to keeping you informed of our ongoing progress.

Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai
Chairman of the Board

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

SWS Capital Berhad ("SWS" or the "Company") commenced its operations on 1 December 2003 as an investment holding company and subsequently became listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") on 15 March 2004. The Company operates through two primary business divisions, namely the plastic wares and furniture divisions, which serve as the driving forces behind our business endeavours.

Initially established as a furniture division, SWS specialised in the production of wood-based furniture and the manufacturing of furniture plywood, paper, and veneer laminations. However, in 2017, as part of our strategic expansion plans, the Company diversified its operations into the manufacturing and trading of plastic wares.

Our commitment to maintaining higher quality standards while remaining cost-effective underscores our business philosophy. We recognise that in order to compete effectively in global markets, it is essential to focus on "product differentiation" rather than solely relying on "price differentiation" based on low cost. This strategic approach allows us to offer innovative and distinctive products that meet the evolving needs and preferences of our customers while ensuring sustainability and profitability in the long run.

Furniture Division

The Group's furniture division, situated in Muar, Johor specialises in the production of wood-based furniture, particularly dining sets and bedroom sets. Additionally, it manufactures furniture plywood, paper, and veneer laminations, and trades hardware, furniture parts, and construction materials. This broadens our product range and capabilities. Our furniture division exports its products worldwide, with a primary focus on the United States ("US") and Northern Europe.

Our commitment to quality and safety is evident in our rigorous testing processes, ensuring that all our products meet the stringent requirements of both US and European markets. Our products undergo comprehensive structure tests, including Stability Test, Leg Strength Test, Load Test, and Tip test, to guarantee their durability and reliability.

Furthermore, we prioritise customer satisfaction by providing packaging that adheres to International Safe Transit Association ("ISTA") 3A or ISTA 6A standards, specifically tailored for our mail-order customers. This ensures that our products are well-protected during transit, minimizing the risk of damage and enhancing the overall customer experience. To further enhance usability and convenience, our ready-to-assemble ("RTA") furniture comes with detailed self-assembly instructions, making them ideal for Do-It-Yourself ("DIY") programs.

In addition to utilising premium materials such as rubberwood, Oak, and Beech wood, SWS is committed to sustainable practices by incorporating wood waste materials such as Medium-Density Fiberboard ("MDF") and particle board into our manufacturing processes. By blending MDF or particle board with solid rubberwood, we not only reduce material costs but also minimise the overall wood content of our products. This innovative approach allows us to maximise resource efficiency while maintaining the high quality and durability that our customers expect.

This division contributed 36% of the Group's total revenue in financial year ended 31 December ("FYE") 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Plastic Wares Division

The Group's plastic wares division, located in Simpang Ampat, Penang, plays a pivotal role in providing comprehensive plastic ware solutions. Specialising in the design, development, manufacturing, and distribution of a diverse range of plastic products, this division caters to a wide spectrum of needs and applications in homes, offices, and industries.

In addition to offering storage, preparation, containment, serving, and cleaning items, our plastic wares division also provides ancillary services such as manufacturing and trading of other household products, including plastic furniture and industrial items. This holistic approach allows us to meet the varied needs and preferences of our customers while maintaining a competitive edge in the market.

While primarily serving the local market, our plastic wares division also exports to countries worldwide, with a significant focus on ASEAN countries. Export sales constitute approximately 10% of the division's revenue, reflecting our commitment to expanding our presence in international markets.

In our household plastic wares segment, we take pride in offering a wide selection of over 1,300 products, constantly introducing innovative and eye-catching designs to capture the attention of the mass market. We prioritise not only aesthetic appeal but also functionality and safety. The majority of our plasticware products are proudly labelled as Bisphenol A ("BPA")-free, reflecting our commitment to providing safe and high-quality products for our customers. However, it's essential to note that products manufactured from Polycarbonates ("PC") are an exception to this, as they may contain trace amounts of BPA due to the nature of the material. Nevertheless, we ensure that all our products meet stringent safety standards and regulations.

As an experienced plastic container supplier, we recognise the importance of good design and product innovation in building consumer loyalty and trust. We strive to stay ahead of market trends and consumer preferences by continuously innovating and improving our product offerings. Our goal is to provide not only functional and practical solutions but also products that enhance the daily lives of our customers.

We excel in the production of industrial goods, with a particular focus on manufacturing industrial pails. These pails are supplied to leading players in the paint and lubricant industries nationwide. Our commitment to quality and reliability ensures that our industrial pails meet the rigorous demands of these sectors, providing secure containment and transportation of their products.

In addition to industrial pails, we also specialise in producing sharp bins, a crucial type of hospital disposal bin used for the safe and hygienic disposal of medical waste. As the disposal of hospital waste requires adherence to strict regulations set forth by the Ministry of Health, we ensure that our sharp bins meet the highest standards of safety and compliance.

Our dedication to quality and regulatory compliance is underscored by our certification to the BS EN ISO 23907:2012 standards from SIRIM QAS International Sdn Bhd. This certification recognises our excellence in the design, development, and production of sharp containers, reaffirming our commitment to delivering products that meet the most stringent quality and safety standards.

The plastic wares division remains the largest contributor to the Group's total revenue, accounting for 64% of SWS's FYE 2023 revenue.

Overall, the furniture and plastic manufacturing industries are characterised by dynamism and constant evolution, necessitating businesses to prioritise innovation. The Group has implemented a well-managed strategy to address these challenges, closely monitoring action plans to ensure favourable outcomes. Continuous development of new products and processing technologies is imperative for enhancing production efficiency and product quality. Keeping abreast of dynamic market demands and technological advancements is crucial to maintain competitiveness.

As we pursue business growth, we recognise the environmental impact of our operations. The Group is committed to promoting sustainable practices and encouraging the adoption of improved waste collection and management practices. A comprehensive review of our sustainability efforts will be provided in the "Sustainability Report" section of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

YEAR-ON-YEAR FINANCIAL REVIEW

Amidst the transition from the pandemic phase to the endemic phase of Coronavirus Disease 2019 ("COVID-19") in 2023, the global economy grappled with persistent themes from the previous year, notably geopolitical tensions and tightening monetary policies, both of which continued to dominate market headlines. These ongoing factors highlighted the multifaceted growth challenges confronting the world economy. Consequently, volatility in exchange rates and commodity prices emerged, further complicating the landscape for raw material pricing sourced from overseas. This emphasises the need for vigilant monitoring and proactive management of our supply chain to mitigate potential impacts on our procurement costs and overall operations.

In light of the current business environment, the Group has reported a decline in revenue, of RM34.8 million or 22.0%, from RM158.4 million in FYE 2022 to RM123.6 million in FYE 2023. Consequently, the Group incurred a net loss of RM6.4 million in FYE 2023, in contrast to net profit of RM2.9 million in FYE 2022.

Our financial performance	Audited FYE 2023 RM'000	Audited FYE 2022 RM'000	Variance RM'000	Variance %
Revenue	123,581	158,403	(34,822)	(22.0)
Gross profit ("**GP**")	23,176	27,861	(4,685)	(16.8)
Loss before tax ("**LBT**")/ Profit before tax ("**PBT**")	(3,731)	4,574	(8,305)	(181.6)
Loss after tax ("**LAT**")/ Profit after tax ("**PAT**")	(6,367)	2,908	(9,275)	(318.9)
GP margin (%)	18.8%	17.6%	1.2 bp	6.8
LBT/PBT margin (%)	(3.0%)	2.9%	(5.9 bp)	(203.4)
LAT/PAT margin (%)	(5.2%)	1.8%	(7.0 bp)	(388.9)

Revenue by segment	Audited FYE 2023 RM'000	Audited FYE 2022 RM'000	Variance RM'000	Variance %
Plastic wares	79,147	99,034	(19,887)	(20.1)
Furniture	44,434	59,369	(14,935)	(25.2)
Revenue	**123,581**	**158,403**	**(34,822)**	**(22.0)**

GP by segment	Audited FYE 2023 RM'000	Audited FYE 2022 RM'000	Variance RM'000	Variance %
Plastic wares	19,538	21,565	(2,027)	(9.4)
Furniture	3,638	6,296	(2,658)	(42.2)
GP	**23,176**	**27,861**	**(4,685)**	**(16.8)**

YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

GP margin by segment	Audited FYE 2023 RM'000	Audited FYE 2022 RM'000	Variance	
			bp	%
Plastic wares	24.7	21.8	2.9 bp	13.3
Furniture	8.2	10.6	(2.4) bp	(22.6)
GP margin	**18.8**	**17.6**	**1.2 bp**	**6.8**

Profit/(Loss) before tax ("PBT"/"LBT") by segment	Audited FYE 2023 RM'000	Audited FYE 2022 RM'000	Variance	
			RM'000	%
Plastic wares	5 ,363	7,263	-1,900	(26.2)
Furniture	(7,778)	(2,365)	-5,413	(228.9)
Others	(1,316)	(324)	-992	(306.2)
PBT/LBT	**(3,731)**	**4,574**	**-8,305**	**(181.6)**

Revenue

As mentioned above, in FYE 2023, our Group's revenue decreased from RM158.4 million to RM123.6 million, representing a year-on-year ("YoY") reduction of RM34.8 million or 22.0%. This decline in revenue was primarily attributed to decrease in revenue from both the plastic wares and furniture division.

Specifically, the plastic wares division experienced a decrease in revenue by RM19.9 million or 20.1%, from RM99.0 million in FYE 2022 to RM79.1 million in FYE 2023. Similarly, the furniture division reported a revenue of RM44.4 million in FYE 2023, reflecting a reduction of RM14.9 million or 25.2% compared to the RM59.4 million achieved in FYE 2022.

The reduction in local revenue from the plastic wares division during the second half of FYE 2023 was primarily influenced by broader economic factors and shifts in consumer behaviour. Economic conditions, such as inflation and changes in disposable income, may have impacted consumers' purchasing power and preferences, leading to decreased spending on plastic wares.

Regarding export sales, logistical disruptions played a significant role in the decrease sales observed. Geopolitical tensions or global supply chain disruptions may have led to delays in shipping or difficulties in fulfilling orders, thereby affecting the division's ability to meet export demand.

Additionally, increased competition from alternative suppliers in both local and export markets could have further compounded the revenue decline.

The furniture division experienced a slowdown in the export market, particularly in the US and Europe, where the negative effects of high inflation rates and supply chain disruptions were prevalent. These challenges significantly affected the division's ability to conduct business effectively in these regions. High inflation rates in the US and Europe have led to reduced purchasing power among consumers, thereby dampening demand for furniture products.

Furthermore, heightened market uncertainty resulting from political instability and conflicts has added to the challenges faced by the furniture division. Uncertain economic and geopolitical conditions have made consumers more cautious about discretionary spending, leading to a decline in demand for furniture products.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

Gross profit

Considering the reduction in revenue, the Group experienced a decrease in GP by RM4.7 million or 16.8% to RM23.2 million in FYE 2023. However, it is noteworthy that despite these challenges, the overall GP margin improved from 17.6% in FYE 2022 to 18.8% in FYE 2023, mainly driven by plastic wares divisions.

Notwithstanding the challenges facing in plastic wares division, the GP margin for plastic wares division for FYE 2023 has improved from 21.8% in FYE 2022 to 24.7% in FYE 2023, with an increase of 2.9 basic point ("bp"). Consequently, the division only recorded a reduction in GP of 9.4% or RM2.0 million in FYE 2023, despite the reduction in revenue of 20.1%.

The increase in gross profit margin can primarily be attributed to the Group benefiting from fluctuations in raw material costs and improvements in production efficiency and quality. The Group remained mindful of cost discipline and optimisation by leveraging our operational excellence and cost optimization initiatives.

For the furniture division, the GP declined by RM2.7 million or 42.2% in FYE 2023, resulting in a reduced GP margin of 8.2% compared to 10.6% in FYE 2022. This decrease in gross profit margin can be attributed to insufficient sales orders to cover fixed operational overhead costs.

Loss/Profit before tax

In FYE 2023, the Group reported a loss before tax of RM3.7 million, primarily attributed to the performance of the furniture division. Specifically, the furniture division reported a loss before tax of RM7.8 million in FYE 2023, compared to a loss before tax of RM2.4 million in FYE 2022. This significant increase in losses can be attributed to a reduction in GP resulting from lower sales demand, as well as an impairment loss on property, plant and equipment, and right-of-use assets amounting to RM3.7 million.

Plastic wares division reported a PBT of RM5.4 million in FYE 2023, reflecting a reduction of RM1.9 million as compared to RM7.3 million in FYE 2022. This decline in PBT aligns with the reduction in GP previously mentioned.

Loss/Profit after tax

The Group reported a LAT of RM6.4 million in FYE 2023, representing a significant decrease from a PAT of RM2.9 million in FYE 2022. This reduction primarily derived from the reduction in PBT.

Loss/Profit net of tax attributable to the equity holders of the Company

In line with the analysis provided above, the net loss attributable to the equity holders amounted to RM6.6 million in FYE 2023, in contrast to a net profit of RM2.6 million in FYE 2022. This reduction has resulted in a decrease in basic earnings per share from 1.0 sen in FYE 2022 to a basic loss per share of 2.4 sen in FYE 2023.

Our financial position	Audited As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000	Variance RM'000	Variance %
Non-current assets	113,344	108,215	5,129	4.7
Current assets	97,979	95,327	2,652	2.8
Non-current liabilities	16,203	12,144	4,059	33.4
Current liabilities	48,218	50,147	(1,930)	(3.8)
Equity attributable to owners of the Company	146,902	140,901	6,001	4.3

YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

Assets

Non-current assets of the company consist of right-of-use assets, property, plant, and equipment, as well as investment properties. These non-current assets experienced an increase of RM5.1 million, from RM108.2 million as of 31 December 2022, to RM113.3 million as of 31 December 2023.

This increase was primarily attributed to the rise in right-of-use assets, amounting to RM8.8 million, resulting mainly from the purchase of leasehold warehouse of RM7.2 million. However, this increment was partially offset by a reduction in property, plant and equipment, and right-of-use assets amounting to RM3.7 million. This reduction was mainly due to impairment losses incurred as mentioned earlier.

The current assets of the company increased by RM2.7 million or 2.8% from RM95.3 million as of 31 December 2022 to RM98.0 million as of 31 December 2023.

There was an increase in cash and bank balances by RM2.2 million, primarily attributable to the increase in share capital via private placement, which will be mentioned below as well as increase in investment in money market funds of RM2.1 million. Trade receivables reported an increase of RM2.6 million due to slow collection, however, the increase was offset by a reduction in inventories by RM4.0 million as of 31 December 2023 due to our stock control measurement.

Liabilities

Non-current liabilities, which encompass loans and borrowings, lease liabilities, and deferred tax liabilities, experienced an increase by RM4.1 million or 33.4% YoY to RM16.2 million as of 31 December 2023, compared to RM12.1 million as of 31 December 2022. This increase was primarily attributed to the rise in long-term loans and borrowings amounted to RM4.3 million.

Current liabilities mainly consist of short-term loans and borrowings, trade and other payables, and lease liabilities. These liabilities reported a YoY decrease of RM1.9 million or 3.8%, amounted to RM48.2 million as of 31 December 2023, compared to RM50.1 million as of 31 December 2022. This decrease can primarily be attributed to the net repayment of short-term loans and borrowings, amounting to RM4.7 million during the period. However, the decrease was offset with the increase in trade and other payables of RM3.1 million due to increase in purchases for furniture division.

Liquidity, capital resources and gearing

As at 31 December 2023, cash and cash equivalents decreased slightly by RM0.4 million, to RM15.3 million, as compared to RM15.7 million recorded at 31 December 2022. Cash and cash equivalents comprised net of cash and bank balance, fixed deposits not pledged with licensed banks, offset with bank overdraft.

Our cash flow from/(used in)	Audited As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000	Variance RM'000	Variance %
Operating activities	11,436	15,855	(4,419)	(27.9)
Investing activities	(12,678)	(515)	(12,163)	(2,361.7)
Financing activities	829	(1,279)	2,108	164.8
Net changes in cash and cash equivalents	(413)	14,061	(14,474)	(102.9)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

Liquidity, capital resources and gearing (Cont'd)

Despite the reported LBT of RM3.7 million, after adjusting for non-cash items, the Group reported an operating profit before changes in working capital of RM10.0 million. The reduction in inventories and the increase in trade and other payables contributed positively to the cash generated from operations by RM6.8 million. However, this was offset with the increase in trade and other receivables of RM3.6 million. After accounting for the payment of income tax amounting to RM1.7 million, the net cash flow generated from operating activities in FYE 2023 totalled RM11.4 million.

Net cash outflow of RM12.7 million recorded from investing activities during FYE 2023 was largely contributed by the cash investment made on right-of-use assets of RM7.7 million, property, plant and equipment of RM2.3 million and investment in money market fund of RM2.0 million.

The Group has reported a positive net cash flow of RM0.8 million from financing activities during FYE 2023 mainly due to the proceeds from the issuance of ordinary shares pursuant to the private placement of RM7.2 million, which completed on 16 November 2023. However this proceed was offset with the net repayment of loan and borrowings, lease liabilities and interest of RM6.4 million.

Given the above analysis, our gearing ratio improved from 0.16 times as at 31 December 2022 to 0.13 times as at 31 December 2023.

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while the external source of funds comprises bank borrowings as well as credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 30 to 120 days.

The Management believes that after considering our cash and bank balance as well as the funds envisaged to be generated from our business operations, we will have adequate working capital to meet our present and foreseeable day-to-day business operation requirements. Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

Whereas for capital commitments, there was RM0.3 million capital commitments being entered by the Group in FYE 2023 in relation to the construction of factory and office building.

REVIEW OF OPERATING ACTIVITIES

Corporate Exercise

On 27 October 2023, the Board announced that the Company proposed to undertake a private placement of up to 10% of the issued shares of SWS. This allows SWS to raise additional funds effectively through the equity market without incurring interest costs compared to funding via bank borrowings. The proceeds of RM7.2 million are intended to be utilised for repayment of bank borrowings as well as working capital. On 16 November 2023, the Board announced that the private placement, comprising 27,200,000 new shares at an issue price of RM0.265, was listed and quoted on the Main Market of Bursa Securities following approval from Bursa Securities on 3 November 2023.

REVIEW OF OPERATING ACTIVITIES (CONT'D)

Furniture Division

Malaysia's furniture and fixtures industry (which is ranked among the top five furniture exporters in Asia) comprises mouldings and builders' joinery, carpentry (i.e. doors and windows), as well as furniture and associated components.

Currently, the country's furniture exporters are entrenched in 160 countries while displaying an increment in both population and infrastructural reach, as Malaysian furniture products find new homes in the United Arab Emirates, Saudi Arabia, the Philippines, Russia, as well as the emerging economies of Algeria, Greece, Puerto Rico, and Libya. In 2022, Malaysia's export of furniture made of wood, plastic, metal and parts recorded RM13.9 billion, an increase from RM12.6 billion in 2021.

The global furniture market size is expected to reach US$1,070.9 billion by 2030, according to a new report by Grand View Research, Inc. The market is anticipated to expand at a compounded annual growth rate ("CAGR") of 5.7 per cent from 2022 to 2030. The vast majority (90%) of industry players in Malaysia are Small Medium Enterprise ("SME")s, which have benefitted from government support to encourage further automation in their technology processes through the Smart Automation Grant ("SAG") and Industry4WRD Intervention Fund ("IIFC"). Malaysian Investment Development Authority ("MIDA") received 16 project proposals for the IIFC and another 47 for the SAG from furniture manufacturers keen to upgrade their manufacturing plants to remain competitive and abreast of Industry 4.0 technologies.

Greater awareness and consciousness of environmental, social and governance ("ESG") priorities has led more environment-conscious global consumers and businesses to consider exploring options in the green furniture market segment. This has encouraged Malaysian industry players to research, develop, and innovate new material compositions (comprising wood, plastic, and metal) as well as promote the production of trendy products catering to both commercial (e.g. business/office, education, healthcare, hospitality, smart warehouses) and residential (bedroom, kitchen, dining room) spaces.

(Source: Malaysia Investment Performance Report 2022, MIDA)

Plastic Wares Division

The plastics industry continued its strong post-pandemic growth during the first half of 2022, but this halted during the second half due the slowing global economy. The drastic increase in raw material cost during the first half as a result of the Russia-Ukraine war, the COVID-19 lockdown in China and increase in labour cost, were amongst the factors that impacted the industry during the period. The plastics industry registered an increase in sales of 5.4% to RM61.80 billion in 2022, from RM58.62 billion in 2021. Several factors had contributed to the moderate growth. There was pent-up demand especially during the first half of 2022, following the full opening of the Malaysian economy in November 2021. In addition, the improved employment situation had led to higher consumer income. Despite the aggressive interest hikes in many countries, especially the United States and the European Union block, Bank Negara still maintained the interest rate at low levels which had facilitated easier business and consumer financing. Whilst a majority of countries re-opened their economy beginning late 2021, China still continued their lockdown policy till December 2022. As a result, buyers that depended on Chinese suppliers had shifted their sourcing to South-East Asian countries, including Malaysia. There was also a cost push effect owing to higher material cost due to the US dollar differential, especially during the first half of the year, that had an effect on the sales value.

(Source: Malaysian Plastics Manufacturers Association ("MPMA") Annual Report 2023 – extraction from the President's Review)

Together with the MPMA and other stakeholders, MIDA continually reached out to plastic products manufacturers, SMEs in particular, throughout 2022. For instance, a series of engagements with MPMA was held to update its members on MIDA's role to facilitate and boost the plastic industry in Malaysia, including the adoption of Industry4WRD and automation. The MIDA-MPMA Conference 2022 was held to apprise MPMA's members of various government facilities and assistance that focused on the plastic products industry. The industry was advised to strengthen its competitiveness through the acquisition of technologies, enhancing skills training for staff across the board, and improving marketing capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

Plastic Wares Division (Cont'd)

Moving forward from 2023 and beyond, there are significant investment opportunities in terms of diversifying into high-end plastic products and engineering plastics, considering undertaking plastics recycling (coupled with high-technology waste management infrastructure) can improve the overall sustainability of the industry, especially in terms of ESG compliance.

In particular, investments are welcomed into the areas of enhancing mechanical and molecular recycling. Currently, mechanical recycling is limited to certain types of plastics and would greatly benefit from products or technology that improve the flexibility and durability of plastic types that can be recycled and/ or reused. Molecular recycling, which includes purification, depolymerisation, and conversion technologies that can process a wide range of plastic waste including packaging, textiles, healthcare plastics, and wind turbine blades, help to recirculate plastics that currently do not have end-of-use recovery solutions. The recycling of plastic waste is a promoted activity under the Promotion of Investments Act 1986, and investors may be eligible for either pioneer status or investment tax allowance.

In support of the ESG agenda being driven by governments worldwide, and to improve plastics sustainability, plastics industry players have been working on a range of initiatives to reduce energy, increase recycling, and reduce plastic waste. Aside from addressing plastic debris at the regional level, the Malaysian Government developed a Circular Economy Roadmap to fight poorly managed plastic waste on a national level. The Malaysia Plastic Sustainability Roadmap, 2021-2030 was released in December 2021 by the Ministry of Natural Resources, Environment and Climate Change.

(Source: Malaysia Investment Performance Report 2022, MIDA)

RISK PROFILES

We highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below:-

(i) Business risks

Our Group is principally involved in the manufacturing and trading of plastic wares and furniture products. Hence, we are susceptible to the risks inherent to our industries. These include, amongst others, any outbreaks of diseases affecting local and global markets, rising costs of labour and raw materials, availability of skilled personnel, changes in laws and regulations applicable to our business, business and credit conditions, as well as fluctuations in foreign exchange rates. There can be no assurance that any material changes to these factors will not have a material adverse effect on the business operations of our Group.

Nevertheless, our Group has been taking effective measures to mitigate the aforementioned risks such as prudent financial management and efficient operating procedures. Further, we constantly keep abreast of economic and regulatory changes relating to our business.

RISK PROFILES (CONT'D)

(ii) Operational risks

The supply of raw materials for both the plastic wares and furniture divisions is always at risk of shortages and pricing issues, due to market supply availability and competition. In prior years, both divisions have faced raw material shortages. Currently, no suppliers in the market can ensure consistent supply and stable pricing due to the environmental issues and limited supply caused by monopolies.

Any fluctuations in the price of raw materials will lead to an increase in direct material costs and a decrease in profit margins. Raw material shortages will result in production downtime and customer complaints due to delays in the delivery of finished goods. Hence, a reduction in sales orders will result in insufficient profits to cover fixed operating and administrative expenses.

The furniture manufacturing process is highly reliant on skilled and experienced staff, whereas the plastic wares division relies on foreign workers to run 24-hour production. The Group is subject to labour shortages, both for local and foreign workers, from time to time, leading to increased labour costs.

The Group is obligated to comply with the policies imposed by the Malaysian Government regarding the employment of foreign workers, and any future changes in these policies could result in significant expenses for the Group. If the Group is unable to find suitable replacements for its skilled and experienced staff or foreign workers, it may incur additional costs for training. Moreover, production interruptions may reduce the Group's production capacity and effectiveness.

The Group actively liaises with the relevant government and recruitment agencies to ensure timely application and renewal of work permits for foreign workers. Workplace and environmental safety are also a top priority for the Group. Adequate training and monitoring are provided by experienced supervisors for new recruits. Remuneration is another challenge for the Management, as they must set a suitable and competitive remuneration package that benefits the staff's performance without burdening the labour cost.

Investing in automated plant and machinery has helped the Group to reduce its dependency on labour and improve production efficiency, while minimising human error. However, unavoidable, certain operations still require human intervention, and the Group recognises the importance of skilled and experienced staff. Therefore, the Group continues to invest in research and development to improve the process flow and enhance quality control, in order to ensure that its operations remain competitive and efficient.

(iii) Credit risks

The Group's credit risk primarily arises from the trade and other receivables, which are closely monitored through ongoing management reports. The Group's objective is to achieve continuous revenue growth while minimising potential losses arising from the increased credit risk exposure. To achieve this, the Group has implemented a credit policy to deal only with creditworthy counterparties, and credit terms are determined on a case-by-case basis.

Before approving and creating a customer code in the accounting system, the Management conducts a background check on the counterparty. The Group conducts annual review and evaluation of credit terms, with input from salespersons and account receivables control team. Any favourable changes in credit terms for customers will require approval from the Management. The Group's credit risk exposure is widely distributed across diverse customers, thereby avoiding significant concentration of credit risk.

(iv) Foreign exchange risks

Furniture division of the Group predominantly exports its products to Europe and the US, and sources its raw materials, including hardware and tools, from foreign countries. Given most of the transactions being denominated in USD, the Group's profitability is vulnerable to foreign currency exchange risks. Any fluctuations in the USD exchange rate may impact the gross profit margin. To mitigate these risks, the Group has credit banking facilities with various financial institutions and maintains a foreign currency account to facilitate the collections in USD, and payments made in the same currency, resulting the natural hedging.

RISK PROFILES (CONT'D)

(iv) Foreign exchange risks (Cont'd)

Plastic wares division's export sales contributed approximately 10% to the total division revenue. The division sources its raw materials and accessories from local suppliers who, in turn, procure them from overseas, thereby exposing the division to foreign exchange risks. The export department will ensure our overseas customers pay a minimum deposit of 30% before delivery, and the balance upon port clearance. Any credit terms offered must be approved by the Management and supported by local bankers.

(v) Competition risks

Both divisions are experiencing stiff competition from both established and new players in their respective industries. To maintain the competitiveness of the Group, the Management ensures that all products offered by the Group are competitively priced with excellent quality and innovative designs. Effective marketing strategies are also critical in keeping the Group to be competitive. The Group prioritises cost optimization and operational efficiency. The Group continually explores new markets and invests in research and development to meet ever-changing consumer demand.

FORWARD-LOOKING STATEMENT

As we navigate the aftermath of a global pandemic spanning three years, businesses are confronted with a landscape still fraught with challenges. Ongoing conflicts in regions such as Russia-Ukraine and Israel-Palestine, coupled with sustained trade tensions between the United States and China, alongside the enduring ramifications of the pandemic, are poised to perpetuate geopolitical, economic, and social uncertainties worldwide. The fluctuations in commodity prices triggered by geopolitical shocks and supply disruptions, along with persistent underlying inflation, may prolong periods of tight monetary conditions. Moreover, the property sector challenges in China and the potential for disruptive tax hikes and spending cuts elsewhere could further compound growth obstacles.

The World Bank has forecasted a deceleration in global gross domestic product ("GDP") growth for the third consecutive year, anticipating a rate of 2.4% in 2024. This projection reflects the impact of tighter liquidity and uncertain economic prospects in numerous major economies, exerting downward pressure on overall growth trajectories.

(Source:https://www.worldbank.org/en/news/press-release/2024/01/09/global-economic-prospects-january-2024-press-release)

In Malaysia, 2024 is poised to be a year of action, with the implementation of several initiatives outlined in the New Industrial Master Plan (NIMP) 2030. The Ministry of Finance projects Malaysian GDP growth to range between 4% and 5% in 2024. This growth will be driven by strong domestic demand, effectively mitigating the challenges stemming from moderate global growth.

(Source : https://budget.theedgemarkets.com/budget/2024/index.html)

The furniture division of the Company anticipates continued challenges in the export market due to several factors. Elevated inflation rates in the United States of America and the Eurozone, coupled with the implementation of higher interest rates to counter inflationary pressures, are expected to have adverse effects on both demand and supply dynamics.

Furthermore, the ongoing military conflict in Eastern Europe has introduced additional disruptions to the supply chain. These disruptions have resulted in soaring commodity prices, raising concerns about global growth prospects and exacerbating the challenges faced by the furniture division.

FORWARD-LOOKING STATEMENT (CONT'D)

The plastic wares division of the Company has encountered challenges stemming from a slowdown in demand, affecting both the local and export markets. This decline can be attributed to several factors, including high inflation rates and shifts in consumer behaviour influenced by the rising cost of living. As consumers adjust their spending habits to accommodate these economic pressures, the demand for plastic wares has been impacted.

In response to these challenges, the Management is actively engaged in developing and implementing effective marketing strategies. These strategies aim to address evolving consumer preferences, enhance brand visibility, and stimulate demand for the division's products. By closely monitoring market trends and consumer behaviour, the Management seeks to adapt its approach to better resonate with target audiences and maintain the division's performance amidst challenging market conditions.

The Group is steadfast in its commitment to implementing strategies aimed at capitalising on growth opportunities and enhancing competitiveness. To achieve this, the Group intends to increase its capacity and capabilities significantly. This involves the introduction of more value-added and sustainable products, expanding its product portfolio, and venturing into new markets.

Efforts are underway to address existing manpower shortages, ensuring optimal utilization of the business's existing capacity. Additionally, the Group is exploring opportunities for expansion to further strengthen its operations and market presence.

By focusing on these strategic initiatives, the Group aims to position itself for sustainable growth and success in the ever-evolving market landscape. Through innovation, diversification, and prudent resource allocation, the Group remains committed to maximising value for its stakeholders while maintaining a strong competitive edge in the industry.

BOARD OF DIRECTORS' PROFILE

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

Non-Independent Non-Executive Chairman

Nationality / Gender / Age 69

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 42 years of working experience in the fields of auditing, accounting and corporate finance. His experience and contribution in other directorship are as follows:-

- Executive Chairman of Muar Ban Lee Group Berhad (appointed as the Executive Director of Muar Ban Lee Group Berhad on 30 June 2009. He was redesignated as Executive Chairman on 5 October 2023);
- Non-Executive Chairman of Symphony Life Berhad (appointed as the Non-Executive Director of Symphony Life Berhad on 2 September 2021. He was redesignated as Executive Chairman on 15 November 2021 and subsequently redesignated as Non-Executive Chairman on 1 October 2023);
- Non-Executive Chairman of Focus Dynamics Group Berhad (appointed on 1 March 2024, cum member of Audit Committee with effect from 22 March 2024) ;
- Non-Executive Chairman of Oversea Enterprise Berhad (appointed on 22 March 2024);
- 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.

DATO' TEOH HAN CHUAN

Deputy Executive Chairman

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.

Nationality / Gender / Age 63

Appointed as the Deputy Managing Director on 3 July 2017 and redesignated as Managing Director on 16 November 2017. He was subsequently redesignated as the Deputy Executive Chairman on 3 October 2023. 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 30 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)

DATO' CHUA HEOK WEE *

Group Managing Director

Director of:-
- Ee-Lian Enterprise (M) Sdn. Bhd.

Nationality / Gender / Age 51

Appointed as an Independent Non-Executive Director on 23 December 2015 and resigned on 6 January 2021. He was subsequently appointed as Non-Independent Non-Executive Director on 25 August 2023 and redesignated as Group Managing Director on 3 October 2023. He graduated from Technical College. Dato' Chua joined Muar Ban Lee Engineering as a foreman and assisted his father, Dato' Chua Ah Ba @ Chua Eng Ka in 1995 and was subsequently promoted to Project Manager in 1997. With more than 29 years' experience in the design and manufacture of oil seed expellers, ancillary machinery and spare parts, he has steered MBLE from a small-scale manufacturer to be one of the major manufacturers of oil seed expellers in Malaysia. He is responsible for the overall business planning, marketing, product development and brand building of our Group. He has participated in many international metal product trade fairs and exhibitions held overseas and locally.

Dato Chua was appointed as the Group Managing Director of Muar Ban Lee Group Berhad on 30 June 2009. He was also appointed as the Executive Director of Symphony Life Berhad on 2 September 2021 and resigned on 2 May 2023. He is the cousin of Chua Kang Sing, the Executive Director of the Company.

CHUA KANG SING *

Executive Director

Director of:-
- Poh Keong Industries Sdn. Bhd.
- Syarikat U.D. Trading Sdn. Bhd.
- U.D. Panelform Sdn. Bhd.
- U.D. Wood Products Sdn. Bhd.

Nationality / Gender / Age 32

Appointed as Non-Independent Non-Executive Director on 25 August 2023 and redesignated as Executive Director on 3 October 2023. He graduated from College of Gamfe International Academy with Diploma in Programming Development and Design. Chua Kang Sing joined production department in Muar Ban Lee Group Berhad as machinist in grinding and machining department in year 2011. He also involved in inventory management and Production Coordinator. Subsequently he was promoted to Assistant Factory Manager in 2014 to assist Factory Manager on supervision and operation of production process. He has accumulated 11 years' experience in engineering and palm oil industries. He is well-trained in the Company production process and possess extension, knowledge of oil seed expeller and other manufactured product. Since 2015, he promoted as Manager in Costing and Quotation Department. He is responsible to review and approve the product costing before quoting to the customers. Besides that, he also involved in Research and Development Department to enhance the product capacity and efficiency from time to time. He also oversees the group administration.

He was appointed as an Executive Director of Muar Ban Lee Group Berhad on 9 December 2020. He is the cousin of Dato' Chua Heok Wee, the Group Managing Director of the Company.

BOARD OF DIRECTORS' PROFILE (CONT'D)

DATO SIMON TOH BOON WAN *

Independent Non-Executive Director

Nationality / Gender / Age 49

Appointed as Independent Non-Executive Director on 1 September 2023 and is presently member of the Nomination and Remuneration Committee and the Audit Committee. He completed his Malaysian Certificate of Education (SPM) from Sekolah Menengah Kebangsaan Darul Ridhwan, Taiping. Dato Simon is currently is currently the Company Director of Tiger Mark Pte Ltd, with an annual revenue income of RM50 million. He was also co-running 2 consumer private limited businesses, BB First Wholesale Sdn. Bhd. and Dunia Cahaya Mata Sdn. Bhd. with an annual revenue income of RM3-7 million. Dato Simon Toh started his entrepreneurship journey as a sole proprietor, since 2004. He ventured into the consumer businesses in KL. He was also the director of Popeye Restaurant, Marina Island that brings in ranges of western food to the consumers who visited the island. In addition, he was also the director of the company that ran the pay pond fishing business to Marina Island. Dato Simon Toh is also the franchise owner of Yomi Yoghurt in Malaysia. He is also the Chairman of the non-profit Persatuan Penganut Karma Naedon Jangchub Ling Manjung Perak. He has no family relationship with any other Director or major shareholder of the Company.

KOAY HOOI LYNN *

Independent Non-Executive Director

Nationality / Gender / Age 53

Appointed as an Independent Non-Executive Director on 1 September 2023 and is presently Chairperson of the Nomination and Remuneration Committee and a member of the Audit Committee. She graduated with Bachelor of Accounting from La Trobe University, Melbourne Australia. In 2005, she became a Chartered Accountant by joining both Certified Practising Accountant Australia and Malaysia Institute of Accountants. In 2009, she joined the Chartered Tax Institute of Malaysia as a member and Malaysian Institute of Chartered Secretaries and Administrators as an affiliate member. In 2011, she obtained her Practising Certificate and subsequently in 2018, she joined ASEAN Chartered Professional Accountant.

Ms. Koay Hooi Lynn began her career with Chartered Accountant firm, Koay Seng Leng & Co. ("KSL") as an Audit Assistant in year 1994 where she was involved with audit assurance work for several subsidiaries of Public Listed Company, such as palm oil plantation, manufacturing, trading, property developers, small medium enterprises. She was promoted to Audit Senior in year 1998 and joined tax division of the same firm in year 2000. She was involved in compliance work for corporate and personal tax submission, application for tax incentives, attend with tax audits, transfer pricing and related party transactions.

She was promoted to Manager in KSL in year 2009 and responsible for overseeing financial, accounting, tax management and reporting functions of the clients. In 2013, she obtained an Audit License and become partner of KSL until now. She took over the operation of KSL which covers various industries such as manufacturing, trading, information technology, construction, property development, investment holdings companies and other service industries. She was involved in conducting internal audit and risk management of Public Listed Companies in year 2014.

She has been appointed as an Independent and Non-Executive Director of Agricore CS Holdings Berhad ("ACSH") since 10 August 2023 which later had been converted to a Public Company on 11 September 2023. She is the Chairperson of Audit and Risk Management Committee and member of the Nomination Committee and Remuneration Committee of ACSH.

On 24 August 2023, she was appointed as the Independent and Non-Executive Director of Farlim Group (Malaysia) Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. She has no family relationship with any other Director or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE (CONT'D)

LIU TIAN KHIEW *

Independent Non-Executive Director

Nationality / Gender / Age 66

Appointed as Independent Non-Executive Director on 15 September 2023 and is presently member of the Nomination and Remuneration Committee and the Audit Committee. He completed his Malaysian Higher School Certificate (HSC) from Sekolah Menengah Kebangsaan Mahmud Raub. After a short stint of teaching temporarily in Sekolah Menengah Shah Bandar in Raub, Mr Liu Tian Khiew (Mr Liu) joined a magazine house named The Glasshouse in Kuala Lumpur as an editor and writer after working briefly with a Chinese newspaper advertising department, the Malayan Tong Bao. After two years, he joined Wings Creative for a 6 months period as a Malay and Chinese copywriter and joined A P Compton for another 6 months. Mr Liu was a Chinese copywriter at Ogilvy & Mather (O&M) for 9 years.

After he left O&M, Mr Liu worked with Lowe Advertising for 6 years and became a freelancer in BBDO before he served as a full-time politician in 2008. Mr Liu served the Selangor state government as the Exco for Local government for 5 years and then he joined Nirvana Asia and KGSAAS Golf course as an Advisor. In 2018, Mr Liu returned to politics and was elected as the state assemblyman of dun Sg Pelek for a period of 5 years and he left politics in June 2023. He has established a good network with local companies over the years. He has no family relationship with any other Director or major shareholder of the Company.

ONG PENG TENG *

Independent Non-Executive Director

Nationality / Gender / Age 41

Appointed as an Independent Non-Executive Director on 15 September 2023 and is presently Chairperson of the Audit Committee and a member of the Nomination and Remuneration Committee. She is an approved auditor licensed by Ministry of Finance, a fellow member of the Association of Chartered Certified Accountants (FCCA) and a Chartered Accountants of the Malaysian Institute Accountants (MIA).

Ms. Ong Peng Teng began her professional career in year 2007 as audit assistant and progressively become an approved auditor licensed by Ministry of Finance in year 2016. She has vast experience in accounting, tax, audit and finance during her career in public practice firms. She set up her own practice, OPT & CO in year 2019 by providing professional services which includes accounting, auditing, tax and management services. She 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

Executive Director of:-

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

Nationality

Gender

Age 53

Appointed as a Director of subsidiaries in SWS Group on 11 May 2005. 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, together with Teoh Han Chuan and Heng Sew Hua, he invested in 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

Executive Director of:-

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

Nationality

Gender

Age 51

Appointed as a Director of subsidiaries in SWS Group on 16 April 2008. 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") 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.

TAN KEAN AIK

Executive Director of:-

- Ee-Lian Plastic Industries (M) Sdn. Bhd.
- Poh Keong Industries Sdn. Bhd.
- U.D. Panelform Sdn. Bhd.
- U.D. Wood Products Sdn. Bhd.

Nationality

Gender

Age 33

Appointed as a Director of subsidiaries in SWS Group on 16 April 2018. His roles in the company includes planning of the company business strategy, and evaluation of the company's financial performance along its operation. He had graduated with a Bachelor of Engineering in the field of Chemical Engineering from Monash University in 2014. In June 2015, he started his career with Tan Commercial Management Services Sdn. Bhd., as Company Secretary Assistant. From there, he acquired knowledge about company laws, company management and corporate finance. During the same period of time, he was also appointed as an Executive Director in Lean Huat Plantation Sdn. Bhd., where he was responsible for the management, administrative and internal controls of the oil palm plantation estate. He is the son of the Non-Independent Non-Executive Chairman of the Company.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

LEE CHAW HSIEN

Chief Financial Officer

Nationality / Gender / Age 42

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 Chartered Accountant 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. He has no family relationship with any other Director or major shareholder of the Company.

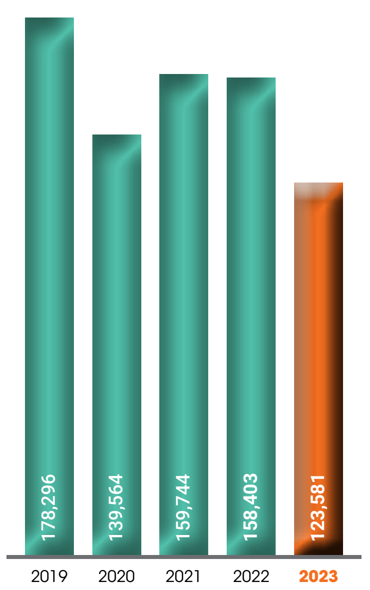
Other Directorships
No Key Senior Management holds any directorships in public companies and listed issuers.

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

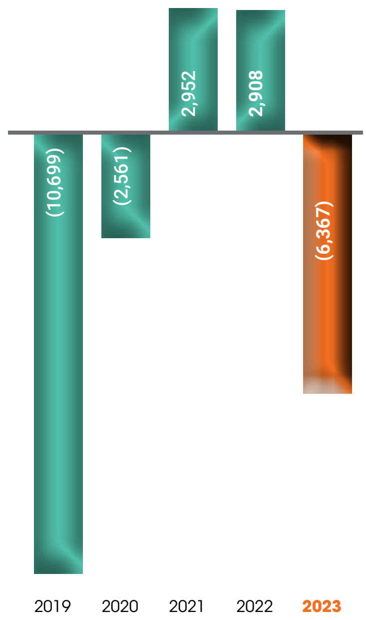
Conviction of offence
No Key Senior Management has been convicted of any offence within the past five (5) years other than traffic offences.

FINANCIAL HIGHLIGHTS

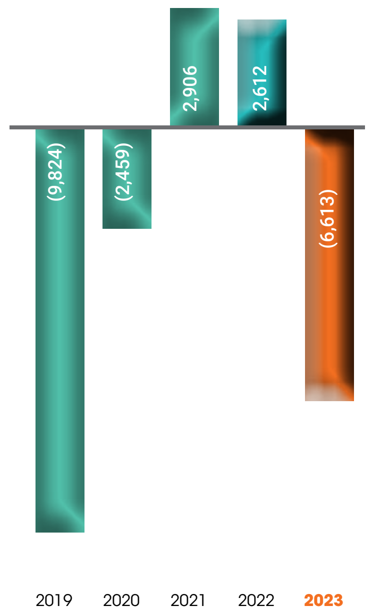
Revenue (RM'000)



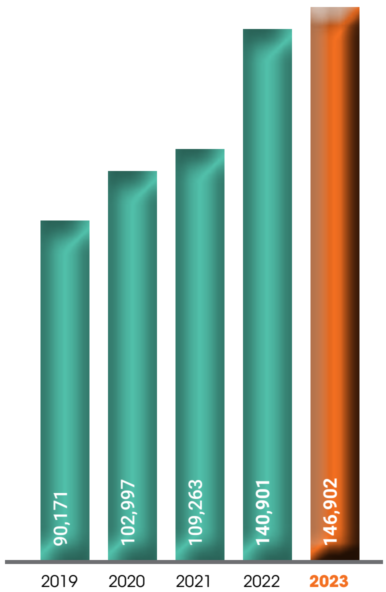
Profit After Tax (RM'000)



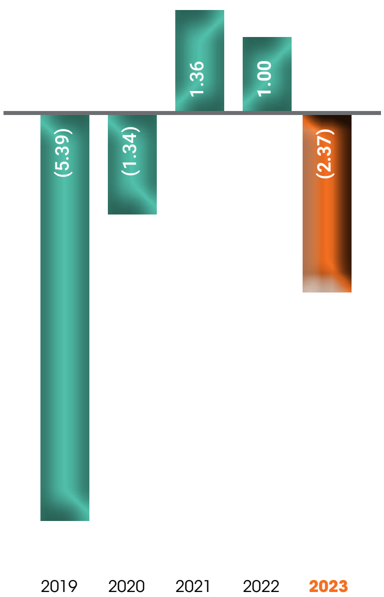
Net Profit/(Loss) Attributable to Equity Holders (RM'000)



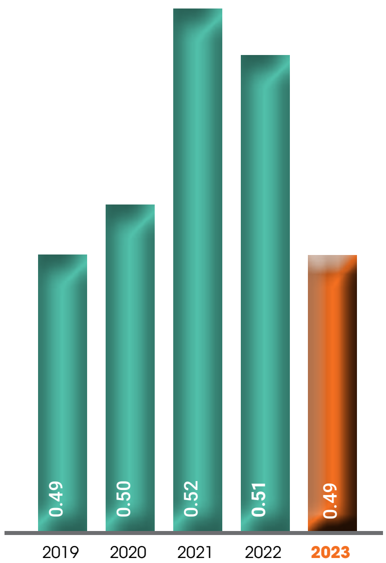
Shareholders' Fund (RM'000)



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 and Nomination 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 18 April 2024 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.

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

1.2 Board Composition

As at the date of this statement, the Board consists of seven (8) members of whom three (3) are Executive Directors of whom one (1) is also the Group Managing Director ("GMD"), four (4) 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 32 to 69, 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 page 26 to 29 of this Annual Report.

Nomination and Remuneration Committee

The Board had on 29 November 2022 decided to merge the Nomination Committee and Remuneration Committee into a new committee, to be known as "Nomination and Remuneration Committee" ("NRC"), with effect from 29 November 2022 which aimed to improve its efficiency and effectiveness in discharging its duties.

The ToR of the NRC further provides the specific responsibilities in relation to nomination and remuneration matters include setting out clear and appropriate criteria for the selection and recruitment as well as annual evaluation of directors of the Board and board committees. Details of the ToR for the NRC are available for reference on the Company's website at www.swscap.com.

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 NRC 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 NRC provides that it shall comprise at least three (3) members of the Board.

The ToR of the NRC 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;

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

1.2 Board Composition (Cont'd)

Nomination Committee (Cont'd)

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: (Cont'd)

- 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 NRC are available for reference on the Company's website at www.swscap.com.

Recruitment or Appointment of Directors

The NRC 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 NRC's consideration and submission to the Board its recommendation of suitable candidates for the proposed appointment as Directors of the Company.

The NRC'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 NRC 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 NRC 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.

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

1.2 Board Composition (Cont'd)

Recruitment or Appointment of Directors (Cont'd)

The Directors standing for re-election/re-appointment at the 24th Annual General Meeting of the Company are as follows:

Name	Designation
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	Non-Independent Non-Executive Chairman
Dato' Chua Heok Wee	Group Managing Director
Chua Kang Sing	Executive Director
Dato Simon Toh Boon Wan	Independent Non-Executive Director
Koay Hooi Lynn	Independent Non-Executive Director
Liu Tian Khiew	Independent Non-Executive Director
Ong Peng Teng	Independent Non-Executive Director

Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai is due to retire pursuant to clause 21.5(a) of the Constitution of the Company whereas Dato' Chua Heok Wee, Chua Kang Sing, Dato Simon Toh Boon Wan, Koay Hooi Lynn, Liu Tian Khiew and Ong Peng Teng are due to retire pursuant to clause 22.1 of the Constitution of the Company at the 24th 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 Page 26 to 29 of the Directors' Profile of this Annual Report.

Annual Assessment

The NRC conducted an assessment on the performance and effectiveness of the Board and the Board Committees annually and the Company Secretary facilitated the NRC 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 NRC, examined the Board Committees, including their respective Chairman, to ascertain whether their functions and duties are effectively discharged in accordance with their respective ToR.

The annual assessment for financial year ended 31 December 2023 ("FYE 2023") was conducted via Questionnaires on 25 March 2024. 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 NRC 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 NRC 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 NRC 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 NRC 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.

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

1.2 Board Composition (Cont'd)

Annual Assessment (Cont'd)

The NRC 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 NRC 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 NRC and the Board.

Gender Diversity Policy

The Board is supportive of gender diversity and currently the Board comprises two (2) female Directors, which represents 25% of the entire Board members. This composition is almost at the 30% threshold as recommended in the MCCG. The Board through the Nomination and Remuneration Committee shall consider gender diversity as part of its criteria in its future selection and shall look into increasing female Board representation in future. The Board believes that the on-boarding process of Directors should also base 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 four (4) 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.

The positions of Chairman and GMD 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 GMD, Dato' Chua Heok Wee, is responsible for the overall performance of the Group operations, organisation effectiveness and financial performance. As the GMD, 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.

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

1.2 Board Composition (Cont'd)

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 GMD. 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	NRC
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	6/6*	N/A	N/A
Dato' Teoh Han Chuan	6/6	N/A	N/A
Dato' Chua Heok Wee (Appointed w.e.f. 25/08/2023)	1/1	N/A	N/A
Chua Kang Sing (Appointed w.e.f. 25/08/2023)	1/1	N/A	N/A
Dato Simon Toh Boon Wan (Appointed w.e.f. 01/09/2023)	1/1	1/1	N/A
Koay Hooi Lynn (Appointed w.e.f. 01/09/2023)	1/1	1/1	N/A
Liu Tian Khiew (Appointed w.e.f. 15/09/2023)	1/1	1/1	N/A
Ong Peng Teng (Appointed w.e.f. 15/09/2023)	1/1	1/1*	N/A
Dr Loh Yee Feei (Resigned w.e.f. 19/02/2024)	6/6	N/A	N/A
Teh Li King (Resigned w.e.f. 25/08/2023)	5/5	N/A	N/A
Chen Thien Yin (Resigned w.e.f. 01/09/2023)	4/5	4/5	0/1*
Sharon Ng Saw Ean (Resigned w.e.f. 01/09/2023)	5/5	5/5	1/1
Khor Hun Nee (Resigned w.e.f. 15/09/2023)	5/5	5/5*	1/1

** Chairman of Board Committee*
N/A - Not Applicable

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.

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

1.2 Board Composition (Cont'd)

Directors' Commitment (Cont'd)

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 NRC 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 1 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 Khoon Hai	Seminar on "[SSM Webinar] Transfer or Transmission of Shares"	07/06/2023
	SSM National Conference 2023 on "Shared Responsibility in Strengthening AML/CFT Compliance : Risks, Challenges and Collaborations"	25/07/2023 - 26/07/2023
	Unlocking opportunities through AI for SME forum	28/10/2023
	MACS Seminar on "Navigating Resolutions and Voting Dynamics in Shareholder Meeting"	25/01/2024
Dato' Teoh Han Chuan	Supervisory Leadership with upskilling problem-solving skills	23/01/2024 - 24/01/2024

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

1.2 Board Composition (Cont'd)

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

Name	Training Programmes	Date
Dato' Chua Heok Wee	Unlocking opportunities through AI for SME forum	28/10/2023
Chua Kang Sing	INCOTERMS 2020 : Application & Impact	11/01/2023
	AI Transforms SMEs : Usage & Practical	21/07/2023
	Unlocking opportunities through AI for SME forum	28/10/2023
Dato Simon Toh Boon Wan	Unlocking opportunities through AI for SME	28/10/2023
	Supervisory Leadership with upskilling problem-solving skills	23/01/2024 – 24/01/2024
	Mandatory Accreditation Programme (MAP)	25/03/2024 – 26/03/2024
Koay Hooi Lynn	Mandatory Accreditation Programme (MAP)	24/10/2023 – 26/10/2023
	Unlocking opportunities through AI for SME	28/10/2023
Liu Tian Khiew	Mandatory Accreditation Programme (MAP)	22/11/2023 – 23/11/2023
	Supervisory Leadership with upskilling problem-solving skills	23/01/2024 – 24/01/2024
Ong Peng Teng	Mandatory Accreditation Programme (MAP)	22/11/2023 – 23/11/2023
	Unlocking opportunities through AI for SME	28/10/2023

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.

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 NRC provides that it shall comprise at least three (3) members of the Board.

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

1.3 Remuneration Committee (Cont'd)

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 NRC 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 NRC also takes into consideration the remuneration of Directors of other PLCs in order to ensure competitive remuneration policies that reflect the prevailing market rate.

On 18 April 2024, the Board approved the NRC's recommendation on the fee of the Non-Executive Directors, and Directors' fees for FYE 2024 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.

The details of the remuneration of the Directors of the Company for the financial year from 01.01.2023 to 31.12.2023:

	EXECUTIVE DIRECTORS			
Existing Directors of the Company	**Dato' Teoh Han Chuan**	**Dato' Chua Heok Wee**	**Chua Kang Sing**	**TOTAL**
Salaries and other emoluments	844,800	90,000	30,000	**964,800**
Fee	–	6,000	6,000	**12,000**
Social contribution plan	1,486	290	290	**2,064**
Defined contribution plan	32,352	11,700	3,600	**47,652**
Estimated money value of benefits–in–kind	28,000	–	–	**28,000**
	906,637	107,990	39,890	**1,054,516**

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

1.3 Remuneration Committee (Cont'd)

NON EXECUTIVE DIRECTORS						
Existing Directors of the Company	Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	Dato Simon Toh Boon Wan	Koay Hooi Lynn	Liu Tian Khiew	Ong Peng Teng	TOTAL
Fee and allowances	96,800	27,800	27,800	25,300	25,300	**203,000**

EXECUTIVE DIRECTORS			
Past Directors of the Company	Dr Loh Yee Feei	Teh Li King	TOTAL
Salaries and other emoluments	613,300	24,000	**637,300**
Social contribution plan	1,486	460	**1,946**
Defined contribution plan	19,336	3,120	**22,456**
	634,122	27,580	**661,702**

NON EXECUTIVE DIRECTORS				
Past Directors of the Company	Chen Thien Yin	Sharon Ng Saw Ean	Khor Hun Nee	TOTAL
Fee and allowances	31,200	32,000	34,500	**97,700**

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.

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:

Range of Remuneration	Numbers of Key Senior Management
RM50,000 to RM100,000	–
RM100,001 to RM150,000	–
RM150,001 to RM200,000	1
RM200,001 to RM250,000	–
RM250,001 to RM300,000	1
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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 Page 52 to 54 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.

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 once 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.

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

2.1 Audit Committee (Cont'd)

In this regard, the Audit Committee had on 18 April 2024, 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 24th 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 28 to the annual audited financial statements on Page 153 to 155 of this Annual Report.

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 alphaOne 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 activity is guided by the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors Inc. which contains the international standards for internal auditing. In addition, the audit programme is tailored to the operations / processes / functions of the Group with clearly stated objectives and risks and is guided by the Committee of Sponsoring Organisations of the Treadway Commission's (COSO) principles. Appropriate audit procedures will be included to ensure adequate coverage of the areas to be audited and risks are addressed. 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 Page 52 to 54 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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.

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 24th Annual General Meeting ("Notice") will be briefed via an explanatory note provided during the registration process and/or by the Chairman of the 24th 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.

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)

Shareholder Participation at General Meeting (Cont'd)

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 24th Annual General Meeting.

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 at the Annual General Meeting. The proceedings of the 24th Annual General Meeting will include the Chairman's briefing on the Company's overall performance for FYE 2023 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 24th 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 MCCG, 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 18 April 2024.

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 2023 ("FYE 2023").

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 was established to promote the risk management framework and to ensure that the risk management process and culture are embedded throughout the Group. MRC meet on a half-yearly 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.

RISK MANAGEMENT FRAMEWORK (CONT'D)

The steps to management of risks identified in the risk register 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 is 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 RM28,500.

ASSURANCE PROVIDED BY THE GROUP 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 Group 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 18 April 2024

AUDIT COMMITTEE REPORT

INTRODUCTION

The Audit Committee of SWS Capital Berhad ("SWSCAP" or "Company") comprises four (4) 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 NRC 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 2023 ("FYE 2023"), 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 six (6) meetings in for the FYE 2023 without the presence of other Directors, members of Senior Management and employees, except when their attendance was requested by the Audit Committee. The Group Managing Director ("GMD") 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 2023 to present the audit review memorandum and auditors' report on the annual audited financial statements for FYE 2023.

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.

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.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR (CONT'D)

During the financial year under review, the activities of the Audit Committee included the following: - (Cont'd)

- Reviewed the unaudited financial results announcements before recommending them for Board's approval, focusing particularly on:
    - any change in accounting policies and practices
    - significant adjustments arising from the audit
    - the going concern assumption
    - compliance with applicable financial reporting standards and other legal requirements

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.

The Team lead of alphaOne is a Fellow of Association of Chartered Certified Accountants (FCCA) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA). To ensure that internal Audits are effectively performed, the team comprises suitably qualified personnel with the requisite skills and experience who are also given relevant training development opportunities to update their technical knowledge and auditing skills. For the Financial Year Ended 31 December 2023, the Internal Audit Firm has One (1) Managing Consultant, One (1) Senior Consultant, and One (1) Junior Consultant.

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 Page 48 to 51 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 2023, 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 REPORT

ABOUT THIS REPORT

SWS Capital Berhad ("SWS", "Company" or "Group") is delighted to present its sustainability report for the financial year ended 31 December ("FYE") 2023.

This report outlines SWS's sustainability strategies, principles, initiatives, and performance for the FYE 2023, focusing on issues identified as most significant through our materiality assessment. It provides updates on sustainability initiatives across our key business units and operations, along with progress against our commitments, all aimed at operating sustainably and creating value for stakeholders.

Our disclosures and practices have evolved over time, reflecting sustainability as an ongoing journey. Our primary focus remains on sustainability strategies as we strive for a sustainable future for both people and the planet.

OUR CORE BUSINESSES

SWS Capital Berhad

Furniture Division

- Manufacturing and sale of dining furniture, occasional furniture and buffet and hutch
- Manufacturing and sales of bedroom sets
- Lamination of veneer and paper
- Trading of various type of boards, polyethylene, pneumatic fasteners, nails and others

Plastic Ware Division

- Manufacturing and trading of plastic wares, utensils and goods
- Marketing and distribution of plastic household and industrial products

SCOPE AND BASIS OF SCOPE

This Report covers the Group's sustainability performance and progress of our headquarter and operations in Malaysia.

REPORTING FRAMEWORKS AND STANDARDS

This Report has been developed according to Bursa Malaysia's Listing Requirements, with reference to:

- Bursa Malaysia Securities Berhad ("**Bursa Malaysia**")'s Sustainability Reporting Guide (3rd Edition)
- Listing Requirements of Bursa Malaysia [Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)]
- Global Reporting Initiative ("**GRI**") Standards
- Task Force on Climate-related Financial Disclosures ("**TCFD**") Recommendations

INDEPENDENT ASSURANCE

While we have not conducted independent assurance on the information provided in this Report, we remain dedicated to disclosing accurate and transparent data. Moving forward, we are committed to enhancing the accuracy and quality of our disclosures. To achieve this, we intend to subject all indicators to independent assurance in the next five years.

OUR APPROACH TO SUSTAINABLITY

SUSTAINABILITY FRAMEWORK

SWS has strengthened its sustainability framework to align with our business strategy, guided by the Group's vision and mission. Our framework is designed to meet stakeholder needs, reduce environmental impact, and make positive contributions to our operating communities.

Emphasising three primary focus areas — Economic Sustainability, Social Sustainability, and Environmental Sustainability — our sustainability framework is aimed at achieving specific objectives within each focus area. This approach allows us to address concerns related to our material matters effectively.

<table>
<tr><th colspan="3">Our Vision
To be a leading manufacturer of high-quality and innovative furniture and plastic ware</th></tr>
<tr><th colspan="3">Our Mission
To design, manufacture and distribute furniture and plastic ware that exceeds customer expectations in terms of quality, durability and design</th></tr>
<tr><th colspan="3">Our Focus Areas</th></tr>
<tr><th>ECONOMICAL SUSTAINABILITY</th><th>SOCIAL SUSTAINABILITY</th><th>ENVIRONMENTAL SUSTAINABILITY</th></tr>
<tr><td>• Economic Performance
• Customers Satisfaction
• Anti-Corruption
• Cybersecurity & Data Protection
• Supply Chain Management</td><td>• Human Rights
• Health & Safety
• Employee Management
• Diversity, Equlity & Inclusion
• Community Investment</td><td>• Climate Change
• Water Management
• Waste Management</td></tr>
</table>

OUR APPROACH TO SUSTAINABLITY (CONT'D)

SUSTAINABILITY POLICY

As our organisation expands, our unwavering dedication and enthusiasm towards sustainability have become more pronounced. We have formulated a distinct company philosophy centred on sustainability, which serves as a guiding principle for all decisions concerning the economic and operational aspects of SWS.

OUR POLICY ON SUSTAINABILITY

- Embrace Sustainability in Organisation Culture
- Capitalise on Latest Technology and Information
- Strengthen the Core Businesses
- Build Regional Global Connectivity
- Foster a High Performance Partnership

Sustainability has consistently been a cornerstone of the Group's culture as we endeavour to attain ongoing growth and profitability within a safe, caring, and sustainable environment. Our mission, as a responsible corporate citizen, is to uphold high standards of governance throughout our business to foster responsible business practices, mitigate environmental impacts, and address the social needs of the communities in which we operate.

ECONOMIC

Sustaining our economy

- Delivering sustainable returns to shareholders
- Delivering qualities products and services to achieve customers' satisfaction

ENVIRONMENT

Conserving our environment

- Protecting and preserving the environment pursuant to applicable regulations

SOCIAL

Building a resilient workforce

- Ensuring a positive workplace for our employees

Serving our community

- Contributing to the well-being of the community around us

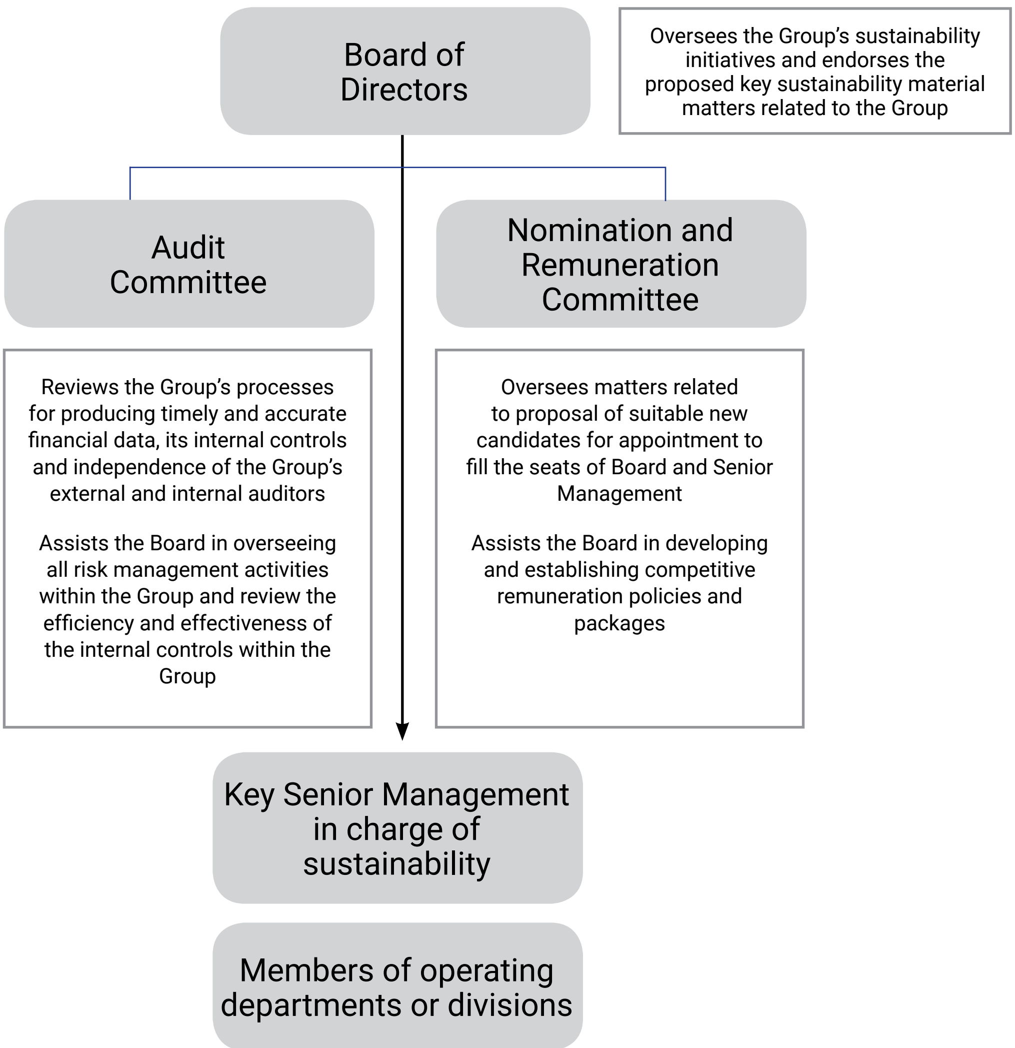
OUR APPROACH TO SUSTAINABLITY (CONT'D)

SUSTAINABILITY GOVERNANCE

The Group holds the belief that integrity and ethics are fundamental to good governance. They serve as the cornerstone for integrating sustainability goals into our decision-making processes, fostering transparency, managing risks effectively, and driving long-term success.

The Board is ultimately responsible for the Group's strategic direction on sustainability while being supported by the respective Board Committees. The structure adopts a top-down approach with strong leadership oversight.

The Board assesses key sustainability material matters that guide our sustainability initiatives. Subsequently, senior management members are assigned to develop and execute strategies and initiatives related to these matters. They are responsible for reporting the outcomes of sustainability efforts to the Board. Operating departments or divisions provide support to the relevant senior management in implementing these tasks.



OUR APPROACH TO SUSTAINABLITY (CONT'D)

SUSTAINABILITY GOVERNANCE (CONT'D)

The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders' engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities
- Communication of sustainability strategies, priorities and targets as well as performance against targets to internal and external stakeholders

STAKEHOLDER ENGAGEMENT

Our stakeholders are integral to SWS's ongoing growth and development. Therefore, it's vital that we actively seek to understand their relevant issues and concerns. Our objective is to foster strong, enduring relationships with all stakeholders, meeting their needs and expectations while minimising the impact of our operations for a sustainable future.

Through stakeholder meetings, workshops, and other engagements, we actively cultivate trust and mutual respect in our relationships. This approach allows us to stay informed about relevant societal issues, ensuring that our business strategy aligns with stakeholder concerns and expectations.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

STAKEHOLDERS	ENGAGEMENT PLATFORMS	AREA OF INTEREST OR CONCERNS	OUR RESPONSE
Shareholders, Financiers & Investors	• Financial reports and announcements • General meetings • Annual report • Press releases • Meetings	• Business strategies and future plan • Return on investments • Financial and operational performance • Good management and corporate governance • Sustainability initiatives	• Timely updates on the Group's strategy and financial performance via announcements • Uphold good governance practices across the Group • Monitor sustainability performance and targets via Bursa Malaysia Environment, Social and Governance ("ESG") Reporting Platform
Government Agencies & Regulators	• Compliances to laws and regulations • Participation in government and regulatory events	• Regulatory compliance • Corporate governance practices	• Regular review and monitoring to ensure full compliance with regulatory requirements • Adoption of practices outlined in the Malaysian Code on Corporate Governance ("MCCG")

OUR APPROACH TO SUSTAINABLITY (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

STAKEHOLDERS	ENGAGEMENT PLATFORMS	AREA OF INTEREST OR CONCERNS	OUR RESPONSE
Employees	• Internal communications (i.e. emails • Workshops and trainings • Employee engagement events • Employee appraisals	• Business growth and strategic direction • Inclusive workplace • Remuneration and benefits • Career development and upskilling opportunities • Occupational safety & health	• Promote transparent communication with employees • Provide equal employment opportunities without discrimination • Offer industry-competitive benefits and remuneration packages • Provide relevant upskilling and development opportunities • Ensure compliance with Occupational Safety and Health Act
Customers	• Customer support channels (i.e. website, email) • Public engagement events (i.e. conference, exhibition, marketing activities)	• Customer satisfactions (i.e. affordable products and services, high-quality products and services) • Customer experience (i.e. speed of customer service response) • Innovative product • Consumer data privacy	• Offer affordable products and services • Adhere to quality standards • Adhere to the Personal Data Protection Act 2010
Suppliers	• Regular meetings • Quality audit on products and services • Contract negotiation • Internal supplier assessment/ performance appraisals	• Transparency in procurement processes • Business growth and timely payment	• Emphasis on provision of transparent procurement processes • Timely payment based on credit term
Communities	• Community impacts programmes	• Community welfare and continued likelihood	• Investment in welfare to improve community well-being
Analyst / Media	• Media releases or media briefings • Financial reports and announcements • General meetings	• Transparency in communicating information and updates on business performance and initiatives	• Provide transparent communication through announcements

OUR APPROACH TO SUSTAINABLITY (CONT'D)

MATERIAL MATTERS

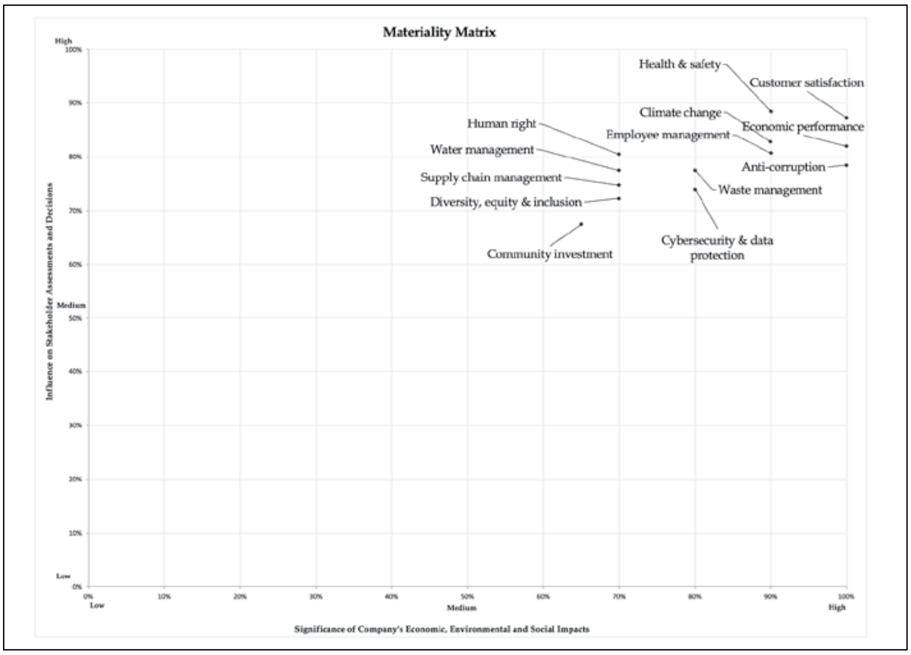
As an organisation, we recognise that our material issues can directly and indirectly affect our ability to generate long-term value for our stakeholders. These material matters significantly influence our business strategy and guide our decisions regarding the allocation of resources to address sustainability issues that are deemed important to our stakeholders and our business.

We periodically update the assessment to ensure it remains current, accurate, reflective, and relevant to our businesses. This helps us to align our strategy and day-to-day operation with business needs, and create long-term sustainable value to stakeholders.

This year, we conducted an internal assessment, a limited-scale materiality review to prioritise and rank material matters relevant to our businesses and stakeholders. Moving forward, we intend to conduct a more comprehensive materiality assessment, engaging with key stakeholders, and we aim to publish the results in our next report.

- **Review of material matters** - conducted cross-functional deliberation sessions on and reviews of the sustainability matters.
- **Stakeholder engagement** - Engageed with key internal and external stakeholders identified to understand needs and expectations with reference to material matters.
- **Impact assessment** - Prioritised the sustainability matters from a business perspective, with representatives from various business functions.
- **Consolidation** - Consolidated results were tabulated, analysed and presented in the Materiality Matrix.
- **Review and approval** - Upon finalisation of the materialility assessment, it was presented to the Board of Directors for approval

MATERIAL MATRIX



OUR APPROACH TO SUSTAINABLITY (CONT'D)

RISK MANAGEMENT

SWS's unwavering dedication to risk management is a foundational element in ensuring our long-term viability and building stakeholder confidence, while concurrently fostering a lasting positive impact.

We have implemented a robust system encompassing risk management and internal control, extending beyond financial controls to include operational and compliance controls. This comprehensive approach to risk management and internal control is an ongoing and coordinated process aimed at minimising the likelihood of fraud and error, while also managing, rather than eliminating, the risk of failing to achieve our business objectives.

Material Matters	Risks	Opportunities
Economic Performance	Poor financial performance jeopardises business continuity and loss of investment opportunity	Sustainable financial performance attracts investors and generate long-term value for all stakeholders
Customer Satisfaction	Failing to meet customers' expectations undermines customer confidence and loyalty, ultimately resulting in lower revenue	Satisfied customers foster loyalty and promote repeat orders
Anti-Corruption	Corruption may tarnish the reputation, result in financial losses and reduced competitiveness	Strong governance to combat corruption enhances credibility and gains competitive edge
Cybersecurity & Data Protection	Cyberattacks can lead to unauthorised access, theft, or exposure of sensitive data, resulting in financial losses, loss of trade secrets and proprietary information, legal liabilities, and reputational damage	Robust cybersecurity measures build trust and confidence among customers, investors, and partners, enhancing the organisation's reputation and brand value
Supply Chain Management	Dependence on a limited number of suppliers or single sourcing increases the risk of supply disruptions, quality issues, and price volatility, leaving the organisation vulnerable to changes in supplier behaviour or market conditions	Building collaborative relationships with suppliers based on trust, transparency, and mutual benefit fosters innovation, knowledge sharing, and joint problem-solving, leading to improved product quality, cost savings, and competitive advantage
Human Right	Violations of human rights, such as labour exploitation, discrimination, or unsafe working conditions, can tarnish the organisation's reputation, leading to loss of trust among stakeholders, negative public perception and legal liabilities	Demonstrating a commitment to human rights principles and ethical practices enhances the organisation's reputation, builds trust with stakeholders, and attracts socially conscious consumers, investors, and partners.
Health & Safety	Failure to address health and safety hazards can lead to workplace accidents, injuries, and fatalities, resulting in human suffering, legal liabilities, and financial losses	Prioritising health and safety fosters a culture of care, trust, and mutual respect, enhancing employee morale, motivation, and engagement

OUR APPROACH TO SUSTAINABLITY (CONT'D)

RISK MANAGEMENT (CONT'D)

Material Matters	Risks	Opportunities
Employee Management	Difficulty in attracting and retaining skilled employees can hinder business growth and innovation, leading to competitive disadvantages.	Engaged employees are more productive, committed, and loyal, leading to higher levels of job satisfaction, retention, and organisational success
Diversity, Equity & Inclusion	Exclusionary practices or cultures can lead to feelings of alienation and disengagement among employees from underrepresented groups, hindering collaboration, innovation, and productivity	Embracing diversity and equity fosters a culture of inclusion where employees feel empowered to contribute diverse perspectives and ideas, driving innovation and creativity
Community Investment	Failure to address social issues, economic disparities, and community grievances may fuel social unrest, civil unrest, protests, and community opposition, posing operational disruptions, reputational damage, and regulatory scrutiny	Strategic community investment initiatives, philanthropic donations, and social programs enable organisations to address social challenges, support underserved communities, and create positive social impact, contributing to poverty alleviation, education, healthcare, and sustainable development goals
Climate Change	Increasing government regulations aimed at reducing greenhouse gas emissions and mitigating climate change may require corporations to invest in costly emission reduction measures or face fines and penalties for non-compliance Climate change-related disruptions, such as extreme weather events or resource shortages, can disrupt supply chains, increase production costs, and lead to delays in product delivery, affecting business operations and profitability	Corporations that demonstrate environmental stewardship and sustainability leadership can differentiate themselves in the market, enhance brand reputation, and attract environmentally-conscious consumers and investors
Water Management	Limited availability of water resources due to droughts, climate change, and overexploitation poses operational risks, supply chain disruptions, and increased competition for water resources, particularly in water-stressed regions	Implementing water conservation measures, water-saving technologies, and sustainable water management practices, enhances water efficiency, reduces water consumption, and minimises water-related costs and risks
Waste Management	Non-compliance with waste management regulations, environmental laws, and health and safety standards may result in fines, penalties, legal liabilities, and reputational damage for the organisation	Implementing waste reduction, recycling, and proper waste disposal initiatives enables the organisation to recover valuable materials, conserve natural resources, reduce raw material costs, and minimise environmental impact, while promoting circular economy principles.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

RESPONSES TO SUSTAINABLE DEVELOPMENT GOALS ("SDG(S)")

In September 2015, all one hundred and ninety-three (193) United Nation member states adopted "Agenda 2030" - a plan to solve the world's most pressing environmental, social and economic problems over the next fifteen (15) years. It consists of seventeen (17) goals and one hundred and sixty-nine (169) targets that cover a broad set of challenges such as economic inclusion, geopolitical instability, depleting natural resources, environmental degradation, and climate change. Malaysia is committed to "Agenda 2030" through its SDG Roadmap.

We support the SDGs, recognise their strategic importance to our business and to the world, hence we are committed to helping achieve them. The Group has well-established programs to ensure we operate sustainably and responsibly, following our long-standing commitment to ethical corporate citizenship and promoting sustainability in all our activities. All the SDGs are relevant to our operations to varying degrees and we are already contributing to many of these goals.

ECONOMICAL SUSTAINABILITY

ECONOMIC PERFORMANCE

Related UNSDGs:

8 DECENT WORK AND ECONOMIC GROWTH

At SWS, our business success hinges on creating long-term value for our stakeholders. By achieving financial growth, we can facilitate job creation and entrepreneurial opportunities, increase our contributions to governmental taxes and strengthen local supply chains.

We achieve this by maintaining leadership in our core markets, harnessing innovative technologies, utilising our employees' expertise to meet evolving consumer demands, and exploring opportunities to enter new markets. In FYE 2023, SWS reported a total revenue of RM124.6 million and consistently generates values for our stakeholders, as illustrated in the table below.

	2023 RM'mil
Economic value generated (i.e. revenue and other income)	124.6
Economic value distributed:	
• Operating costs	98.6
• Employee wages and benefits	27.2
• Payment to providers of capital (i.e. dividend and financing cost)	2.5
• Payment to government (i.e. tax)	2.6
• Community investment	0.0*
Economic value lost	6.3

* *Less than RM100,000*

Note: *The financial results presented in the table are derived from the audited financial statement and our Management Discussion and Analysis, which are available for reference in our Annual Report.*

ECONOMICAL SUSTAINABILITY (CONT'D)

CUSTOMER SATISFACTION

Related UNSDGs:

The Group acknowledges that customer satisfaction and loyalty play crucial roles in achieving long-term success. To this end, we are committed to enhancing customer satisfaction by actively considering their feedback and ensuring that high-quality standards are consistently met across all our products and services.

We recognise that customers are our most important partners in innovation. To stay ahead of the competition, we value customer feedback as a valuable resource for ideas and to drive future improvement. We are committed to enhancing our customers' experience by engaging with them through multi-faceted channels, including in-person meeting, email or our website.

Product & service quality & safety

Product and service quality as well as safety are fundamental principles deeply rooted in SWS's culture. Our history of success stems from delivering goods and services that instil confidence in our customers and this has gained us as one of the market leaders in this industry. To achieve this, it demands a holistic approach to quality and safety throughout our entire value chain.

To uphold the highest standards of quality and safety in our products, our quality management has obtained accreditation with ISO 9001:2015 - Quality Management Systems. This internationally recognised certification assures that our Quality Management Systems have been audited and certified by a third-party auditor to meet specific quality management standards.

GCL INTERNATIONAL

Certificate of Registration

This is to certify that the

QUALITY MANAGEMENT SYSTEM

of

EE-LIAN PLASTIC INDUSTRIES (M) SDN. BHD.

for

Manufacture of Plastic Injection Moulded Products

has been assessed and registered against the provisions of

ISO 9001:2015

International Standard

Our commitment to delivering products that consistently meet customer and regulatory requirements is unwavering. We believe that providing high-quality products is essential for maintaining customer satisfaction, fostering trust, and establishing enduring relationships with customers. This dedication to quality and safety permeates every aspect of our operations, from product design and development to manufacturing, packaging, and distribution.

Our commitment to quality and safety is evident in our rigorous testing processes, ensuring that all our furniture products meet the stringent requirements of both US and European markets. Our furniture products undergo comprehensive structure tests, including Stability Test, Leg Strength Test, Load Test, and Tip test, to guarantee their durability and reliability.

Furthermore, we prioritise customer satisfaction by providing packaging that adheres to International Safe Transit Association ("ISTA") 3A or ISTA 6A standards, specifically tailored for our mail-order customers. This ensures that our furniture products are well-protected during transit, minimising the risk of damage and enhancing the overall customer experience.

ECONOMICAL SUSTAINABILITY (CONT'D)

CUSTOMER SATISFACTION (CONT'D)

Product & service quality & safety (Cont'd)

In our household plastic wares segment, we prioritise not only aesthetic appeal but also functionality and safety. The majority of our plasticware products are proudly labelled as Bisphenol A ("BPA")-free, reflecting our commitment to providing safe and high-quality products for our customers. However, it's essential to note that products manufactured from Polycarbonates ("PC") are an exception to this, as they may contain trace amounts of BPA due to the nature of the material. Nevertheless, we ensure that all our products meet stringent safety standards and regulations.

We excel in the production of industrial goods, with a particular focus on manufacturing industrial pails. These pails are supplied to leading players in the paint and lubricant industries nationwide. Our commitment to quality and reliability ensures that our industrial pails meet the rigorous demands of these sectors, providing secure containment and transportation of their products.

In addition to industrial pails, we also specialise in producing sharp bins, a crucial type of hospital disposal bin used for the safe and hygienic disposal of medical waste. As the disposal of hospital waste requires adherence to strict regulations set forth by the Ministry of Health, we ensure that our sharp bins meet the highest standards of safety and compliance.

Our dedication to quality and regulatory compliance is underscored by our certification to the BS EN ISO 23907:2012 standards from SIRIM QAS International Sdn Bhd. This certification recognises our excellence in the design, development, and production of sharp containers, reaffirming our commitment to delivering products that meet the most stringent quality and safety standards.

SIRIM QAS INTERNATIONAL

No Lesen : [illegible]
Licence No :

LESEN PENSIJILAN BARANGAN
Product Certification Licence

SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to

EE-LIAN PLASTIC INDUSTRIES (M) SDN BHD
NO. 947, LORONG PERINDUSTRIAN BUKIT MINYAK 11
BUKIT MINYAK INDUSTRIAL PARK, BUKIT MINYAK
14000 BUKIT MERTAJAM
PULAU PINANG, MALAYSIA

Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on

SHARP CONTAINERS

Please refer to detail in the SCHEDULE

sebagai mematuhi keperluan
as complying with

BS EN ISO 23907 : 2012

Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

Tarikh Mula Pensijilan : 12 November [illegible]
Certified Since
Sah Sehingga : 12 November 2024
Valid Until
Tarikh Dikeluarkan : 06 December 2023
Issue Date
No Siri : [illegible]
Serial No

Innovation and Sustainable Materials

Innovation plays a crucial role in ensuring the long-term success of SWS's business. It serves as a proactive strategy to tackle the increasing concerns related to societal and environmental issues. Additionally, innovation provides an opportunity to introduce new and unique product or service offerings that align with the evolving needs of our customers.

Environmental impact is a paramount concern in wood-based furniture production. Fortunately, in Malaysia, we benefit from abundant natural resources in the form of lush rainforests that offer a diverse array of wood for furniture-making. To ensure sustainable production and the preservation of our natural heritage for future generations, we have implemented a well-managed forestry system that guarantees a continuous supply of high-grade sustainable timber.

At our manufacturing facility, we primarily utilise rubberwood for furniture production. Rubberwood is sourced from plantations and does not originate from valuable virgin rainforests, making it one of the most eco-friendly wood options available. To further ensure the use of sustainable materials in our wood-based furniture production, we have established a rigorous procurement process. This procurement process involves meticulous supplier selection and the acquisition of wood certified by reputable certification bodies like the Forest Stewardship Council ("FSC"). Upon purchasing wood, we ensure that it comes with proper certification and documentation, including chain-of-custody certificates. These certifications verify the legality and sustainability of the wood, assuring that it was harvested responsibly and ethically.

ECONOMICAL SUSTAINABILITY (CONT'D)

CUSTOMER SATISFACTION (CONT'D)

Innovation and Sustainable Materials (Cont'd)

In addition to utilising premium materials such as rubberwood, Oak, and Beech wood, SWS is committed to sustainable practices by incorporating wood waste materials such as Medium-Density Fiberboard ("MDF") and particle board into our manufacturing processes. By blending MDF or particle board with solid rubberwood, we not only reduce material costs but also minimise the overall wood content of our products. This innovative approach allows us to maximise resource efficiency while maintaining the high quality and durability that our customers expect.

To further enhance usability and convenience, our ready-to-assemble ("RTA") furniture comes with detailed self-assembly instructions, making them ideal for Do-It-Yourself ("DIY") programs. These consumer-friendly instructions empower customers to assemble their furniture with ease, saving time and effort. In addition to our standard RTA furniture offerings, we also specialise in designing flat-pack RTA furniture for panel products such as cabinets, dressers, and TV consoles. This innovative design approach optimises storage and transportation efficiency while maintaining the highest standards of quality and functionality.

Our steadfast commitment to environmental and social responsibility has been recognised with the award of the Business Social Compliance Initiative ("BSCI") Certificate. This prestigious certification underscores our dedication to upholding ethical labour practices, promoting environmental sustainability, and respecting human rights throughout our supply chain.

By integrating sustainable materials and practices into our operations and achieving certifications such as the BSCI Certificate, SWS reaffirms our commitment to fostering a more sustainable and responsible future for both our industry and the communities we serve

In our household plastic wares segment, we take pride in offering a wide selection of over 1,300 products, constantly introducing innovative and eye-catching designs to capture the attention of the mass market. As an experienced plastic container supplier, we recognise the importance of good design and product innovation in building consumer loyalty and trust. We strive to stay ahead of market trends and consumer preferences by continuously innovating and improving our product offerings. Our goal is to provide not only functional and practical solutions but also products that enhance the daily lives of our customers.

To underscore the Group's dedication to eco-friendliness, it is imperative to raise consumer awareness regarding the sustainable materials employed in the production of plastic wares. To this end, the Group has forged a partnership with American specialty chemicals producer Milliken and Malaysian polymer producer Lotte Chemical Titan. This collaboration aims to manufacture more sustainable products by utilising Milliken's energy-saving and Underwriters Laboratories ("UL")-certified materials.

Through the incorporation of these materials into the manufacturing process, a reduced processing temperature is required, leading to a 10% annual energy savings and decreased carbon dioxide emissions. This initiative not only enhances the environmental sustainability of our products but also underscores our commitment to responsible and eco-conscious practices.

As the pioneering Malaysian producer authorised to display the UL-certified Green Label environment accreditation on our products, we offer customers the confidence that our products undergo thorough audits by reputable third parties and align with our environmental claims. Through the utilisation of sustainable materials and the attainment of environmental certifications, we showcase our steadfast dedication to environmental sustainability.

SUSTAINABILITY REPORT (CONT'D)

ECONOMICAL SUSTAINABILITY (CONT'D)

CUSTOMER SATISFACTION (CONT'D)

Innovation and Sustainable Materials (Cont'd)

ANTI-CORRUPTION

Related UNSDGs:

SWS maintains high standards of business ethics and compliance throughout the Group, reflecting our core values. This commitment is essential for safeguarding the interests of both the business and stakeholders, while also building trust and reinforcing confidence among our stakeholders.

The Board and Management team remain dedicated to conducting business with integrity, guided by our Code of Conduct ("COC"). The COC articulates SWS's fundamental principles and guidelines for all employees, including Directors, to address ethical issues and fulfil their responsibilities. Our zero-tolerance stance against corruption is outlined in our Anti-Corruption & Bribery ("ACB") Policy, which undergoes regular review to align with the Malaysian Anti-Corruption Commission (MACC) Act 2009.

All new joiners undergo an induction programme where they are required to familiarise themselves with the Group's COC, ACB Policy, and other accompanying policies and procedures. Our suppliers are also subject to ethical conduct and anti-bribery and corruption guidelines as entailed within the ACB Policy.

SWS has set up a dedicated whistleblowing channel in accordance with the Whistle Blowing Policy and Procedures. This channel enables both employees and external stakeholders to confidentially report improprieties via email or mail to Group Managing Director or Chairperson of Audit Committee. The Group has made our COC, ACB Policy, and Whistle Blowing Policy and Procedures accessible on our corporate website to ensure accessibility for all stakeholders.

ECONOMICAL SUSTAINABILITY (CONT'D)

ANTI-CORRUPTION (CONT'D)

Corruption-related training

We are proud to announce that we have achieved a 100% completion rate for our annual anti-corruption training at the Management and Executive levels. This significant milestone underscores our steadfast commitment to nurturing a workplace culture characterised by transparency, integrity, and ethical conduct.

Looking ahead, our focus is on extending this achievement to our non-executive and technical workforce, with the aim of reaching an 100% completion rate in the coming years. This demonstrates our unwavering commitment to ensure that all employees are equipped with the necessary knowledge and awareness to uphold the highest standards of ethical behaviour and compliance with anti-corruption measures.

Employee Category	Completion Rate (%) 2023	Target
Management	100%	100%
Executive	100%	100%
Non-executive/Technical staff	100%	100%

Corruption incidents

As of 31 December 2023, we recorded zero incidents of corruption across SWS's business operations.

	2023	Target
Number of complaints of bribery or corruptions reported	Nil	Nil

ECONOMICAL SUSTAINABILITY (CONT'D)

CYBERSECURITY & DATA PROTECTION

Related UNSDGs:

In today's digital landscape, cybersecurity holds paramount importance for companies. With the escalating reliance on technology, interconnected systems, and the increasing sophistication of cyber threats, organisations encounter substantial risks to their systems, data, and operations. At SWS, we recognise this reality and have implemented robust mitigation measures. We ensure that all systems and procedures across the Group comply with the Personal Data Protection Act 2010 and other applicable national data protection and privacy regulations in the countries where we operate. We continuously invest in exceptional data protection systems supported by a robust firewall and information technology systems ("IT").

We firmly believe that cybersecurity is a collective responsibility. Employee awareness is integral components of our cybersecurity risk management strategy, serving as the primary line of defense against significant security risks.

At SWS, we are committed to the highest standards of data security and privacy. We prioritise safeguarding the personal data and privacy of our valued customers, employees, and stakeholders. Our data management practices strictly comply with Malaysia's Personal Data Protection Act 2010.

We regularly review our data privacy and security controls and processes to ensure their effectiveness. We take reasonable measures to ensure that data collection is lawful and transparent, disclosing how data is gathered, used, and secured. Consent from our customers is obtained when handling their data.

In FYE 2023, there were no reported complaints regarding breaches of customer privacy or losses of customer data.

	2023	Target
Number of substantiated complaints concerning breaches in customer privacy or data loss	Nil	Nil

ECONOMICAL SUSTAINABILITY (CONT'D)

SUPPLY CHAIN MANAGEMENT

Related UNSDGs:

SWS prioritises trust and integrity in all supplier relationships. As a responsible company in Malaysia, we recognise our obligation to support our extensive supply chain, which includes small and medium-sized enterprises, especially in our recovering local economy.

Our commitment to ethical business practices extends throughout our supply chain, where suppliers are expected to actively uphold our values and principles in their operations.

We are dedicated to ensuring fairness and transparency in our procurement practices to select the most credible suppliers and collaborate with those who prioritise social and environmental considerations. To facilitate this, our suppliers are efficiently engaging in the following procurement processes:

Recognising our operational requirements, we prioritise sourcing products and services from local suppliers whenever feasible. We believe that this approach not only minimises the transportation of goods and reduces emissions, contributing to environmental preservation, but also provides local suppliers with opportunities for employment and business growth, thereby strengthening the local economy.

In FYE 2023, 95% of procurement was spent on local suppliers.

	2023
Proportion of spending on local suppliers	95%

ENVIRONMENTAL SUSTAINABILITY

CLIMATE CHANGE

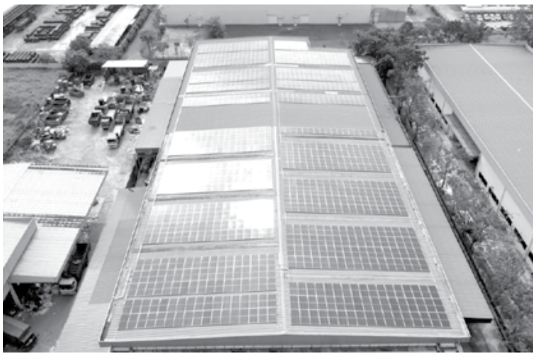
Related UNSDGs:

The Group acknowledges the role of our energy consumption and greenhouse gas ("GHG") emissions in contributing to climate change impacts. As responsible corporate citizens, we understand our duty to minimise our carbon footprint and seize opportunities that arise during the transition to a low-carbon economy.

We are deeply concerned about the environmental impact of our business operations, particularly in relation to global warming. The extreme weather events of the past year have underscored the growing reality and urgency of addressing climate change. As a Group committed to environmental protection, we are mindful of the delicate balance between the built and natural environments.

We are committed to ongoing efforts aimed at enhancing our energy utilisation and efficiency. This commitment is reflected in the following initiatives:

- Install solar rooftop photovoltaic ("PV") panels to increase the use of renewable energy in one of our plastic manufacturing plant. The Group's reliance on the national grid is supplemented by its PV system, which contributes to 24% of the total energy usage at that manufacturing plant.



- Replace traditional lighting with energy-saving LED lights and install new inverter-type air conditioners for our office.

- The centralised cooling system is designed to accommodate the cooling load demand efficiently during both peak and off-peak hours, aligning seamlessly with our operational schedule.

This year, the total electricity consumption from the grid recorded at the Group was 5,581 megawatt-hour ("**MWh**").

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

WATER MANAGEMENT

Related UNSDGs:

The escalating issue of water scarcity is a growing concern attributed to various factors, including climate change, inadequate water management practices, and contamination. With water cuts and scarcity becoming more prevalent, the Group is dedicated to addressing the risk of water shortages by implementing efficient water management strategies across all our operations.

Our operations typically do not involve heavy water usage compared to some other industrial processes. While the amount of water used may vary depending on factors such as the size of the operation and specific process parameters, efforts are often made to optimise water usage and minimise waste through recycling and efficient water management practices. We are committed to implementing water conservation initiatives and raising employees' awareness on proper water management at all our premises. These initiatives include reduce water wastage through regular checking and scheduled maintenance of toilets, pantries, etc.

In 2023, the Group consumed 77,139 litres of water.

WASTE MANAGEMENT

Related UNSDGs:

At SWS, we emphasise the importance of responsible waste management to mitigate our environmental impact and contribute positively to the communities we serve. Our operations produce difference types of waste, ranging from hazardous materials to non-hazardous items like domestic and recyclable waste. Neglecting proper waste disposal can result in severe consequences, including compromised air and water quality, soil pollution, and increased risks of hazardous substance exposure for both our employees and neighbouring communities. Understanding the gravity of these potential repercussions, it is imperative for us to proactively implement measures that ensure the adoption of responsible waste management practices across all our operations.

To address waste disposal concerns, the Group has implemented robust procedures aimed at maximising the reuse and recycling of waste products. Notably, recycling departments have been established within our plants at Bukit Minyak, Penang, specifically tasked with recycling plastic waste. This recycled material is subsequently reintegrated into our production processes, thereby reducing our reliance on virgin plastic raw materials.

SUSTAINABILITY REPORT (CONT'D)

ENVIRONMENTAL SUSTAINABILITY (CONT'D)

WASTE MANAGEMENT (CONT'D)

The Group has established a system to engage government-approved waste contractors for the disposal of materials or waste that cannot be reused or recycled. This measure ensures that such waste is handled in a safe and responsible manner, meeting all relevant regulations.

Additionally, the Group prioritises the safe storage of hazardous materials, such as ink and solvents, by ensuring they are stored in secure locations. To prevent any environmental damage, hazardous waste undergoes proper and safe disposal procedures managed by certified waste contractors authorised by the Department of Environment ("DOE"). This approach ensures that hazardous waste is handled and disposed of in accordance with all relevant regulations and standards, thereby minimising its potential environmental impact. This commitment aligns with our dedication to sustainable and environmentally conscious practices in all facets of our operations.

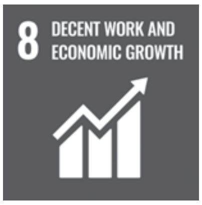
To address general waste management at our office buildings, we have established initiatives to increase awareness among our employees in efforts to reduce waste such as advocating the use of paperless documents by going digital, reuse items such as paper and segregation of non-recyclable and recyclable waste.

Waste segregation has been done by placing different bins in and around our offices. Waste segregation is planned to be fully implemented in the coming years throughout the Group where recycling stations will be set up in several convenient locations.

SOCIAL SUSTAINABILITY

HUMAN RIGHT

Related UNSDGs:



At SWS, we are dedicated to upholding the rights of every employee, recognising the inherent value of their talents and ensuring they are treated with dignity, respect, and fairness. Our Board and Management team are instrumental in establishing ethical guidelines throughout the organisation, demonstrating our unwavering dedication to human rights and the welfare of every individual.

We are devoted to giving top priority to health and safety in the workplace, upholding the right to decent work, supporting freedom of association, promoting equal opportunities, and ensuring protection against discrimination.

In FYE 2023, we engaged internal audit to complete a review of all our policies to align with the Employment (Amendment) Act 2022. We do not abide by any form of child labour or forced labour, and we fully comply with the anti-child labour law. Additionally, we maintain strict compliance with the working hour laws set by the Employment (Amendment) Act 2022.

SWS employees and external stakeholders are expected to read, understand and fully comply with the COC to ensure they conduct themselves with the highest standards of professionalism and work ethics.

SOCIAL SUSTAINABILITY (CONT'D)

HUMAN RIGHT (CONT'D)

Equal compensation & benefits

We conscientiously evaluate employee compensation and benefits to ensure their welfare and needs are adequately met. Our employment practices strictly adhere to all local labour legislation.

List of employee benefits in SWS:

Leaves	Annual leave, sick leave, hospitalisation leave, marriage leave, maternity leave, paternity leave, compassionate leave, replacement leave and no-pay leave
Insurance	Medical insurance, personal accident insurance and travel insurance
Benefit-in-kind	Motor vehicle benefit in kind

Respecting foreign worker rights

We are committed to ensuring that all foreign workers hired for our operations, including those contracted and subcontracted, are treated with the utmost respect and dignity. We adhere to the relevant labour laws and regulations. In Malaysia, these laws encompass the Employment Act, which safeguards the rights of employees and prohibits child labour; the Factories and Machinery Act, which sets a minimum age of 21 years for operating machinery at worksites; and Act 446 of the Minimum Standards of Housing and Amenities (Amendment) Act 2019.

Access to grievance mechanisms

We have established a mechanism to receive, document, and resolve complaints or grievances, which is accessible to all, whether within or outside our organisation, who have concerns about potential acts of wrong-doing. This platform provides individuals with an avenue to voice their concerns openly. Our employees are informed about our grievance handling process and Whistle Blowing Policy and Procedures.

We ensure swift and effective resolution of policy violations or inappropriate behaviour. Our focus is on granting access to remediation and redress processes for victims of human rights violations. We aim for zero incidents of socioeconomic non-compliance.

	2023	Target
Number of substantiated complaints concerning human rights violations	Nil	Nil

SOCIAL SUSTAINABILITY (CONT'D)

HEALTH & SAFETY

Related UNSDGs:

In our pursuit of sustainable organisations, we prioritise employee health and safety. We aim to eliminate unsafe practices and promote a proactive "safety first" culture among our workforces. At SWS, we seamlessly integrate workplace health and safety into our daily work routines, making it an integral part of every aspect of our operations. We enforce rigorous procedures to safeguard the physical well-being of our on-site employees and actively promote practices that contribute to the mental health enhancement of our workforce. We aim to achieve zero fatalities and reduce Lost Time Incident Rate ("LTIR").

Safety-first culture

SWS strictly adheres to the laws and regulations in relation to occupational safety and health such as Occupational Safety and Health Act, 1994 and Malaysia Employment Act 1955. The guidelines and legal requirements of these policies have been extended in our internal Occupational Safety and Health Policy as a signal to our employees about our commitment to creating a safety culture for all. Each operational unit has formed a Safety & Health Committee tasked with fostering safe working practices and behaviours.

We focus on improving occupational safety and health performance through establishing objectives, targets, and ongoing monitoring of key performance indicators. We ensure that every worker receives proper training and appropriate safety gear when needed.

Safety & health upskilling

To enhance the skills and safety awareness of our people, we have implemented various initiatives. These include regular safety moments, safety inductions for all employees and contractors, and specialised training sessions covering emergency preparedness, chemical handling, forklift safety and on-the-job training opportunities.

In FYE 2023, a total of 144 participants received training on health and safety standards.

	2023
Number of employees and contractors trained on health and safety standards	144

In addition to the training sessions, we maintain employee education on health and safety topics through newsletters. These communications highlight risky behaviours and safety hazards, ensuring continuous awareness among our workforces. Employees are actively encouraged to report potential health and safety hazards by sharing their concerns with their safety representative or supervisor.

SOCIAL SUSTAINABILITY (CONT'D)

HEALTH & SAFETY (CONT'D)

Safety & health reporting

Our highest priority is ensuring the health, safety, and well-being of our employees, a commitment we uphold through diligent oversight and ongoing improvement efforts. The presence of an incident reporting mechanism enables us to record occurrences, leading to the development of mitigation plans and preventive measures aimed at reducing workplace incidents.

	2023
Total hours worked	1,543,720
Number of fatalities	Nil
Number of lost time injuries	Nil
LTIR	Nil

DIVERSITY, EQUITY & INCLUSION

Related UNSDGs:

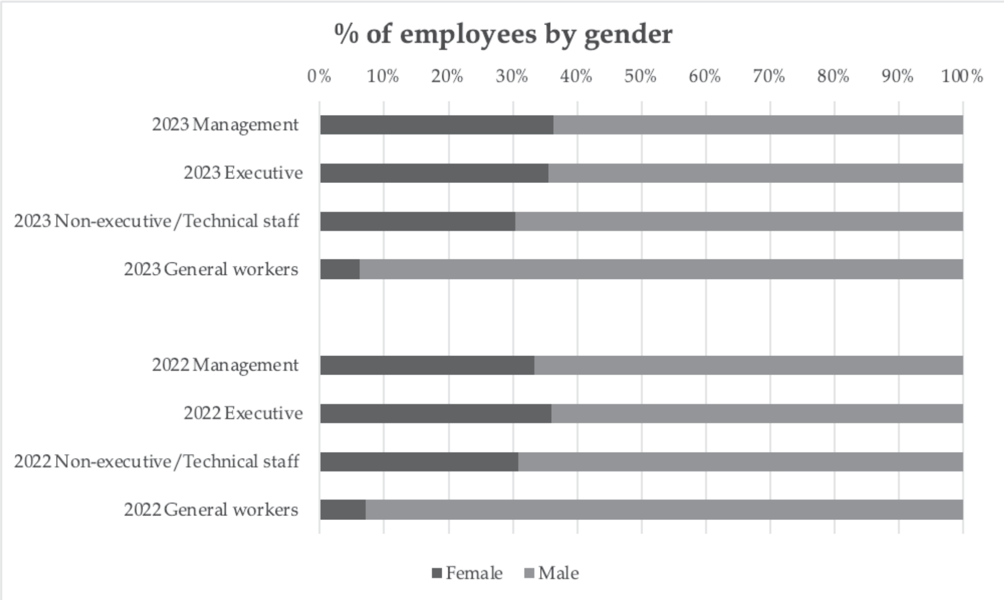
It is a strategic imperative to embrace the multifaceted dimensions of diversity, encompassing differences in race, gender, ethnicity, age, religion, cultural belief, disabilities, and sexual orientation. By appreciating and leveraging the distinctive talents of each employee, we not only enhance our workplace culture but also unlock a multitude of benefits that have a positive impact on our operations.

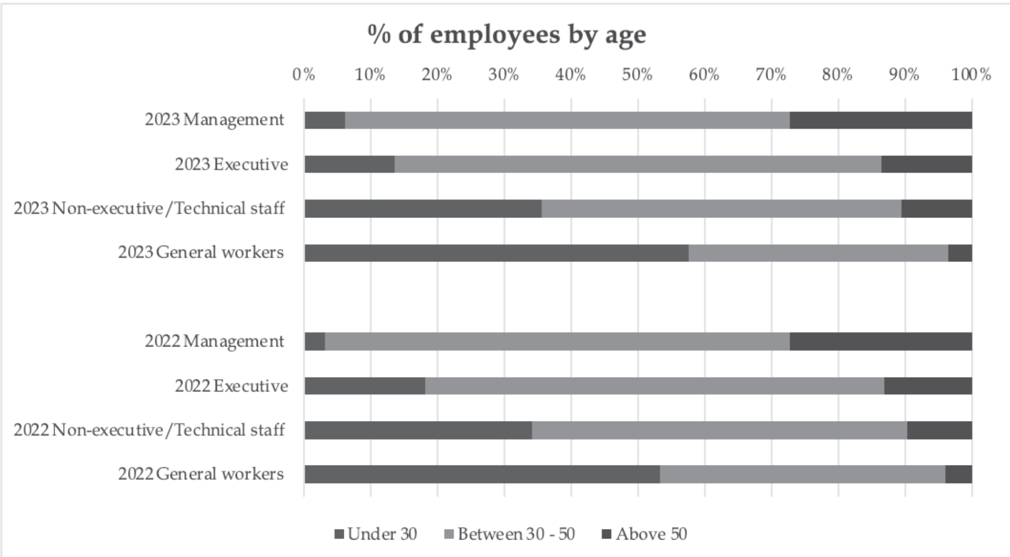
We endeavour to establish a workplace that is devoid of discrimination, marginalisation, and harassment by ensuring a level playing field for all. At SWS, employees receive competitive wages that are free from any form of gender discrimination. All decisions regarding career advancement, recognition, and rewards are approached in a fair and unbiased manner, strictly based on employees' performance and merit.

We derive strength from the diversity and inclusivity that define our workplace culture. As of 31 December 2023, our total workforce comprised 615 employees, with 16% being female and the remaining 84% male. It's important to note that the predominance of male employees is largely attributed to the nature of our industry, where general labour roles are traditionally filled by males. However, when excluding the general workers category, females make up 33% of our total workforce, reflecting our commitment to gender diversity across various roles within the organisation.

SOCIAL SUSTAINABILITY (CONT'D)

DIVERSITY, EQUITY & INCLUSION (CONT'D)

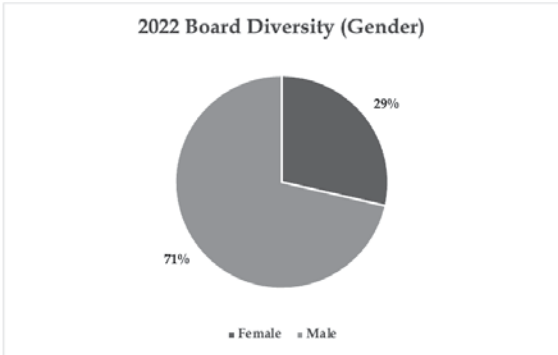


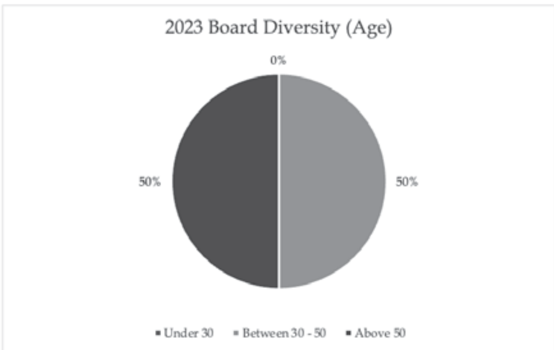


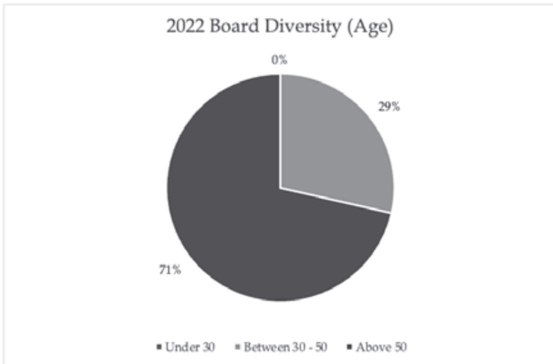
The Nomination and Remuneration Committee endeavours to create a diverse pipeline with a good mix of people with varied experiences and backgrounds to enrich the organisation including board composition. During the fiscal year under review, SWS had 25% women directors on its board. The Board has expressed the view that, given the status of the Group's business and lifecycle, prioritising the right mix of skills on the Board is more crucial than strictly adhering to the proposed 30% threshold outlined in Practice 5.9 of MCCG. However, there is a continued commitment to achieving gender balance in senior management, the boardroom, and the workplace. Consequently, the Board is actively seeking potential women Directors and intends to appoint additional women Directors as suitable candidates are identified. Efforts will also be made to explore ways to enhance gender balance in today's workplace.

SOCIAL SUSTAINABILITY (CONT'D)

DIVERSITY, EQUITY & INCLUSION (CONT'D)

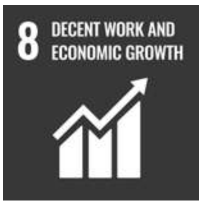






EMPLOYEE MANAGEMENT

Related UNSDGs:



At SWS, our most precious assets are our employees, and our commitment to them is unwavering. We understand that a thriving organisation is founded on a workforce that feels valued, empowered, and respected. In a secure and healthy workplace environment, we endeavour to provide all employees with equitable access to resources, benefits, and opportunities for skill development and career advancement. This approach not only fosters personal growth but also drives sustainable business expansion.

SOCIAL SUSTAINABILITY (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Talent Management Framework

Talent acquisition & onboarding

Our goal is to foster the growth and advancement of our existing workforce, facilitating their progression within SWS. We are dedicated to maximising opportunities for our internal talent pool.

In cases where internal promotion may not be viable, our Human Resource team proactively employs a diverse array of assessment tools, ensuring a fair and rigorous recruitment process. We select candidates based on alignment with specific job requirements and our Company objectives. Our goal is to attract, hire, develop, and retain individuals who will positively contribute to our mission. We ensure all new hire benefit from a comprehensive and consistent on-boarding programme that incorporates personalised one-on-one support to facilitate a smooth transition into the organisation.

Upskilling & reskilling

Empowering our people to excel enables the growth and success of the Company. To achieve this goal, we offer continuous learning opportunities designed to support our employees' personal and professional development.

In FYE 2023, we remain committed to investing in training and development programmes, utilising both physical and online channels. We spent 2,200 hours on internal and external learning and development programmes.

Employee Category	Total hours of training 2023
Management	272
Executive	512
Non-executive/Technical staff	1,048
General workers	368
Total	**2,200**

SOCIAL SUSTAINABILITY (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Upskilling & reskilling (Cont'd)

Employee Category	Average training hours per employee 2023
Management	8
Executive	9
Non-executive/Technical staff	8
General workers	1

Employee Category	2023
Overall average training hours per employee (hours)	4

Performance management & compensation

At SWS, we firmly embrace our principles of being result-oriented, accountable, collaborative, and committed to shared success in driving both individual and team performance. These principles underscore our work culture, guiding us to achieve tangible outcomes, take ownership of our actions, foster teamwork, and celebrate collective achievements. At the beginning of each year, we ensure expectations setting conversations are initiated. Key performance indicators ("KPIs"), for both businesses and employees, are also in place to ensure that performance goals are aligned with our business goals. We conduct annual year-end performance review of our employees where we provide valuable feedback on their performance and achievements. This ongoing dialogue enables us to gain insights into our employees' developmental needs and career aspirations.

We recognise and reward exceptional performance through bonuses and promotions when one has delivered high-quality results and the demonstration of outstanding behaviour. Our employees are rewarded and recognised for their contributions with competitive pay and benefits. SWS regularly reviews our remuneration packages to ensure alignment within the Group and with our peers, under prevailing local market rates and practices.

Succession planning

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination and Remuneration Committee, with the assistance from Audit Committee, will review the Group's human resources plan including the succession management framework and activities. The succession planning across the Group is implemented by stages where training programme also designed specifically for managerial staff. A detailed job description is established for each job level.

Employee engagement

SWS fosters a culture of engagement and inclusion through a range of activities such as annual dinner, festive season celebration and etc. We have also encouraged our employees to improve their physical well-being through participation in our company sports events and teambuilding activities.

SOCIAL SUSTAINABILITY (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Employee retention & attribution

Our attrition rate stood at 18% in FYE 2023. We aim to reduce our attrition rate by improving on our salary and reward scheme, creating a strong talent pipeline, and continuing to strengthen our talent development programmes.

Employee Category	Total numbers of new hires 2023
Management	9
Executive	5
Non-executive/Technical staff	18
General workers	87
Total	**119**

Employee Category	Total numbers of employee turnover 2023
Management	11
Executive	9
Non-executive/Technical staff	23
General workers	65
Total	**108**

	2023
New hire rates (%)	19%
Turnover rates (%)	18%

COMMUNITY INVESTMENT

Related UNSDGs:

10 REDUCED INEQUALITIES

At SWS, we endeavour to be a responsible corporate citizen by actively engaging with and giving back to the communities in which we operate. We strongly believe that nurturing a positive relationship between businesses and communities enhances social inclusion and yields favourable outcomes in the long term.

As part of our commitment to community engagement, SWS has made significant contributions totalling RM34,740 in monetary donations to various charitable organisations such as school, state sport council and others.

These contributions reflect our dedication to supporting education, community development, and social welfare initiatives.

	2023
Total amount invested where the target beneficiaries are external to SWS	34,740
Total number of beneficiaries of the investment in communities	310

MOVING FORWARD

In conclusion, our commitment to sustainability goes beyond mere rhetoric, it is deeply embedded in our corporate DNA and informs every decision we make. We recognise that sustainable business practices are not just a moral imperative but also a strategic advantage in today's dynamic business landscape.

We are committed to establishing a benchmark for sustainable business practices and are dedicated to systematically integrating sustainability initiatives into our day-to-day operations on an annual basis. Through the strategic deployment of sustainability measures, we seek not only to achieve superior business growth but also to honour our pledge to environmental preservation and social responsibility.

PERFRORMANCE DATA TABLE FROM ESG REPORTING PLATFORM

SWS as a Listed Issuer is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements, in line with the enhanced Sustainability Reporting Guide, 3rd Edition. The following performance data table, downloaded from the ESG Reporting Platform summarises indicators that are pertinent against our Material Matters

SUSTAINABILITY REPORT (CONT'D)

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	34,740.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	310
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	6.00
Management Between 30-50	Percentage	67.00
Management Above 50	Percentage	27.00
Executive Under 30	Percentage	14.00
Executive Between 30-50	Percentage	73.00
Executive Above 50	Percentage	13.00
Non-executive/Technical Staff Under 30	Percentage	36.00
Non-executive/Technical Staff Between 30-50	Percentage	54.00
Non-executive/Technical Staff Above 50	Percentage	10.00

Internal assurance External assurance No assurance (*)Restated

Indicator	Measurement Unit	2023
General Workers Under 30	Percentage	58.00
General Workers Between 30-50	Percentage	39.00
General Workers Above 50	Percentage	3.00
Gender Group by Employee Category		
Management Male	Percentage	64.00
Management Female	Percentage	36.00
Executive Male	Percentage	64.00
Executive Female	Percentage	36.00
Non-executive/Technical Staff Male	Percentage	70.00
Non-executive/Technical Staff Female	Percentage	30.00
General Workers Male	Percentage	94.00
General Workers Female	Percentage	6.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75.00
Female	Percentage	25.00
Under 30	Percentage	0.00
Between 30-50	Percentage	38.00
Above 50	Percentage	62.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	5,581.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY REPORT (CONT'D)

Indicator	Measurement Unit	2023
Bursa C5(c) Number of employees trained on health and safety standards	Number	144
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	272
Executive	Hours	512
Non-executive/Technical Staff	Hours	1,048
General Workers	Hours	368
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	61.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	11
Executive	Number	9
Non-executive/Technical Staff	Number	23
General Workers	Number	65
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	95.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	0.080000

Internal assurance External assurance No assurance (*)Restated

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

On 27 October 2023, the Board of Directors of SWS ("Board") announce that the Company proposes to undertake a private placement of up to 10% of the issued ordinary shares of SWS ("SWS Share(s)" or "Share(s)") ("Placement Share(s)") at an issue price to be determined later ("Proposed Private Placement").

On 3 November 2023, the Board announce that Bursa Securities had vide its letter dated 3 November 2023, resolved to approve the listing and quotation of up to 27,507,816 Placement Shares to be issued pursuant to the Proposed Private Placement, subject to the following conditions:

1. SWS and Malacca Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
2. Malacca Securities to furnish Bursa Securities with details of the placees in accordance with paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the Placement Shares;
3. SWS and Malacca Securities are required to inform Bursa Securities upon the completion of the Proposed Private Placement; and
4. SWS is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

On 8 November 2023, the Board resolved to fix the issue price for the Private Placement at RM0.2650 per Placement Share. The issue price of RM0.2650 per Placement Share represents a discount of RM0.0291 or approximately 9.89% to the five (5)-day volume weighted average market price of SWS Shares for the last five (5) market days up to and including 7 November 2023 of RM0.2941 per SWS Share.

On 16 November 2023, the Board announce that the first tranche of the Private Placement comprising 27,200,000 Placement Share were listed and quoted on the Main Market of BURSA Securities. Out of up to 27,507,816 new SWS Shares approved by Bursa Securities vide its letter dated 3 November 2023, only 27,200,000 new SWS Shares had been placed out pursuant to the Private Placement. The Board has confirmed that there will be no additional Placement Shares to be placed out pursuant to the Private Placement. Therefore, the Board announced that the Private Placement is deemed completed.

Details	Intended timeframe for utilisation from the listing date	Actual proceeds raised RM'000	Amount utilised as at date of this report RM'000	Balance RM'000
Working capital	Within 3 months	1,800	1,800	–
Repayment of bank borrowings	Within 3 months	5,493	5,493	–
Estimated expenses for the private placement	Within 1 months	200	200	–
Total		**7,493**	**7,493**	**–**

Save for the Private Placement, there were no proceeds raised from other proposal during the financial year.

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

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 2023 ("FYE 2023") are as follows:

	The Company (RM)	The Group (RM)
Audit fees	34,500	178,000
Non-audit fees	5,000	5,000

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 2023

The aggregate value of recurrent related party transactions conducted pursuant to the shareholders' mandate during FYE 2023 are as follow: -

Related Party with whom the 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")	2,602,313 306,214	Sales of plastic wares and other household products Purchases of plastic wares and other household products	**Interested Director / Major Shareholder** Tan Sri Dato Seri' Dr. Tan King Tai @ Tan Khoon Hai Dato' Teoh Han Chuan
E Sponge Household Sdn Bhd ("ES")	ELE	(23) 77,003	Sales of cleaning products Purchases of cleaning products	**Interested Director / Major Shareholder** Tan Sri Dato Seri' Dr. Tan King Tai @ Tan Khoon Hai Dato' Teoh Han Chuan

RELATED PARTY DISCLOSURE (CONT'D)

Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature for FYE 2023 (Cont'd)

The aggregate value of recurrent related party transactions conducted pursuant to the shareholders' mandate during FYE 2023 are as follow: - (Cont'd)

Related Party with whom the Group is transacting	Company within the Group involved	Amount (RM)	Nature of transactions	Interested Related Party
EJ	Ee-Lian Plastic Industries (M) Sdn Bhd ("ELP")	1,775	Sales of plastic wares and other household products	**Interested Director / Major Shareholder** Tan Sri Dato Seri' Dr. Tan King Tai @ Tan Khoon Hai Dato' Teoh Han Chuan
		120,000	Purchases of plastic wares and other household products	
EBM	ELP	91,406	Sales of printing services	**Interested Director / Major Shareholder** Tan Sri Dato Seri' Dr. Tan King Tai @ Tan Khoon Hai Dato' Teoh Han Chuan

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

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 of its subsidiary companies during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	(6,367,065)	(6,181,289)
Attributable to:		
Owners of the parent	(6,613,172)	(6,181,289)
Non-controlling interests	246,107	–
	(6,367,065)	(6,181,289)

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 27,200,000 new ordinary shares pursuant to the Private Placement at exercise price of RM0.265 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 ("ESOS")

At the Extraordinary General Meeting held on 26 March 2018, the Company's shareholders approved the establishment of an ESOS. The unexercised 400,000 Grant I ESOS option and 3,600,000 Grant II ESOS option have been lapsed on 2 August 2023.

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

Warrants

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 disclosed in Note 15(a) to the financial statements.

As at 18 July 2023, the total number of detachable Warrant B have been expired and removed from the official list of Bursa Malaysia Securities Berhad with total of 91,171,801 remain unexercised.

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	
Dato' Teoh Han Chuan*	
Dato' Chua Heok Wee*	(Appointed on 25 August 2023)
Chua Kang Sing*	(Appointed on 25 August 2023)
Dato Simon Toh Boon Wan	(Appointed on 1 September 2023)
Koay Hooi Lynn	(Appointed on 1 September 2023)
Liu Tian Khiew	(Appointed on 15 September 2023)
Ong Peng Teng	(Appointed on 15 September 2023)
Teh Li King*	(Resigned on 25 August 2023)
Chen Thien Yin	(Resigned on 1 September 2023)
Sharon Ng Saw Ean	(Resigned on 1 September 2023)
Khor Hun Nee	(Resigned on 15 September 2023)
Dr. Loh Yee Feei*	(Resigned on 19 February 2024)

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
Tan Kean Aik

* *Director of the Company and of its subsidiary companies*

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' INTERESTS IN SHARES

The interests and deemed interests in the shares, warrants and ESOS 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:

	Number of ordinary shares			
Interests in the Company	**At 01.01.2023**	**Bought**	**Sold**	**At 31.12.2023**
Direct Interests				
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	14,073,525	1,100,000	–	15,173,525
Dato' Teoh Han Chuan	11,125,000	–	–	11,125,000
Dato' Chua Heok Wee	2,181,856	–	–	2,181,856
Dato Simon Toh Boon Wan	–	2,941,300	–	2,941,300
Dr. Loh Yee Feei	1,411,000	2,211,000	(1,600,000)	2,022,000
Indirect Interests				
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai #	6,120,894	–	(3,132,906)	2,987,988
Dato' Teoh Han Chuan #	1,536,250	–	–	1,536,250
Dato' Chua Heok Wee *	–	82,940,000	–	82,940,000
Chua Kang Sing *	–	82,940,000	–	82,940,000
Dato Simon Toh Boon Wan ^	–	3,590,500	–	3,590,500
Dr. Loh Yee Feei #	–	5,983,000	–	5,983,000

	Number of Warrant B			
Interests in the Company	**At 1.1.2023**	**Sold**	**Expired**	**At 31.12.2023**
Direct Interests				
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	8,698,512	(3,411,875)	(5,286,637)	–
Indirect Interests				
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai #	826,343	–	(826,343)	–
Dato' Teoh Han Chuan #	1,925	–	(1,925)	–

	Number of ESOS			
Interests in the Company	**At 1.1.2023**	**Granted**	**Lapsed**	**At 31.12.2023**
Direct Interests				
Dato' Teoh Han Chuan	700,000	–	(700,000)	–
Dr. Loh Yee Feei	500,000	–	(500,000)	–

Deemed interest by virtue of shares held by spouse/children.
* *Deemed interest by virtue of the shareholding in Muar Ban Lee Group Berhad*
^ *Deemed interest by virtue of the shareholding in Tiger Mark Sdn. Bhd.*

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 below) 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 28 to the financial statements.

The details of the Directors' remuneration for the financial year ended 31 December 2023 are set out below:

	Group RM	Company RM
Executive Directors:		
Salaries and other emoluments	2,516,000	–
Fees	12,000	12,000
Social security contributions	8,241	–
Defined contribution plans	188,813	–
Estimated money value of benefits-in-kind	59,396	–
	2,784,450	12,000
Non-executive Directors:		
Fees	281,500	281,500
Other emoluments	19,200	19,200
	300,700	300,700

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 RM10,000,000 and RM8,700 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.

OTHER STATUTORY INFORMATION (CONT'D)

(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.

(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.

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

The details of auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 are as follows:

	Group RM	Company RM
Auditors' remuneration:		
- Statutory audits	178,000	34,500
- Non-statutory audits	5,000	5,000
	183,000	39,500

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2024.

DATO' TEOH HAN CHUAN

CHUA KANG SING

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 accompanying financial statements of the Group and of the Company 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 2023 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 23 April 2024.

DATO' TEOH HAN CHUAN **CHUA KANG SING**

PENANG

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, DATO' TEOH HAN CHUAN, NRIC No.: 600820-08-6401, 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 accompanying financial statements of the Group and of the Company 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 23 April 2024)

DATO' TEOH HAN CHUAN

Before me,

No. P157
SHAMINI A/P M SHANMUGAM

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 2023 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 material accounting policy information, as set out on pages 103 to 172.

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 2023, 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' I*nternational 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 judgement, 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
1. Impairment of trade receivables The carrying amount of the Group's trade receivables was amounted to RM24,260,960. 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.	We obtained an understanding and evaluated the appropriateness of the Group's policy on management of credit risk and its credit exposures. We enquired with management regarding the recoverability of trade receivables that are past due but not impaired and reviewed customers' correspondence. We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss. We tested the accuracy and completeness of the data used by the management. We evaluated subsequent year end receipts and recoverability of outstanding trade receivables.

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT (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 judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- 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.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

ANG KAI SING
Approved Number: 03605/10/2025 J
Chartered Accountant

PENANG
23 April 2024

Statement of Financial Position
as at 31 December 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
ASSETS					
Non–current assets					
Property, plant and equipment	4	28,215,048	31,958,898	–	–
Investment properties	5	2,305,000	2,265,000	–	–
Investment in subsidiary companies	6	–	–	62,195,503	68,475,307
Right–of–use assets	7	82,823,772	73,991,530	–	–
		113,343,820	108,215,428	62,195,503	68,475,307
Current assets					
Other investments	8	2,050,215	–	2,050,215	–
Inventories	9	44,333,122	48,369,474	–	–
Trade receivables	10	24,260,960	21,649,595	–	–
Other receivables	11	2,731,486	2,218,812	1,000	1,000
Amount due from subsidiary companies	12	–	–	25,467,929	21,502,110
Tax recoverable		1,952,090	2,683,748	–	–
Deposits, bank and cash balances	13	22,651,416	20,405,480	10,326,266	9,512,191
		97,979,289	95,327,109	37,845,410	31,015,301
Total assets		211,323,109	203,542,537	100,040,913	99,490,608

Statement of Financial Position (cont'd)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
EQUITY					
Share capital	14	133,180,692	125,972,692	133,180,692	125,972,692
Reserves	15	13,721,761	14,928,629	(33,345,549)	(26,704,550)
Equity attributable to owners of the parent		146,902,453	140,901,321	99,835,143	99,268,142
Non–controlling interests		–	349,554	–	–
Total equity		146,902,453	141,250,875	99,835,143	99,268,142
LIABILITIES					
Non–current liabilities					
Loans and borrowings	16	8,453,545	4,191,986	–	–
Lease liabilities	17	3,257,820	3,904,121	–	–
Deferred tax liabilities	18	4,491,699	4,048,043	–	–
		16,203,064	12,144,150	–	–
Current liabilities					
Loans and borrowings	16	27,798,262	32,466,920	–	–
Lease liabilities	17	1,670,775	2,040,048	–	–
Trade payables	19	12,856,481	10,970,002	–	–
Other payables	20	5,825,358	4,612,036	161,983	163,960
Tax payable		66,716	58,506	43,787	58,506
		48,217,592	50,147,512	205,770	222,466
Total liabilities		64,420,656	62,291,662	205,770	222,466
Total equity and liabilities		211,323,109	203,542,537	100,040,913	99,490,608

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 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	21	123,580,924	158,403,273	384,000	384,000
Cost of sales		(100,404,815)	(130,542,580)	–	–
Gross profit		23,176,109	27,860,693	384,000	384,000
Other income		991,946	717,347	1,016,265	826,554
Administrative expenses		(16,187,426)	(14,194,117)	(1,516,129)	(657,156)
Selling and distribution expenses		(4,988,569)	(6,710,341)	–	–
Other expenses		(4,032,787)	(757,935)	(5,820,143)	(7,090,289)
Net losses on impairment of financial instruments		(428,285)	(97,882)	–	–
(Loss)/Profit from operations		(1,469,012)	6,817,765	(5,936,007)	(6,536,891)
Finance costs	22	(2,261,829)	(2,243,353)	–	–
(Loss)/Profit before tax	23	(3,730,841)	4,574,412	(5,936,007)	(6,536,891)
Taxation	24	(2,636,224)	(1,665,981)	(245,282)	(193,014)
(Loss)/Profit for the financial year		(6,367,065)	2,908,431	(6,181,289)	(6,729,905)
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss, net of tax					
– Revaluation of lands and buildings		5,598,192	13,672,859	–	–
Total comprehensive (loss)/ income for the financial year		(768,873)	16,581,290	(6,181,289)	(6,729,905)
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(6,613,172)	2,611,948	(6,181,289)	(6,729,905)
Non–controlling interests		246,107	296,483	–	–
		(6,367,065)	2,908,431	(6,181,289)	(6,729,905)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Total comprehensive (loss)/ income attributable to :					
Owners of the parent		(1,014,980)	16,284,807	(6,181,289)	(6,729,905)
Non–controlling interests		246,107	296,483	–	–
		(768,873)	16,581,290	(6,181,289)	(6,729,905)
(Loss)/Earning per share					
Basic (loss)/earning per share (sen)	26	(2.4)	1.0		
Diluted (loss)/earning per share(sen)	26	(2.4)	1.0		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group 2023	Note	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
		Attributable to owners of the parent								
		Non-distributable								
At 1 January 2023		125,972,692	(68,816,475)	68,816,475	793,080	20,431,932	(6,296,383)	140,901,321	349,554	141,250,875
(Loss)/Profit for the financial year		–	–	–	–	–	(6,613,172)	(6,613,172)	246,107	(6,367,065)
Other comprehensive income for the financial year										
- Revaluation of lands and buildings		–	–	–	–	5,598,192	–	5,598,192	–	5,598,192
		–	–	–	–	5,598,192	(6,613,172)	(1,014,980)	246,107	(768,873)
Transactions with owners:										
Changes in equity interests of subsidiary companies	6(a)	–	–	–	–	–	(191,888)	(191,888)	(595,661)	(787,549)
Issuance of ordinary shares pursuant to the Private Placement	14	7,208,000	–	–	–	–	–	7,208,000	–	7,208,000
Realisation of revaluation surplus upon depreciation		–	–	–	–	(656,182)	656,182	–	–	-
ESOS lapsed	33	–	–	–	(793,080)	–	793,080	–	–	-
Warrants expired	15(a)	–	68,816,475	(68,816,475)	–	–	–	–	–	-
At 31 December 2023		133,180,692	–	–	–	25,373,942	(11,652,181)	146,902,453	–	146,902,453

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Group 2022	Note	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
		Attributable to owners of the parent								
		Non-distributable								
At 1 January 2022		110,618,692	(68,816,475)	68,816,475	793,080	7,204,580	(9,353,838)	109,262,514	53,071	109,315,585
Profit for the financial year		–	–	–	–	–	2,611,948	2,611,948	296,483	2,908,431
Other comprehensive income for the financial year - Revaluation of lands and buildings		–	–	–	–	13,672,859	–	13,672,859	–	13,672,859
		–	–	–	–	13,672,859	2,611,948	16,284,807	296,483	16,581,290
Transactions with owners:										
Issuance of ordinary shares pursuant to the Private Placement	14	15,354,000	–	–	–	–	–	15,354,000	–	15,354,000
Realisation of revaluation surplus upon depreciation		–	–	–	–	(445,507)	445,507	–	–	–
At 31 December 2022		125,972,692	(68,816,475)	68,816,475	793,080	20,431,932	(6,296,383)	140,901,321	349,554	141,250,875

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

		Non-distributable					
Company **2023**	**Note**	**Share capital RM**	**Other reserve RM**	**Warrant reserve RM**	**Share-based payment reserve RM**	**Accumulated losses RM**	**Total equity RM**
At 1 January 2023		125,972,692	(68,816,475)	68,816,475	793,080	(27,497,630)	99,268,142
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	–	–	(6,181,289)	(6,181,289)
Transactions with owners:							
Issuance of ordinary shares pursuant to the Private Placement	14	7,208,000	–	–	–	–	7,208,000
ESOS lapsed	33	–	–	–	(793,080)	333,370	(459,710)
Warrants expired	15(a)	–	68,816,475	(68,816,475)	–	–	–
At 31 December 2023		133,180,692	–	–	–	(33,345,549)	99,835,143
2022							
At 1 January 2022		110,618,692	(68,816,475)	68,816,475	793,080	(20,767,725)	90,644,047
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	–	–	(6,729,905)	(6,729,905)
Transactions with owners:							
Issuance of ordinary shares pursuant to the Private Placement	14	15,354,000	–	–	–	–	15,354,000
At 31 December 2022		125,972,692	(68,816,475)	68,816,475	793,080	(27,497,630)	99,268,142

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

Statement of Cash Flows
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Cash flows from/(used in) operating activities					
(Loss)/Profit before tax		(3,730,841)	4,574,412	(5,936,007)	(6,536,891)
Adjustments for:					
Dividend income from other investments		(10,550)	–	(10,550)	–
Fair value gain on investment properties		(40,000)	–	–	–
Fair value gain on other investments		(39,035)	–	(39,035)	–
Finance costs		2,261,829	2,243,353	–	–
Foreign exchange loss on unrealised		121,501	51,147	–	–
Gain on disposal of:					
- Property, plant and equipment		(53,492)	(8,225)	–	–
- Right-of-use assets		(97,032)	–	–	–
Impairment losses on:					
- Investment in subsidiary companies		–	–	5,820,143	7,090,288
- Property, plant and equipment		3,357,051	–	–	–
- Right-of-use assets		309,789	–	–	–
- Trade receivables		468,571	230,582	–	–
Interest income		(275,533)	(206,198)	(966,680)	(826,554)
Inventories written off		326,307	1,143,614	–	–
Loss/(Gain) on modification of lease terms		6,202	(4,069)	–	–
Property, plant and equipment:					
- Depreciation		4,613,212	4,817,506	–	–
- Written off		–	2,375	–	–
Reversal of impairment losses on trade receivables		(40,286)	(132,700)	–	–
Right-of-use assets:					
- Amortisation		2,840,221	2,346,986	–	–
Operating profit/(loss) before working capital changes		10,017,914	15,058,783	(1,132,129)	(273,157)
Changes in working capital:					
Amount due from subsidiary companies		–	–	(267,049)	108,150
Inventories		3,710,045	6,922,416	–	–
Trade and other receivables		(3,611,829)	4,074,313	–	–
Trade and other payables		3,067,184	(8,022,720)	(1,977)	31,569
		3,165,400	2,974,009	(269,026)	139,719
Cash generated from/(used in) operations		13,183,314	18,032,792	(1,401,155)	(133,438)

Statement of Cash Flows (cont'd)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from/ (used in) operating activities (Cont'd)					
Tax paid		(3,185,555)	(2,177,901)	(260,001)	(165,969)
Tax refunded		1,438,213	–	–	–
		(1,747,342)	(2,177,901)	(260,001)	(165,969)
Net cash from/(used in) operating activities		11,435,972	15,854,891	(1,661,156)	(299,407)
Cash flows used in investing activities					
Acquisition of:					
- Other investments		(2,000,000)	–	(2,000,000)	–
- Property, plant and equipment	4(c)	(2,289,284)	(2,317,075)	–	–
- Right-of-use assets	7(d)	(7,667,941)	(418,997)	–	–
Advances to subsidiary companies		–	–	(3,698,770)	(7,631,341)
Changes in ownership interests in subsidiary companies	6(a)	(787,549)	–	(49)	–
Interest received		274,903	206,198	966,050	771,426
Proceeds from disposal of:					
- Derivatives financial assets		–	6,429	–	–
- Property, plant and equipment		433,873	132,968	–	–
- Right-of-use assets		316,968	–	–	–
(Placement)/Withdrawal of pledged fixed deposits		(1,025,381)	1,875,537	–	–
Net cash used in investing activities		(12,744,411)	(514,940)	(4,732,769)	(6,859,915)
Cash flows from/(used in) financing activities					
Interest paid		(2,261,829)	(2,243,353)	–	–
Issuance of ordinary shares pursuant to the Private Placement	14	7,208,000	15,354,000	7,208,000	15,354,000
Proceeds from term loans	27	5,456,617	–	–	–
Repayment of bankers' acceptance	27	(5,340,000)	(11,021,000)	–	–
Repayment of lease liabilities	27	(1,980,698)	(1,899,940)	–	–
Repayment of term loans	27	(2,253,186)	(1,468,665)	–	–
Net cash from/(used in) financing activities		828,904	(1,278,958)	7,208,000	15,354,000
Net (decrease)/increase in cash and cash equivalents		(479,535)	14,060,993	814,075	8,194,678

Statement of Cash Flows (cont'd)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash and cash equivalents at the beginning of the financial year		15,740,387	1,758,382	9,512,191	1,317,513
Effect of foreign translation differences on cash and cash equivalents		(29,380)	(78,988)	–	–
Cash and cash equivalents at the end of the financial year		15,231,472	15,740,387	10,326,266	9,512,191
Cash and cash equivalents at the end of the financial year comprise:					
Deposits, bank and cash balances	13	22,651,416	20,405,480	10,326,266	9,512,191
Less: Bank overdrafts	16	(3,926,246)	(2,196,776)	–	–
Less: Fixed deposits pledged with licensed banks	13	(3,493,698)	(2,468,317)	–	–
		15,231,472	15,740,387	10,326,266	9,512,191

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023

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 was located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities of the Company and of 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 material accounting policies below.

Adoption of new and amended standards

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

The Group and the Company have adopted the amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 *Materiality Practice Statement* for the first time in the current financial year. The amendments change the requirements in MFRS 101 *Presentation of Financial Statements* with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Amendments to MFRS 101 *Presentation of Financial Statements* are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have no effect on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements but affect the disclosure of accounting policies.

Standards issued but not yet effective

The Group and the Company have not applied the following 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	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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 amendments to MFRSs when they become effective.

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

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) Use of estimates and judgements

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Classification between investment properties and property, plant and equipment</u>

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.

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

2. BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements (Cont'd)

Judgements (Cont'd)

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements: (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers (Cont'd)

The Group recognises revenue over time in the following circumstances:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(ii) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(iii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

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 premises 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.

2. BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements (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") assets

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 and ROU assets.

The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 7 respectively.

Revaluation of property, plant and equipment, investment properties and ROU assets

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 2023 for land and buildings. For investment properties, a valuation methodology based on sales comparison approach was used. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the properties are provided in Notes 4, 5 and 7 respectively.

Impairment of property, plant and equipment and ROU assets

The Company assesses whether there is any indication that property, plant and equipment and ROU assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The key assumptions used to determine the recoverable amounts are disclosed in Notes 4 and 7 respectively.

2. BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

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: (Cont'd)

<u>Impairment of investments in subsidiary companies</u>

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6.

<u>Deferred tax assets</u>

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 18.

<u>Provision for expected credit loss of financial assets at amortised cost</u>

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 10.

<u>Discount rate used in leases</u>

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.

2. BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

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: (Cont'd)

<u>Share-based payments</u>

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.

<u>Income taxes</u>

Judgement 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 and the Company recognise 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 2023, the Group has tax recoverable of RM1,952,090 and tax payable of RM66,716 (2022: tax recoverable of RM2,683,748 and tax payable of RM58,506) and the Company has tax payable of RM43,787 (2022: tax payable of RM58,506).

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group and the Company, 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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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, the acquirer's 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 of 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.

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 9 *Financial Instruments* 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.

(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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(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.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

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.

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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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 rates 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.

(c) Leases

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. Capital work-in-progress are not depreciated until the assets are ready for its intended use. The estimated annual depreciation rates 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.

Lands and buildings are measured at fair value less accumulated amortisation 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 difference materially from the fair value of the lands and buildings at the end of the reporting period.

As at the date of revaluation, accumulated amortisation, 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 lands 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 increased is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of lands and buildings 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.

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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) 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.

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.

(e) Inventories

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

Cost of raw materials 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 consist 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.

(f) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss ("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 apply 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Employee benefits - Share-based payment 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.

(h) 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 goods 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.

(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) Dividend income
Dividend income is recognised when the Group's and the Company's right to receive payment is established.

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

(i) 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 highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

4. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation		At cost				
	Freehold land RM	Freehold buildings RM	Renovation and electrical installation RM	Plant, machinery and equipment RM	Motor vehicles RM	# Other assets RM	Total RM
2023							
Cost/Valuation							
At 1 January 2023	6,396,319	3,220,000	4,207,065	64,337,589	3,093,951	7,380,537	88,635,461
Additions	–	–	348,405	1,840,016	–	100,863	2,289,284
Disposal	–	–	(365,000)	(115,650)	(147,151)	–	(627,801)
Revaluation	1,961,681	237,999	–	–	–	–	2,199,680
Elimination of accumulated depreciation on revaluation	–	(337,999)	–	–	–	–	(337,999)
Transfer from right-of -use assets (Note 7)	–	–	–	150,000	735,692	–	885,692
At 31 December 2023	8,358,000	3,120,000	4,190,470	66,211,955	3,682,492	7,481,400	93,044,317
Accumulated depreciation							
At 1 January 2023	–	285,999	2,548,609	44,696,969	2,950,599	6,194,387	56,676,563
Charge for the financial year	–	64,200	378,718	3,776,881	77,049	316,364	4,613,212
Disposal	–	–	(45,625)	(54,644)	(147,151)	–	(247,420)
Elimination of accumulated depreciation on revaluation	–	(337,999)	–	–	–	–	(337,999)
Transfer from right-of-use assets (Note 7)	–	–	–	81,250	686,612	–	767,862
At 31 December 2023	–	12,200	2,881,702	48,500,456	3,567,109	6,510,751	61,472,218
Accumulated impairment losses							
At 1 January 2023	–	–	–	–	–	–	–
Charge for the financial year	–	–	290,931	2,893,395	115,383	57,342	3,357,051
At 31 December 2023	–	–	290,931	2,893,395	115,383	57,342	3,357,051
Carrying amount							
At 31 December 2023	8,358,000	3,107,800	1,017,837	14,818,104	–	913,307	28,215,048

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

	At valuation		At cost				
Group	**Freehold land RM**	**Freehold buildings RM**	**Renovation and electrical installation RM**	**Plant, machinery and equipment RM**	**Motor vehicles RM**	**# Other assets RM**	**Total RM**
2022							
Cost/Valuation							
At 1 January 2022	6,272,757	3,152,000	3,234,449	63,573,841	3,137,433	7,485,222	86,855,702
Additions	36,562	–	1,072,935	3,339,130	–	74,717	4,523,344
Disposal	–	–	–	(216,302)	(43,482)	(780)	(260,564)
Revaluation	87,000	107,467	–	–	–	–	194,467
Elimination of accumulated depreciation on revaluation	–	(39,467)	–	–	–	–	(39,467)
Transfer to right-of-use assets (Note 7)	–	–	–	(2,340,000)	–	–	(2,340,000)
Written off	–	–	(100,319)	(19,080)	–	(178,622)	(298,021)
At 31 December 2022	6,396,319	3,220,000	4,207,065	64,337,589	3,093,951	7,380,537	88,635,461
Accumulated depreciation							
At 1 January 2022	–	266,066	2,317,174	40,998,823	2,929,558	5,896,370	52,407,991
Charge for the financial year	–	59,400	331,754	3,884,735	64,523	477,094	4,817,506
Disposal	–	–	–	(91,884)	(43,482)	(455)	(135,821)
Elimination of accumulated depreciation on revaluation	–	(39,467)	–	–	–	–	(39,467)
Transfer to right-of-use assets (Note 7)	–	–	–	(78,000)	–	–	(78,000)
Written off	–	–	(100,319)	(16,705)	–	(178,622)	(295,646)
At 31 December 2022	–	285,999	2,548,609	44,696,969	2,950,599	6,194,387	56,676,563
Carrying amount							
At 31 December 2022	6,396,319	2,934,001	1,658,456	19,640,620	143,352	1,186,150	31,958,898

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

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

	Company 2023 RM	Company 2022 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 banks for bank facilities as disclosed in Note 16 are as follows:

	Group 2023 RM	Group 2022 RM
Freehold buildings	3,107,800	2,934,001
Freehold land	8,358,000	6,396,319
	11,465,800	9,330,320

(b) Revaluation of land and buildings

During the financial year, land and buildings of the Group were revalued by Messrs. Henry Butcher Malaysia (Muar) Sdn. Bhd. and Jordan Lee & Jaafar (M'CCA) Sdn. Bhd., independent professional valuers.

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:

	Group 2023 RM	Group 2022 RM
Freehold land and buildings	6,938,293	6,998,217

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(c) Purchase of property, plant and equipment

The aggregate additional cost for the property, plant and equipment of the Group during the financial year are as follows:

	Group 2023 RM	Group 2022 RM
Aggregate costs	2,289,284	4,523,344
Less: Lease liabilities financing	–	(2,206,269)
Cash payment	2,289,284	2,317,075

(d) Impairment losses of property, plant and equipment

During the financial year, property, plant and equipment under U.D. Panelform Sdn. Bhd. amounting to RM3,241,668 which included in the Group's property, plant and equipment were impaired by the management, as the recoverable amount of the property, plant and machinery lower than the carrying amount. The recoverable amount of the property, plant and equipment estimated based on value-in-use method was RM Nil. As a result, an impairment loss of RM3,241,668 is recognised in other expenses in the statements of profit or loss and other comprehensive income.

During the financial year, property, plant and equipment under U.D. Wood Products Sdn. Bhd. amounting to RM115,383 which included in the Group's property, plant and equipment were impaired by the management, as the property, plant and machinery may not be fit for its intended use. As a result, an impairment loss of RM115,383 is recognised in other expenses in the statements of profit or loss and other comprehensive income.

5. INVESTMENT PROPERTIES

	Group 2023 RM	Group 2022 RM
At 1 January	2,265,000	2,265,000
Change in fair value recognised in profit or loss	40,000	–
At 31 December	2,305,000	2,265,000
Included in the above are:		
At fair value		
Freehold land	1,900,000	1,900,000
Buildings	405,000	365,000
	2,305,000	2,265,000

5. INVESTMENT PROPERTIES (CONT'D)

(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 1 year (2022: 1 year). Subsequent renewals are negotiated with the lessee on an average renewal period of 1 year (2022: 2 years). 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 RM2,305,000 (2022: 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.

(c) Income and expenses recognised in profit or loss

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

	Group	
	2023 RM	**2022 RM**
Rental income	84,000	84,000
Direct operating expenses:		
- Income generating investment properties	(4,874)	(4,874)
- Non-income generating investment properties	(1,886)	(1,870)

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2023 RM	**2022 RM**
In Malaysia:		
Unquoted shares, at cost	96,655,948	96,655,899
Less: Accumulated impairment losses	(35,301,265)	(29,481,122)
	61,354,683	67,174,777
Cost of investment in relation to share option granted to employees of subsidiary companies	840,820	1,300,530
	62,195,503	68,475,307

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

	Company 2023 RM	2022 RM
At 1 January	29,481,122	22,390,834
Impairment losses recognised	5,820,143	7,090,288
At 31 December	35,301,265	29,481,122

Details of the subsidiary companies are as follows:

Name of Company	Place of business/ Country of incorporation	Effective interest (%) 2023	2022	Principal activities
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	100.00	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

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Place of business/ Country of incorporation	Effective interest (%) 2023	2022	Principal activities
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	100.00	77.50	Manufacturer and trader of plastic wares, utensils and goods

(a) Changes in ownership interest

During the financial year

(i) On 13 April 2023, the Company had acquired additional 49% equity interest in SWSIM for cash consideration of RM49, increasing its ownership from 51% to 100%. The Group recognised a decrease in non-controlling interest of RM10,025.

The effect of changes in the equity interest in SWSIM that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interest acquired	(10,025)
Consideration paid for non-controlling interest	(49)
Decrease in parent's equity	(10,074)

(ii) On 11 October 2023, ELE had acquired additional 22.50% equity interest in ELP for cash consideration of RM787,500, increasing its ownership from 77.50% to 100%. The Group recognised a decrease in non-controlling interest of RM605,686.

The effect of changes in the equity interest in ELP that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interest acquired	605,686
Consideration paid for non-controlling interest	(787,500)
Decrease in parent's equity	(181,814)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Changes in ownership interest (Cont'd)

In the previous financial year

In the previous financial year, U.D. Panelform Sdn. Bhd. has increased its issued and paid up share capital from 15,200,000 ordinary shares to 20,000,000 ordinary shares at an issue price of RM1.00 each for a total consideration of RM4,800,000. The Company has subscribed for a total additional 4,800,000 ordinary shares in U.D. Panelform Sdn. Bhd. by way of capitalising the total amount due from U.D. Panelform Sdn. Bhd. amounting to RM4,800,000.

(b) Impairment losses for investment in subsidiary companies

During the financial year

During the financial year, U.D. Panelform Sdn. Bhd., the 100% owned subsidiary company in the furniture segment was facing the recoverable amount lower than the carrying amount.

The recoverable amount of RM2,926,559 for the Company's investment in U.D. Panelform Sdn. Bhd. estimated based on fair value method which is determined based on the carrying amount of the net assets. Therefore, an impairment loss amounting to RM5,820,143 was recognised during the financial year.

The impairment loss was recognised in other expenses in the statements of profit or loss and other comprehensive income.

In the previous financial year

In the previous financial year, U.D. Panelform Sdn. Bhd. and Skywood Residence Sdn. Bhd., the 100% owned subsidiary company in the furniture and investment holding segment was facing the recoverable amount lower than the carrying amount.

The recoverable amount of RM8,727,620 for the Company's investment in U.D. Panelform Sdn. Bhd. and Skywood Residence Sdn. Bhd. estimated based on fair value method which is determined based on the carrying amount of the net assets. Therefore, an impairment loss amounting to RM7,090,288 was recognised during the financial year.

The impairment loss was recognised in other expenses in the statements of profit or loss and other comprehensive income.

7. RIGHT-OF-USE ASSETS

	At valuation			At cost				
Group	**Leasehold land RM**	**Leasehold buildings RM**	**Capital work-in-progress RM**	**Plant, machinery and equipment RM**	**Motor vehicles RM**	**Office equipment RM**	**Premises RM**	**Total RM**
2023								
Cost/Valuation								
At 1 January 2023	29,810,000	37,777,605	–	8,530,980	3,134,191	224,480	1,066,688	80,543,944
Additions	–	412,100	7,228,288	–	565,553	–	524,408	8,730,349
Disposal	–	(176,634)	–	(106,980)	(1,053,473)	–	–	(1,337,087)
Derecognition arising from lease expiration	–	–	–	–	–	–	(36,378)	(36,378)
Modification of lease terms	–	–	–	–	–	–	(325,122)	(325,122)
Revaluation	2,034,103	1,659,052	–	–	–	–	–	3,693,155
Elimination of accumulated amortisation of revaluation	(411,103)	(1,454,518)	–	–	–	–	–	(1,865,621)
Transfer to property, plant and equipment (Note 4)	–	–	–	(150,000)	(735,692)	–	–	(885,692)
At 31 December 2023	31,433,000	38,217,605	7,228,288	8,274,000	1,910,579	224,480	1,229,596	88,517,548
Accumulated amortisation								
At 1 January 2023	347,857	1,248,500	–	1,982,047	2,134,419	63,603	775,988	6,552,414
Charge for the financial year	608,350	827,317	–	840,384	239,310	22,448	302,412	2,840,221
Disposal	–	(22,668)	–	(41,010)	(1,053,473)	–	–	(1,117,151)
Derecognition arising from lease expiration	–	–	–	–	–	–	(36,378)	(36,378)
Modification of lease terms	–	–	–	–	–	–	(221,636)	(221,636)
Elimination of accumulated amortisation of revaluation	(411,103)	(1,454,518)	–	–	–	–	–	(1,865,621)
Transfer to property, plant and equipment (Note 4)	–	–	–	(81,250)	(686,612)	–	–	(767,862)
At 31 December 2023	545,104	598,631	–	2,700,171	633,644	86,051	820,386	5,383,987

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

Group 2023 (Cont'd)	At valuation			At cost				
	Leasehold land RM	Leasehold buildings RM	Capital work-in-progress RM	Plant, machinery and equipment RM	Motor vehicles RM	Office equipment RM	Premises RM	Total RM
Accumulated impairment losses								
At 1 January 2023	–	–	–	–	–	–	–	–
Charge for the financial year	–	–	–	282,179	27,610	–	–	309,789
At 31 December 2023	–	–	–	282,179	27,610	–	–	309,789
Carrying amount								
At 31 December 2023	30,887,896	37,618,974	7,228,288	5,291,650	1,249,325	138,429	409,210	82,823,772

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

	At valuation			At cost				
Group	**Leasehold land RM**	**Leasehold buildings RM**	**Capital work-in-progress RM**	**Plant, machinery and equipment RM**	**Motor vehicles RM**	**Office equipment RM**	**Premises RM**	**Total RM**
2022								
Cost/Valuation								
At 1 January 2022	22,550,000	35,427,035	–	4,210,264	2,263,473	224,480	1,694,803	66,370,055
Additions	–	570	–	1,980,716	870,718	–	400,611	3,252,615
Modification of lease terms	–	–	–	–	–	–	(1,028,726)	(1,028,726)
Transfer from property, plant and equipment (Note 4)	–	–	–	2,340,000	–	–	–	2,340,000
Revaluation	9,032,551	4,833,814	–	–	–	–	–	13,866,365
Elimination of accumulated amortisation on revaluation	(1,772,551)	(2,483,814)	–	–	–	–	–	(4,256,365)
At 31 December 2022	29,810,000	37,777,605	–	8,530,980	3,134,191	224,480	1,066,688	80,543,944
Accumulated amortisation								
At 1 January 2022	1,804,284	3,161,314	–	1,152,029	1,947,738	41,155	472,546	8,579,066
Charge for the financial year	316,124	571,000	–	752,018	186,681	22,448	498,715	2,346,986
Modification of lease terms	–	–	–	–	–	–	(195,273)	(195,273)
Transfer from property, plant and equipment (Note 4)	–	–	–	78,000	–	–	–	78,000
Elimination of accumulated amortisation on revaluation	(1,772,551)	(2,483,814)	–	–	–	–	–	(4,256,365)
At 31 December 2022	347,857	1,248,500	–	1,982,047	2,134,419	63,603	775,988	6,552,414
Carrying amount								
At 31 December 2022	29,462,143	36,529,105	–	6,548,933	999,772	160,877	290,700	73,991,530

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 banks for bank facilities as disclosed in Note 16 are as follows:

	Group	
	2023 RM	2022 RM
Leasehold buildings	37,618,974	36,529,105
Leasehold land	30,887,896	29,462,143
	68,506,870	65,991,248

(b) Revaluation of land and buildings

During the financial year, land and buildings of the Group were revalued by Messrs. Henry Butcher Malaysia (Muar) Sdn. Bhd. and Jordan Lee & Jaafar (M'CCA) Sdn. Bhd., independent professional valuers.

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:

	Group	
	2023 RM	2022 RM
Leasehold buildings	19,122,377	19,275,459
Leasehold land	10,258,922	10,451,733
	29,381,299	29,727,192

(c) Leasehold land and buildings

In the current financial year, the remaining lease terms of the leasehold land and buildings are ranging from 45 years to 71 years (2022: 46 years to 72 years).

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

(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	
	2023 RM	2022 RM
Aggregate costs	8,730,349	3,252,615
Less: Lease liabilities financing	(1,062,408)	(2,833,618)
Cash payment	7,667,941	418,997

(e) Impairment losses of right-of-use assets

During the financial year, right-of-use assets under U.D. Panelform Sdn. Bhd. amounting to RM309,789 which included in the Group's right-of-use assets were impaired by the management, as the recoverable amount of the right-of-use assets lower than the carrying amount. The recoverable amount of the right-of-use assets estimated based on value-in-use method was RM Nil. As a result, an impairment loss of RM309,789 is recognised in other expenses in the statements of profit or loss and other comprehensive income.

8. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets measured at fair value through profit or loss				
Money market funds	2,050,215	–	2,050,215	–

9. INVENTORIES

	Group	
	2023 RM	2022 RM
Raw materials	18,827,655	23,241,199
Work-in-progress	7,150,341	6,591,904
Finished goods	18,355,126	18,536,371
	44,333,122	48,369,474
Recognised in profit or loss:		
Inventories recognised as cost of sales	100,078,508	129,398,966
Inventories written off	326,307	1,143,614

10. TRADE RECEIVABLES

		Group	
	Note	2023 RM	2022 RM
Trade receivables	(a)	25,746,959	20,392,580
Companies in which certain Directors have substantial financial interest	(b)	–	2,314,729
		25,746,959	22,707,309
Less: Accumulated impairment losses		(1,485,999)	(1,057,714)
		24,260,960	21,649,595

(a) Trade receivables are non-interest bearing and are generally on 30 to 120 days (2022: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In the previous financial year, amount due from companies in which certain Directors have substantial financial interest are non-interest bearing and are generally on 30 to 120 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2023 RM	2022 RM
At 1 January	1,057,714	959,832
Impairment losses recognised	468,571	230,582
Impairment losses reversed	(40,286)	(132,700)
At 31 December	1,485,999	1,057,714

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 RM40,286 (2022: RM132,700) pertains to previously impaired receivables recovered during the financial year.

10. 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
Group			
2023			
Neither past due nor impaired	13,064,403	(24,000)	13,040,403
Past due but not impaired:			
Less than 30 days	5,429,529	(38,000)	5,391,529
31 to 60 days	3,618,142	(47,000)	3,571,142
More than 61 days	2,455,886	(198,000)	2,257,886
Total past due but not impaired	11,503,557	(283,000)	11,220,557
	24,567,960	(307,000)	24,260,960
Individually impaired	1,178,999	(1,178,999)	–
	25,746,959	(1,485,999)	24,260,960
Group			
2022			
Neither past due nor impaired	9,583,738	(32,096)	9,551,642
Past due but not impaired:			
Less than 30 days	4,985,767	(39,109)	4,946,658
31 to 60 days	3,110,833	(41,120)	3,069,713
More than 61 days	4,290,869	(209,287)	4,081,582
Total past due but not impaired	12,387,469	(289,516)	12,097,953
	21,971,207	(321,612)	21,649,595
Individually impaired	736,102	(736,102)	–
	22,707,309	(1,057,714)	21,649,595

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

As at 31 December 2023, trade receivables of RM11,220,557 (2022: RM12,097,953) 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 RM1,178,999 (2022: RM736,102), 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 (CONT'D)

11. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	805,835	112,571	–	–
Deposits	482,954	470,646	1,000	1,000
Prepayments	1,442,697	1,635,595	–	–
	2,731,486	2,218,812	1,000	1,000

12. AMOUNT DUE FROM SUBSIDIARY COMPANIES

		Company	
	Note	2023 RM	2022 RM
Amount due from subsidiary companies			
Trade related	(a)	642,328	375,279
Non-trade related	(b)	24,825,601	21,126,831
		25,467,929	21,502,110

(a) Amount due from subsidiary companies are non-interest bearing and are generally ranged from 30 to 60 days (2022: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amount due from subsidiary companies are unsecured, which bear interest at rates range from 3.52% (2022: 2.50% to 3.84%) per annum and repayable on demand.

13. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	18,528,141	16,381,489	10,326,266	9,512,191
Fixed deposits placed with licensed banks	4,123,275	4,023,991	–	–
Total deposits, bank and cash balances	22,651,416	20,405,480	10,326,266	9,512,191
Less: Fixed deposits pledged with licensed banks	(3,493,698)	(2,468,317)	–	–
Less: Bank overdrafts (Note 16)	(3,926,246)	(2,196,776)	–	–
Cash and cash equivalents	15,231,472	15,740,387	10,326,266	9,512,191

13. DEPOSITS, BANK AND CASH BALANCES (CONT'D)

Fixed deposits placed with licensed banks of the Group amounting to RM3,493,698 (2022: RM2,468,317) are pledged as securities for loans and borrowings as disclosed in Note 16.

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 3.90% (2022: 0.88% to 3.45%) per annum and 7 days to 12 months (2022: 30 days to 12 months) respectively.

14. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Ordinary shares issued and fully paid:				
At 1 January	275,078,160	211,578,160	125,972,692	110,618,692
Issuance of ordinary shares pursuant to the Private Placement	27,200,000	63,500,000	7,208,000	15,354,000
At 31 December	302,278,160	275,078,160	133,180,692	125,972,692

During the financial year, the Company increased its issued and paid up share capital through the issuance of 27,200,000 new ordinary shares pursuant to the Private Placement at exercise price of RM0.265 per ordinary share.

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

(i) 32,700,000 new ordinary shares pursuant to the Private Placement at exercise price of RM0.30 per ordinary share; and

(ii) 30,800,000 new ordinary shares pursuant to the Private Placement at exercise price of RM0.18 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.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. RESERVES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable					
Other reserve	(a)	–	(68,816,475)	–	(68,816,475)
Warrant reserve	(a)	–	68,816,475	–	68,816,475
Share-based payment reserve	(b)	–	793,080	–	793,080
Revaluation reserve	(c)	25,373,942	20,431,932	–	–
Accumulated losses		(11,652,181)	(6,296,383)	(33,345,549)	(27,497,630)
		13,721,761	14,928,629	(33,345,549)	(26,704,550)

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

(a) Warrant reserve/Other reserve

Warrant reserve represents 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 18 July 2023, the total number of detachable Warrant B have been expired and removed from the official list of Bursa Malaysia Securities Berhad with total of 91,171,801 remain unexercised.

(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.

15. 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.

16. LOANS AND BORROWINGS

	Group	
	2023 RM	**2022 RM**
Secured		
Term loans	9,748,561	6,545,130
Bank overdrafts	3,926,246	2,196,776
Bankers' acceptance	22,577,000	27,917,000
	36,251,807	36,658,906
Non-current		
Term loans	8,453,545	4,191,986
Current		
Term loans	1,295,016	2,353,144
Bank overdrafts	3,926,246	2,196,776
Bankers' acceptance	22,577,000	27,917,000
	27,798,262	32,466,920
	36,251,807	36,658,906

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

(i) First party legal charge over the Group's properties as disclosed in Notes 4 and 7;

(ii) Pledged of the Group's fixed deposits as disclosed in Note 13;

(iii) Facilities agreement;

(iv) Corporate guarantee by the Company; and

(v) Guarantee by certain Directors of the Company and of the subsidiary companies.

The average effective interest rates per annum are as follows:

	Group	
	2023 %	**2022 %**
Term loans	4.27 to 7.26	3.27 to 6.01
Bank overdrafts	6.70 to 9.20	6.51 to 8.22
Bankers' acceptance	3.88 to 5.46	3.10 to 5.33

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. LEASE LIABILITIES

	Group 2023 RM	Group 2022 RM
At 1 January	5,944,169	3,641,744
Additions	1,062,408	5,039,887
Accretion of interest (Note 22)	311,000	294,569
Modification of lease terms	(97,284)	(837,522)
Payments of interest expense	(311,000)	(294,569)
Payments of principal	(1,980,698)	(1,899,940)
At 31 December	4,928,595	5,944,169

	Group 2023 RM	Group 2022 RM
Presented as:		
Current portion	1,670,775	2,040,048
Non-current portion	3,257,820	3,904,121
	4,928,595	5,944,169
The maturity analysis of lease liabilities of the Group as of the end of financial year:		
Repayable within one year	1,923,812	2,178,313
Repayable within one to two years	1,527,422	1,569,199
Repayable within two to five years	1,711,092	2,269,569
Repayable in five years and more	317,190	726,480
	5,479,516	6,743,561
Less: Future finance charges	(550,921)	(799,392)
Present value of lease liabilities	4,928,595	5,944,169

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

The lease liabilities bear interest at effective rates ranging from 2.19% to 7.15% (2022: 2.29% to 5.25%) per annum.

18. DEFERRED TAX LIABILITIES

	Group 2023 RM	Group 2022 RM
At 1 January	4,048,043	3,630,988
Recognised in profit or loss (Note 24)	(342,298)	84,592
Relating to crystallisation of deferred tax liability on revaluation reserve (Note 24)	(31,824)	(14,414)
Relating to revaluation reserve deferred tax liability on revaluation surplus	294,643	387,973
Under/(Over) provision in prior years (Note 24)	523,135	(41,096)
At 31 December	4,491,699	4,048,043

18. DEFERRED TAX LIABILITIES (CONT'D)

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

	Unutilised tax losses and capital allowances RM	, Unutilised reinvestment allowances RM	Property plant and equipment and right-of-use assets RM	Revaluation of assets RM	Lease liabilities RM	Others RM	Total RM
Group							
2023							
(Deferred tax assets)/ Deferred tax liabilities							
At 1 January 2023	(1,704,388)	(562,379)	6,217,441	1,167,942	(699,909)	(370,664)	4,048,043
Recognised in profit or loss	(101,170)	–	(314,645)	–	89,711	(16,194)	(342,298)
Relating to crystallisation of deferred tax liability on revaluation reserve	–	–	–	(31,824)	–	–	(31,824)
Relating to revaluation reserve deferred tax liability on revaluation surplus	–	–	–	294,643	–	–	294,643
Under/(Over) provision in prior years	1,318,460	243,644	(1,310,139)	587,741	(81,478)	(235,093)	523,135
At 31 December 2023	(487,098)	(318,735)	4,592,657	2,018,502	(691,676)	(621,951)	4,491,699

18. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax assets and liabilities are as follows: (Cont'd)

	Unutilised tax losses and capital allowances RM	, Unutilised reinvestment allowances RM	Property plant and equipment and right-of-use assets RM	Revaluation of assets RM	Lease liabilities RM	Others RM	Total RM
Group							
2022							
(Deferred tax assets)/ Deferred tax liabilities							
At 1 January 2022	(1,140,147)	(357,456)	5,041,516	1,059,203	(585,085)	(387,043)	3,630,988
Recognised in profit or loss	(564,241)	(204,923)	1,298,499	(264,820)	(196,302)	16,379	84,592
Relating to crystallisation of deferred tax liability on revaluation reserve	–	–	–	(14,414)	–	–	(14,414)
Relating to revaluation reserve deferred tax liability on revaluation surplus	–	–	–	387,973	–	–	387,973
Under/(Over) provision in prior years	–	–	(122,574)	–	81,478	–	(41,096)
At 31 December 2022	(1,704,388)	(562,379)	6,217,441	1,167,942	(699,909)	(370,664)	4,048,043

18. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group	
	2023 RM	2022 RM
Unutilised tax losses	31,574,320	27,523,828
Unutilised capital allowances	4,198,715	3,295,805
Unutilised reinvestment allowances	3,769,978	3,769,978
Unutilised investment tax allowances	1,258,200	1,258,200
Other deductible temporary differences	(654,798)	(367,537)
	40,146,415	35,480,274

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.

19. TRADE PAYABLES

		Group	
	Note	2023 RM	2022 RM
Trade payables	(a)	12,856,481	10,576,875
Companies in which certain Directors have substantial financial interest	(b)	–	393,127
		12,856,481	10,970,002

(a) Credit terms of trade payables of the Group ranged from 30 to 120 days (2022: 30 to 120 days) depending on the terms of the contracts.

In the previous financial year, credit terms of amount due to companies in which certain Directors have substantial financial interest of the Group ranged from 30 to 120 days depending on the terms of the contracts.

20. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	1,659,937	1,368,952	20,483	18,960
Deposits received	1,284,274	305,624	–	–
Accruals	2,881,147	2,937,460	141,500	145,000
	5,825,358	4,612,036	161,983	163,960

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Sales	123,580,924	158,403,273	–	–
Management fees	–	–	384,000	384,000
	123,580,924	158,403,273	384,000	384,000
Timing of revenue recognition:				
At a point in time	123,580,924	158,403,273	–	–
Over time	–	–	384,000	384,000
	123,580,924	158,403,273	384,000	384,000

22. FINANCE COSTS

	Group	
	2023 RM	2022 RM
Interest expenses on:		
- Bank overdrafts	317,391	347,542
- Bankers' acceptance	1,222,095	1,201,397
- Term loans	411,343	399,845
- Lease liabilities	311,000	294,569
	2,261,829	2,243,353

23. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Auditors' remuneration:				
- Statutory audits	178,000	170,000	34,500	34,500
- Non-statutory audits	5,000	5,000	5,000	5,000
Dividend income from other investments	(10,550)	–	(10,550)	–
Fair value gain on investment properties	(40,000)	–	–	–
Fair value gain on other investments	(39,035)	–	(39,035)	–
Foreign exchange (gain)/loss:				
- Realised	(14,308)	(46,124)	–	–
- Unrealised	121,501	51,147	–	–
Gain on disposal of:				
- Property, plant and equipment	(53,492)	(8,225)	–	–
- Right-of-use assets	(97,032)	–	–	–
Impairment losses on:				
- Investment in subsidiary companies	–	–	5,820,143	7,090,288
- Property, plant and equipment	3,357,051	–	–	–
- Right-of-use assets	309,789	–	–	–
- Trade receivables	468,571	230,582	–	–
Interest income:				
- Other investments	(630)	–	(630)	–
- Fixed deposits with licensed banks	(99,284)	(80,462)	–	–
- Interest received from banks	(174,752)	(125,736)	(162,958)	(116,041)
- Interest received from subsidiary companies	–	–	(803,092)	(710,513)
- Others	(867)	–	–	–
Inventories written off	326,307	1,143,614	–	–
Loss/(Gain) on modification of lease terms	6,202	(4,069)	–	–
Lease expenses relating to short-term leases	343,653	405,376	–	–
Property, plant and equipment:				
- Depreciation	4,613,212	4,817,506	–	–
- Written off	–	2,375	–	–
Reversal of impairment losses on trade receivables	(40,286)	(132,700)	–	–
Right-of-use assets:				
- Amortisation	2,840,221	2,346,986	–	–
Rental income	(158,660)	(142,250)	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. TAXATION

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Tax expenses recognised in profit or loss				
Current tax	2,302,000	1,934,605	237,000	187,671
Under/(Over) provision in prior years	185,211	(297,706)	8,282	5,343
	2,487,211	1,636,899	245,282	193,014
Deferred tax (Note 18)				
Origination and reversal of temporary differences	(342,298)	84,592	–	–
Relating to crystallisation of deferred tax liability on revaluation reserve	(31,824)	(14,414)	–	–
Under/(Over) provision of deferred tax liabilities in prior years	523,135	(41,096)	–	–
	149,013	29,082	–	–
	2,636,224	1,665,981	245,282	193,014

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to (loss)/profit 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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
(Loss)/Profit before tax	(3,730,841)	4,574,412	(5,936,007)	(6,536,891)
At Malaysian statutory tax rate of 24% (2022: 24%)	(895,402)	1,097,859	(1,424,642)	(1,568,854)
Income not subject to tax	(91,174)	(163,988)	–	–
Expenses not deductible for tax purposes	1,826,404	1,122,124	1,661,642	1,756,525
Deferred tax assets not recognised	1,315,972	143,202	–	–
Utilisation of previously unrecognised deferred tax assets	(196,098)	(180,000)	–	–
Relating to crystallisation of deferred tax liability on revaluation reserve	(31,824)	(14,414)	–	–
	1,927,878	2,004,783	237,000	187,671

24. TAXATION (CONT'D)

A reconciliation of income tax expenses applicable to (loss)/profit 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: (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Under/(Over) provision of income tax expenses in prior years	185,211	(297,706)	8,282	5,343
Under/(Over) provision of deferred tax in prior years	523,135	(41,096)	–	–
	2,636,224	1,665,981	245,282	193,014

The Group has estimated unutilised tax losses, unutilised capital allowances, unutilised reinvestment allowances and unutilised investment tax allowances of RM32,213,569 (2022: RM28,066,295), RM5,589,041 (2022: RM4,361,372), RM5,098,040 (2022: RM5,098,040) and RM1,258,200 (2022: RM1,258,200) 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 unutilised tax losses are available for offset against future taxable profits of the Group up to the following financial years.

	Group	
	2023 RM	2022 RM
Unutilised tax losses to be carried forward until:		
- Year assessment 2028	18,560,870	18,560,870
- Year assessment 2029	4,316,877	4,881,091
- Year assessment 2030	551,713	551,713
- Year assessment 2031	1,458,350	1,458,350
- Year assessment 2032	2,614,271	2,614,271
- Year assessment 2033	4,711,488	–
	32,213,569	28,066,295

25. STAFF COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and other emoluments	18,911,840	18,655,139	312,700	291,900
Social security contributions	200,844	245,102	–	–
Defined contribution plans	1,259,032	1,462,485	–	–
Other benefits	174,333	670,169	–	–
Estimated money value of benefits-in-kind	64,696	69,550	–	5,310
	20,610,745	21,102,445	312,700	297,210

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors and Non-Executive Directors of the Company and of the subsidiary companies during the financial year as disclosed in Note 28.

26. (LOSS)/EARNING PER SHARE

The basic (loss)/earning per share is calculated based on the consolidated (loss)/profit 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 (loss)/earning per share is calculated based on the adjusted consolidated (loss)/profit 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.

(a) Basic (loss)/earning per share

The basic (loss)/earning per share is calculated based on the consolidated (loss)/profit 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:

	Group	
	2023 RM	2022 RM
(Loss)/Profit attributable to owners of the parent	(6,613,172)	2,611,948
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January	275,078,160	211,578,160
Effect of private placement	3,427,945	49,566,040
Weighted average number of ordinary shares in issue as at 31 December	278,506,105	261,144,200
Basic (loss)/earning per share (sen)	(2.4)	1.0

(b) Diluted (loss)/earning per share

The Group has no dilution in its (loss)/earning per ordinary share as there are no dilutive potential ordinary shares. There has been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

27. 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:

			Non-cash changes		
	At 1 January 2023 RM	**Financing cash flows (i) RM**	**New lease (Note 17) RM**	**Modification of lease terms (Note 17) RM**	**At 31 December 2023 RM**
Group					
Bankers' acceptance (Note 16)	27,917,000	(5,340,000)	–	–	22,577,000
Term loans (Note 16)	6,545,130	3,203,431	–	–	9,748,561
Lease liabilities (Note 17)	5,944,169	(1,980,698)	1,062,408	(97,284)	4,928,595

			Non-cash changes		
	At 1 January 2022 RM	**Financing cash flows (i) RM**	**New lease (Note 17) RM**	**Modification of lease terms (Note 17) RM**	**At 31 December 2022 RM**
Group					
Bankers' acceptance (Note 16)	38,938,000	(11,021,000)	–	–	27,917,000
Term loans (Note 16)	8,013,795	(1,468,665)	–	–	6,545,130
Lease liabilities (Note 17)	3,641,744	(1,899,940)	5,039,887	(837,522)	5,944,169

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

28. 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.

28. RELATED PARTY DISCLOSURES (CONT'D)

(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 elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(i) Transactions with subsidiary companies				
- Manangement fee income	–	–	384,000	384,000
- Interest income	–	–	803,092	710,513
(ii) Transactions with companies in which certain Directors have substantial financial interest:				
- Sales of goods	2,695,471	12,468,591	–	–
- Purchase of goods	383,217	1,518,982	–	–
- Lease expenses relating to short-term leases	120,000	200,000	–	–

(c) Compensation of key management personnel

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors				
Existing Directors of the Company				
Salaries and other emoluments	964,800	1,546,760	–	–
Fees	12,000	–	12,000	–
Social security contributions	2,064	3,768	–	–
Defined contribution plans	47,652	96,450	–	–
Estimated money value of benefits-in-kind	28,000	28,000	–	–
	1,054,516	1,674,978	12,000	–
Existing Directors of the Subsidiary Companies				
Salaries and other emoluments	913,900	827,800	–	–
Social security contributions	4,231	3,595	–	–
Defined contribution plans	118,705	109,040	–	–
Estimated money value of benefits-in-kind	31,396	43,050	–	–
	1,068,232	983,485	–	–

28. 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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Executive Directors (Cont'd)				
Past Directors of the Company *				
Salaries and other emoluments	637,300	–	–	–
Social security contributions	1,946	–	–	–
Defined contribution plans	22,456	–	–	–
	661,702	–	–	–
Non-executive Directors				
Existing Directors of the Company				
Fees	195,000	203,000	195,000	203,000
Other emoluments	8,000	19,500	8,000	19,500
	203,000	222,500	203,000	222,500
Past Directors of the Company *				
Fees	86,500	55,000	86,500	55,000
Other emoluments	11,200	14,400	11,200	14,400
	97,700	69,400	97,700	69,400
Other Members of Key Management				
Salaries and other emoluments	271,800	246,800	–	–
Social security contributions	2,013	1,856	–	–
Defined contribution plans	32,214	28,574	–	–
Estimated money value of benefits-in-kind	5,300	1,466	–	–
	311,327	278,696	–	–
Total Directors and key management remuneration	3,396,477	3,229,059	312,700	291,900

* This represents the remuneration paid to the Directors during the financial year until their resignation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. 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 plastic wares	Manufacturer and trader of plastic wares, utensil and goods.
Manufacturing of furniture	Business of design, manufacture and sales of wooden furniture products.

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	Investment holding RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Adjustment and eliminations RM	Consolidated RM
2023					
Revenue					
External revenue	–	44,434,268	79,146,656	–	123,580,924
Management fees	384,000	–	–	(384,000)	–
Inter-segment revenue	–	3,417,350	15,128,959	(18,546,309)	–
Total revenue	384,000	47,851,618	94,275,615	(18,930,309)	123,580,924
Results					
Interest income	966,680	210,890	83,828	(985,865)	275,533
Amortisation of right-of-use assets	–	(1,268,722)	(1,850,413)	278,914	(2,840,221)
Finance costs	–	(1,186,292)	(2,093,302)	1,017,765	(2,261,829)
Depreciation of property, plant and eqiupment	–	(1,686,227)	(2,926,985)	–	(4,613,212)
Taxation	(245,282)	(415,652)	(1,888,401)	(86,889)	(2,636,224)
Other non-cash items	49,585	(4,581,075)	222,464	–	(4,309,026)
Segment (loss)/profit	(2,666,346)	(8,960,292)	3,022,576	2,236,997	(6,367,065)
Segment assets	103,573,639	88,430,229	132,515,649	(113,196,408)	211,323,109
Segment liabilities	260,660	40,748,137	60,669,192	(37,257,333)	64,420,656

29. 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	Investment holding RM	Manufacturing of furniture RM	Manufacturing of plastic wares RM	Adjustment and eliminations RM	Consolidated RM
2022					
Revenue					
External revenue	–	59,368,955	99,034,318	–	158,403,273
Management fees	384,000	–	–	(384,000)	–
Inter-segment revenue	–	2,931,029	35,930,551	(38,861,580)	–
Total revenue	384,000	62,299,984	134,964,869	(39,245,580)	158,403,273
Results					
Interest income	826,554	197,800	67,813	(885,969)	206,198
Amortisation of right-of-use assets	–	(1,024,160)	(1,501,515)	178,689	(2,346,986)
Finance costs	–	(1,364,333)	(1,776,463)	897,443	(2,243,353)
Depreciation of property, plant and eqiupment	–	(1,648,266)	(3,169,240)	–	(4,817,506)
Taxation	(193,015)	66,617	(1,696,860)	157,277	(1,665,981)
Other non-cash items	–	6,597	(1,289,321)	–	(1,282,724)
Segment (loss)/profit	(6,742,399)	(2,789,168)	7,715,536	4,724,462	2,908,431
Segment assets	99,495,543	85,195,414	136,130,200	(117,278,620)	203,542,537
Segment liabilities	264,507	34,151,220	67,306,312	(39,430,377)	62,291,662

29. 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	
	2023	**2022**
	RM	**RM**
Dividend income from other investments	10,550	–
Fair value gain on investment properties	40,000	–
Fair value gain on other investments	39,035	–
Foreign exchange loss:		
- Unrealised	(121,501)	(51,147)
Gain on disposal of:		
- Property, plant and equipment	53,492	8,225
- Right-of-use assets	97,032	–
Impairment losses on:		
- Trade receivables	(468,571)	(230,582)
- Property, plant and equipment	(3,357,051)	–
- Right-of-use assets	(309,789)	–
Inventories written off	(326,307)	(1,143,614)
(Loss)/Gain on modification of lease terms	(6,202)	4,069
Property, plant and equipment written off	–	(2,375)
Reversal of impairment losses on trade receivables	40,286	132,700
	(4,309,026)	(1,282,724)

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
Group	**2023**	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Asia Pacific	7,812,335	8,519,821	–	–
Europe	5,010,326	7,533,525	–	–
Malaysia	88,805,223	115,303,127	113,343,820	108,215,428
Others	21,953,040	27,046,800	–	–
	123,580,924	158,403,273	113,343,820	108,215,428

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.

30. 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:

	At amortised cost RM	At FVTPL RM	Total RM
Group			
2023			
Financial assets			
Other investments	–	2,050,215	2,050,215
Trade receivables	24,260,960	–	24,260,960
Other receivables, net of prepayments	1,288,789	–	1,288,789
Deposits, bank and cash balances	22,651,416	–	22,651,416
	48,201,165	2,050,215	50,251,380
Financial liabilities			
Trade payables	12,856,481	–	12,856,481
Other payables	5,825,358	–	5,825,358
Loans and borrowings	36,251,807	–	36,251,807
Lease liabilities	4,928,595	–	4,928,595
	59,862,241	–	59,862,241
2022			
Financial assets			
Trade receivables	21,649,595	–	21,649,595
Other receivables, net of prepayments	583,217	–	583,217
Deposits, bank and cash balances	20,405,480	–	20,405,480
	42,638,292	–	42,638,292
Financial liabilities			
Trade payables	10,970,002	–	10,970,002
Other payables	4,612,036	–	4,612,036
Loans and borrowings	36,658,906	–	36,658,906
Lease liabilities	5,944,169	–	5,944,169
	58,185,113	–	58,185,113

30. 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)

	At amortised cost RM	At FVTPL RM	Total RM
Company			
2023			
Financial assets			
Other investments	–	2,050,215	2,050,215
Other receivables	1,000	–	1,000
Amount due from subsidiary companies	25,467,929	–	25,467,929
Deposits, bank and cash balances	10,326,266	–	10,326,266
	35,795,195	2,050,215	37,845,410
Financial liability			
Other payables	161,983	–	161,983
Company			
2022			
Financial assets			
Other receivables	1,000	–	1,000
Amount due from subsidiary companies	21,502,110	–	21,502,110
Deposits, bank and cash balances	9,512,191	–	9,512,191
	31,015,301	–	31,015,301
Financial liability			
Other payables	163,960	–	163,960

(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.

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(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.

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 RM27,133,547 (2022: RM20,959,917) and RM27,133,547 (2022: RM20,959,917) 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 credit risk 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.

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Group	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
2023						
Non–derivative financial liabilities						
Trade payables	12,856,481	–	–	–	12,856,481	12,856,481
Other payables	5,825,358	–	–	–	5,825,358	5,825,358
Loans and borrowings	28,328,536	1,579,273	4,079,640	5,037,514	39,024,963	36,251,807
Lease liabilities	1,923,812	1,527,422	1,711,092	317,190	5,479,516	4,928,595
Financial guarantee liabilities *	27,133,547	–	–	–	27,133,547	–
	76,067,734	3,106,695	5,790,732	5,354,704	90,319,865	59,862,241
2022						
Non–derivative financial liabilities						
Trade payables	10,970,002	–	–	–	10,970,002	10,970,002
Other payables	4,612,036	–	–	–	4,612,036	4,612,036
Loans and borrowings	32,696,263	1,209,049	2,905,921	697,690	37,508,923	36,658,906
Lease liabilities	2,178,313	1,569,199	2,269,569	726,480	6,743,561	5,944,169
Financial guarantee liabilities *	20,959,917	–	–	–	20,959,917	–
	71,416,531	2,778,248	5,175,490	1,424,170	80,794,439	58,185,113

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2023			
Non–derivative financial liabilities			
Other payables	161,983	161,983	161,983
Financial guarantee liabilities *	27,133,547	27,133,547	–
	27,295,530	27,295,530	161,983
2022			
Non–derivative financial liabilities			
Other payables	163,960	163,960	163,960
Financial guarantee liabilities *	20,959,917	20,959,917	–
	21,123,877	21,123,877	163,960

* Based on the maximum amount that can be called for under the financial guarantee contract.

The Company provides unsecured financial guarantees 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 RM27,133,547 as at 31 December 2023 (2022: RM20,959,917). 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 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.

(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.

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities of the reporting period are as follows:

		Denominated in	
	USD RM	**Others RM**	**Total RM**
Group			
2023			
Trade receivables	5,037,795	–	5,037,795
Deposits, bank and cash balances	2,833,501	3,113	2,836,614
Trade payables	(87,490)	(160,555)	(248,045)
Other payables	(17,772)	–	(17,772)
	7,766,034	(157,442)	7,608,592
2022			
Trade receivables	2,700,036	–	2,700,036
Deposits, bank and cash balances	1,561,396	22,035	1,583,431
Trade payables	(15,300)	(168,042)	(183,342)
Other payables	(40,588)	–	(40,588)
	4,205,544	(146,007)	4,059,537

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the USD and others exchange rates against RM, with all other variables held constant.

Group	**Changes in currency rate**	**2023 Effect on loss before tax RM**	**2022 Effect on profit before tax RM**
USD	Strengthened 5% (2022: 5%)	388,302	210,277
	Weakened 5% (2022: 5%)	(388,302)	(210,277)
Others	Strengthened 5% (2022: 5%)	(7,872)	(7,300)
	Weakened 5% (2022: 5%)	7,872	7,300

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(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.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2023 RM	2022 RM
Group		
Fixed rate instruments		
Financial assets		
Fixed deposits with licensed banks	4,123,275	4,023,991
Financial liabilities		
Lease liabilities	(4,928,595)	(5,944,169)
	(805,320)	(1,920,178)
Floating rate instruments		
Financial liabilities		
Term loans	(9,748,561)	(6,545,130)
Bank overdrafts	(3,926,246)	(2,196,776)
Bankers' acceptance	(22,577,000)	(27,917,000)
	(36,251,807)	(36,658,906)
Company		
Floating rate instruments		
Financial assets		
Amount due from subsidiary companies	24,825,601	21,126,831

30. 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 do 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 and the Company's (loss)/profit before tax by RM362,518 and RM248,256 (2022: RM366,589 and RM211,268) respectively, 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.

30. 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					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group										
2023										
Financial liabilities										
Term loans	–	–	–	–	–	(7,601,580)	–	(7,601,580)	(7,601,580)	(8,453,545)
Lease liabilities	–	–	–	–	–	(3,074,278)	–	(3,074,278)	(3,074,278)	(3,257,820)
	–	–	–	–	–	(10,675,858)	–	(10,675,858)	(10,675,858)	(11,711,365)
2022										
Financial liabilities										
Term loans	–	–	–	–	–	(4,154,944)	–	(4,154,944)	(4,154,944)	(4,191,986)
Lease liabilities	–	–	–	–	–	(3,815,788)	–	(3,815,788)	(3,815,788)	(3,904,121)
	–	–	–	–	–	(7,970,732)	–	(7,970,732)	(7,970,732)	(8,096,107)

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) 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).

<u>Non-derivative financial instruments</u>

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.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

31. 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.

31. CAPITAL MANAGEMENT (CONT'D)

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:

	Group	
	2023	**2022**
	RM	**RM**
Loans and borrowings (Note 16)	36,251,807	36,658,906
Lease liabilities (Note 17)	4,928,595	5,944,169
Less: Deposits, bank and cash balances (Note 13)	(22,651,416)	(20,405,480)
Net debts	18,528,986	22,197,595
Total equity	146,902,453	141,250,875
Gearing ratio (times)	0.13	0.16

There were no changes in the Group's approach to capital management during the financial year.

32. CAPITAL COMMITMENT

As of the end of the reporting period, the Group has capital commitment in respect of acquisition of right-of-use assets as follow:

	Group	
	2023	**2022**
	RM	**RM**
Contract but not provided for:		
Construction of factory and office building	289,816	7,477,931

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.

33. SHARE-BASED PAYMENTS (CONT'D)

Salient features of the ESOS are as follows: (Cont'd)

(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.

(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	At 1 January	Number of options Granted	Lapsed	At 31 December
Group					
2023					
Grant I	0.49	400,000	–	(400,000)	–
Grant II	0.68	3,600,000	–	(3,600,000)	–
2022					
Grant I	0.49	400,000	–	–	400,000
Grant II	0.68	3,600,000	–	–	3,600,000

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

33. SHARE-BASED PAYMENTS (CONT'D)

Options granted pursuant to ESOS during the financial period, which are vested and exercisable over a period of 5 years, are as follows: (Cont'd)

Fair value of share option granted during the prior financial period/year

Fair value of the share options granted during the prior financial period/year 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%

	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 INFORMATION

Certain comparatives were restated to conform with current financial year's presentation.

The effects arising from prior year adjustment is the Group and the Company has retrospectively adjusted for share capital and share-based payment reserve as a result of ESOS exercised during the financial year ended 31 December 2021.

Impact on financial statements of the Group and of the Company for the financial year ended 31 December 2022 are set out as follows:

	As previously stated RM	**Adjustments RM**	**As restated RM**
Group			
Statements of Financial Position			
2022			
Share capital	125,325,602	647,090	125,972,692
Reserves	15,575,719	(647,090)	14,928,629
Company			
Statements of Financial Position			
2022			
Share capital	125,325,602	647,090	125,972,692
Reserves	(26,057,460)	(647,090)	(26,704,550)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. COMPARATIVE INFORMATION (CONT'D)

Impact on financial statements of the Group and of the Company for the financial year ended 31 December 2022 are set out as follows: (Cont'd)

	As previously stated RM	Adjustments RM	As restated RM
Group and Company			
Statements of Changes in Equity			
1 January 2022			
Share capital	109,971,602	647,090	110,618,692
Share-based payment reserve	1,440,170	(647,090)	793,080
31 December 2022			
Share capital	125,325,602	647,090	125,972,692
Share-based payment reserve	1,440,170	(647,090)	793,080

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 23 April 2024.

LIST OF MATERIAL PROPERTIES
AS AT 31 DECEMBER 2023

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 and single storey warehouse	16,657 square metres	Office with plastic manufacturing facilities	60 years leasehold expiring in 12-10-2068 / 14 years	26,336	31/12/2022
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 / 17 years	12,500	31/12/2022
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 three-storey office block	10,056 square metres	Office with furniture manufacturing facilities	99 years leasehold expiring in 29-12-2094 / 25 years	7,153	30/12/2022
Lot 1789, GM1142, Mukim of Sungai Raya, District of Muar, Johor.	Industrial land with double-storey office and single storey factory	19,391 square metres	Office with furniture manufacturing facilities	Freehold / 16 years	6,567	30/12/2022
No. 1028, Lengkok Perindustrian Bukit Minyak 1, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang.	Industrial land with double-storey office and single storey warehouse	4,088 square metres	Office with plastic manufacturing facilities	60 years leasehold expiring in 12-10-2068 / 14 years	6,261	31/12/2022
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 / 19 years	5,380	30/12/2022
Lot 8800, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with double-storey office and single storey factory	8,217 square metres	Office with furniture manufacturing facilities	99 years leasehold expiring in 29-12-2094 / 19 years	5,590	30/12/2022

LIST OF MATERIAL PROPERTIES (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 with double storey office and single storey warehouse	6,674 square metres	Construction in progress	60 years leasehold expiring in 11-08-2076 / 0 years	11,554	31/12/2022
PTD 5960, HS (D) 35568, Mukim Parit Jawa, Daerah Muar, Johor	Industrial land	13,046 square metres	Vacant	Freehold / N/A	3,511	30/12/2022
No 18, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor.	Double storey terrace warehouse with office	991 square metres	Rented	Freehold / 28 years	1,900	30/12/2022
Lot 8792, Batu 8, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Bukit Bakri, 84200 Muar, Johor.	Industrial land with single storey factory	2,321 square metres	Furniture manufacturing facilities	99 years Leasehold expiring in 29-12-2094 / 18 years	1,625	30/12/2022

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024

SHARE CAPITAL

TOTAL NUMBER OF ISSUED SHARES	:	302,278,160 ordinary shares
CLASS OF SHARES	:	Ordinary Share
VOTING RIGHTS	:	One vote per Ordinary Share
NUMBER OF SHAREHOLDERS	:	2,293

DISTRIBUTION OF SHAREHOLDINGS BASED ON THE RECORD OF DEPOSITORS AS AT 1 APRIL 2024

SIZE OF HOLDING	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	80	3.49	2,838	0.00
100 - 1,000	152	6.63	75,145	0.02
1,001 - 10,000	1,063	46.36	5,349,905	1.77
10,001 - 100,000	795	34.67	28,673,496	9.49
100,001 - LESS THAN 5% OF ISSUED SHARES	202	8.81	185,236,776	61.28
5% AND ABOVE OF ISSUED SHARES	1	0.04	82,940,000	27.44
TOTAL :	**2,293**	**100.00**	**302,278,160**	**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 DIRECT	%	NO. OF SHARES HELD INDIRECT	%
1	TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	15,173,525	5.02	2,987,988 (1)	0.99
2	DATO' TEOH HAN CHUAN	11,125,000	3.68	1,536,250 (2)	0.51
3	DATO' CHUA HEOK WEE	2,181,856	0.72	82,940,000 (3)	27.44
4	CHUA KANG SING	–	–	82,940,000 (3)	27.44
5	DATO' SIMON TOH BOON WAN	3,428,100	1.13	3,590,500 (4)	1.19
6	KOAY HOOI LYNN	–	–	–	–
7	LIU TIAN KHIEW	–	–	–	–
8	ONG PENG TENG –	–	–	–	

Remark:-
(1) Deemed interest by virtue of shares held through his son and daughter.
(2) Deemed interest by virtue of shares held through his spouse and son.
(3) Deemed interest by virtue of shares held through Muar Ban Lee Group Berhad.
(4) Deemed interest by virtue of shares held through Tiger Mark Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS (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 DIRECT	%	NO. OF SHARES HELD INDIRECT	%
1	DATO' CHUA HEOK WEE	2,181,856	0.72	82,940,000 (1)	27.44
2	MUAR BAN LEE GROUP BERHAD	82,940,000	27.44	–	–
3	CHUA KANG SING	–	–	82,940,000 (1)	27.44
4	TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	15,173,525	5.02	2,987,988 (2)	0.99
5	PUAN SRI DATIN CHAN MEI CHENG	–	–	18,161,513 (3)	6.01

Note:
(1) Deemed interest by virtue of shares held through Muar Ban Lee Group Berhad.
(2) Deemed interest by virtue of shares held through his son and daughter.
(3) Deemed interest by virtue of shares held through her husband, son and daughter.

30 LARGEST SECURITIES ACCOUNTS HOLDERS

(Based on Record of Depository as at 1 April 2024)

NO.	SHAREHOLDERS	NO. OF SHARES	%
1	MUAR BAN LEE GROUP BERHAD	82,940,000	27.438
2	DATO' SERI MR. SERM JUTHAMONGKHON	10,508,375	3.476
3	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR DATO' TEOH HAN CHUAN (SMART)	9,825,000	3.250
4	VIP SERVICE SUITE SDN BHD	8,145,406	2.695
5	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	6,827,300	2.259
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI (6000117)	6,823,750	2.257
7	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH EE HENG	5,983,000	1.979
8	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KAH HOE	5,775,000	1.910
9	CHAN HONG JI	5,319,475	1.760
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	5,128,878	1.697

30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)
(Based on Record of Depository as at 1 April 2024)

NO.	SHAREHOLDERS	NO. OF SHARES	%
11	NEO TIAM HOCK	4,029,656	1.333
12	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMED FAROZ BIN MOHAMED JAKEL	4,010,000	1.327
13	TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI	3,831,500	1.268
14	BO ENG CHEE	3,710,000	1.227
15	TIGER MARK SDN. BHD.	3,590,500	1.188
16	DATO' SIMON TOH BOON WAN	3,428,100	1.134
17	TAN SOON PING	3,375,000	1.117
18	HENG SEW HUA	3,250,000	1.075
19	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	1.027
20	DESMOND TOH BOON KHIAN	2,735,000	0.905
21	LOH KAH HOCK	2,657,700	0.879
22	HENG LIH JIUN	2,352,000	0.778
23	CH'NG TEIK HOCK	2,200,600	0.728
24	DATO' CHUA HEOK WEE	2,181,856	0.722
25	AWAN TRAVEL SDN. BHD.	2,030,100	0.672
26	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DR LOH YEE FEEI	2,022,000	0.669
27	TEH KHEE SOK	1,875,000	0.620
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG WEE SIAN (7005662)	1,820,000	0.602
29	TAN MUI ING	1,820,000	0.602
30	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIA CHEE HUAT (MY4644)	1,541,200	0.510

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth (24th) Annual General Meeting ("AGM") of SWS Capital Berhad ("SWSCAP" or the "Company") will be held on a virtual basis and entirely via Remote Participation and Voting (RPV) facilities at https://sws-online.digerati.com.my (Domain registration number D1A119533) provided by Digerati Technologies Sdn Bhd in Malaysia on Tuesday, 21 May 2024 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 2023 together with the Reports of the Directors and Auditors thereon.	***Please refer to Explanatory Note 1***
2.	To approve the payment of Directors' fees and other benefits of up to RM396,000 for the period commencing from the conclusion of the 24th AGM of the Company until the conclusion of the next AGM of the Company in the year 2025.	***Ordinary Resolution 1***
3.	To approve and ratify the additional payment of Directors' Fees and monthly allowance amounting to RM118,700, which was in excess of the earlier approved amount of RM285,600 for the period commencing from 22 May 2023 until the conclusion of 24th AGM of the Company.	***Ordinary Resolution 2***
4.	To re-elect Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai who retires pursuant to Clause 21.5(a) of the Company's Constitution and is eligible, has offered himself for re-election.	***Ordinary Resolution 3***
5.	To re-elect the following retiring Directors who retire pursuant to Clause 22.1 of the Company's Constitution and are eligible, have offered themselves for re-election: -	
	(i) Dato' Chua Heok Wee	***Ordinary Resolution 4***
	(ii) Chua Kang Sing	***Ordinary Resolution 5***
	(iii) Koay Hooi Lynn	***Ordinary Resolution 6***
	(iv) Dato Simon Toh Boon Wan	***Ordinary Resolution 7***
	(v) Liu Tian Khiew	***Ordinary Resolution 8***
	(vi) Ong Peng Teng	***Ordinary Resolution 9***
6.	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 10***

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

As Special Business:

To consider and, if thought fit, to pass the following resolutions:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** ***Ordinary Resolution 11***

   "THAT approval be and is hereby given to waive the statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 (**"the Act"**) read together with Clause 7.1 and Clause 15.2 of the Company's Constitution.

   THAT pursuant to Sections 75 and 76 of the Act 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 total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad ("Bursa Securities") allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Securities for the listing and quotation of the additional shares so issued

   AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company."

8. 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 (LS0010621/ SSM PC No. 201908002254)
Company Secretaries

Dated: 26 April 2024

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, Aldpro Corporate Services Sdn. Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur or email to admin@aldpro.com.my 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.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Notes:(Cont'd)

5. The instrument appoint a proxy shall be in writing under the 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 the 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 **13 May 2024** 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.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

1. Audited Financial Statements for the Financial Year Ended 31 December 2023

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 other benefits payable to Non-Executive Directors.

The total estimated monthly allowances payable are calculated based on the estimated number of scheduled Board and Board Committees' meetings for the period from the conclusion of the 24th AGM until the next AGM of the Company in the year 2025.

This resolution is to facilitate payment of Directors' fees and other benefits payable to Non-Executive Directors on a 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. Ordinary Resolution 2 - Additional Payment of Directors' Fees and other benefits payable

At the 23rd AGM of the Company held on 22 May 2023, the shareholders of the Company had approved RM285,600.00 as total Directors' Fees and monthly allowance payable to the Non-Executive Directors of the Company for the period commencing from 22 May 2023 up to the next AGM of the Company.

The total Directors' Fees and monthly allowance incurred amounted to RM404,300. The request for the additional amount of RM118,700 in excess of RM285,600 is required due to the Company incurred additional Directors' Fees and monthly allowance resulting from the additional directors appointed during the financial year.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS: (CONT'D)

4. Ordinary Resolution 3- Re-election of Director pursuant to Clause 21.5(a) of the Company's Constitution

Clause 21.5(a) of the Company's Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company where 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 PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai is standing for re-election standing for re-election as a Director of the Company and being eligible, has offered himself for re-election.

To determine the eligibility of the Directors to stand for re-election at the 24th AGM, the Nomination and Remuneration Committee ("NRC") has considered and recommended Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai for re-election as Director according to Clause 21.5(a) of the Company's Constitution.

5. Ordinary Resolutions 4 to 9 - Re-election of Director pursuant to Clause 22.1 of the Company's Constitution

Clause 22.1 of the Company's Constitution states that The Directors shall have power at any time and from time to time to appoint any person as Director, either to fill a casual vacancy or as an addition to the existing Board, but the total number of Directors shall not at any time exceed the number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

During the FYE 2023, the Company has appointed the following new Directors:

No.	Name of Director	Date of appointment
1.	Dato' Chua Heok Wee	25.08.2023
2.	Chua Kang Sing	25.08.2023
3.	Koay Hooi Lynn	01.09.2023
4.	Dato Simon Toh Boon Wan	01.09.2023
5.	Liu Tian Khiew	15.09.2023
6.	Ong Peng Teng	15.09.2023

Collectively known as "Retiring Directors".

To determine the eligibility of the Directors to stand for re-election under Clause 22.1 of the Company's Constitution at the forthcoming 24th AGM. The NRC has considered and recommended the Retiring Directors are standing for re-election as Directors of the Company under Clause 22.1 of the Company's Constitution in view of their appointment as Directors of the Company on 25 August 2023, 1 September 2023 and 15 September 2023 respectively and being eligible, have offered themselves for re-election.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS: (CONT'D)

6. Ordinary Resolution 11: Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 11, if passed, will empower the Directors of the Company to allot and issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the total number of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM 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.

On 15 November 2023, 27,200,000 new ordinary shares in the Company were issued at an issue price of RM0.265 per ordinary share and raised total proceeds of approximately RM7,208,000.00 pursuant to the General Mandate granted to the Directors at the 23rd Annual General Meeting held on 22 May 2023 and which will lapse at the conclusion of the 24th Annual General Meeting.

(Please refer to Additional Compliance Information in respect of the total proceeds raised from the private placement and the status of the utilization of proceeds.)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(According to Paragraph 8.27(2) of MMLR of Bursa Securities)

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 standing for election as a Director, save for the above Directors who are standing for re-election at the forthcoming 24th AGM of the Company.

2. The detailed information relating to the general mandate for the issue of securities under Paragraph 6.03(3) of the MMLR of Bursa Securities is set out under Explanatory Notes on Special Business for Ordinary Resolution 11 of the Notice of the 24th AGM of the Company.

TWENTY-FOURTH (24TH) ANNUAL GENERAL MEETING ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

Date	:	Tuesday, 21 May 2024
Time	:	10:00 a.m. or at any adjournment thereof
Online Meeting Platform	:	https://sws-online.digerati.com.my (Domain registration number D1A119533)

MODE OF MEETING

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 24th Annual General Meeting ("**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 Remote Participation and Voting facilities ("**RPV**"), provided by Digerati Technologies Sdn Bhd ("**DIGERATI**") at https://sws-online.digerati.com.my (Domain registration number D1A119533)

PROCEDURES FOR RPV

Members/proxies/corporate representatives/attorneys who wish to participate the 24th AGM remotely using RPV must follow the following procedures:-

Step	Action	Procedure
A	To register as an user using the website: https://sws-online.digerati.com.my	• Click 'Register' to sign up as new user. • Upload your identity documents. • Complete & submit your registration. • Verify your email at your mailbox to complete the registration. • You will be notified upon successful or rejected registration. • You may pose your question, if any, to the Chairman/ Board using the website. • Within three (3) days before the AGM, you will be notified with login credentials to join the meeting upon approval. • Please check your spam mailbox if you do not receive emails from us. • Registered user and proxy may skip this step. • Identity documents will be deleted after registration.

TWENTY-FOURTH (24TH) ANNUAL GENERAL MEETING ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D)

PROCEDURES FOR RPV (CONT'D)

Members/proxies/corporate representatives/attorneys who wish to participate the 24th AGM remotely using RPV must follow the following procedures:- (Cont'd)

Step	Action	Procedure
B	To appoint proxy or corporate representative at website (optional)	• Login your registered account at website. • Select "**SWSCAP 24TH AGM**". • Fill up the information to appoint proxy(s). • Closing time for appointment is 48 hours prior to the meeting. No request will be entertained after closing time. • Within 3 days before the AGM, you and your proxy(s) will be notified upon approval or rejection of RPV.
C	On the day of AGM	• Access the meeting through the link on the website or received in the email. • If you have any questions for the Chairman/Board, utilize the Q&A section to submit your questions. • Submit your vote within a specified period once the Chairman announces that the voting is open. • Voting will close upon the expiry of the voting period. • The broadcast will terminate upon the Chairman's announcement of the poll results.

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 13 May 2024. Only a depositor whose name appears on the **Record of Depositors as at 13 May 2024** 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.

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's office, Aldpro Corporate Services Sdn. Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan or email to admin@aldpro.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting i.e. not later than **Sunday, 19 May 2024 at 10:00 a.m.**

TWENTY-FOURTH (24TH) ANNUAL GENERAL MEETING ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D)

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 24th AGM.

NO RECORDING OR PHOTOGRAPHY

Please note that no recording or photography of the 24th AGM proceedings is allowed.

ENQUIRY

If you have any enquiry or require any assistance before or during the 24th AGM, please contact the following officers during office hours, 8.30 a.m. to 5.30 p.m. (Monday to Friday).

For registration, logging in and system related:

Digerati Technologies Sdn Bhd
Telephone : +6011-6338 8316
Email : support@digerati.com.my

For Proxy and other matters:

Aldpro Corporate Services Sdn. Bhd.
B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur, Wilayah Persekutuan

Tel : +603-9770 2200
Fax : +603-2201 7774
Email : admin@aldpro.com.my
Name : Ms. Wong Fui Sin / Ms. Christine Cheng

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SWS Capital Berhad

(Registration No. 199901027346 (502246-P))
(Incorporated in Malaysia)

No. of Shares held	
CDS Account No.	

PROXY FORM

I/We, ... (NRIC/Company No.) ....
(Full Name in Block Letters)

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-Fourth (24th) Annual General Meeting ("AGM") of the Company will be held on a virtual basis and entirely via Remote Participation and Voting (RPV) facilities at https://sws-online.digerati.com.my (Domain registration number D1A119533) provided by Digerati Technologies Sdn Bhd in Malaysia on Tuesday, 21 May 2024 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 other benefits of up to RM396,000 for the period commencing from the conclusion of the 24th AGM of the Company until the conclusion of the next AGM of the Company in the year 2025.	Ordinary Resolution 1		
2.	To approve and ratify the additional payment of Directors' Fees and monthly allowance amounting to RM118,700, which was in excess of the earlier approved amount of RM285,600 for the period commencing from 22 May 2023 until the conclusion of 24th AGM of the Company.	Ordinary Resolution 2		
3.	To re-elect Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai as Director of the Company.	Ordinary Resolution 3		
4.	To re-elect Dato' Chua Heok Wee as Director of the Company.	Ordinary Resolution 4		
5.	To re-elect Chua Kang Sing as Director of the Company.	Ordinary Resolution 5		
6.	To re-elect Koay Hooi Lynn as Director of the Company.	Ordinary Resolution 6		
7.	To re-elect Dato Simon Toh Boon Wan as Director of the Company.	Ordinary Resolution 7		
8.	To re-elect Liu Tian Khiew as Director of the Company.	Ordinary Resolution 8		
9.	To re-elect Ong Peng Teng as Director of the Company.	Ordinary Resolution 9		
10	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 10		
As Special Business:				
11.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary Resolution 11		

(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 __________________________, 2024.

____
Signature
(If shareholder is a corporation, this form should be executed under seal)

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, Aldpro Corporate Services Sdn. Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur or email to admin@aldpro.com.my 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 the 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 the 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 **13 May 2024** 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)]
Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B,
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur, W.P. Kuala Lumpur

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Fold This Flap For Sealing

SWS CAPITAL BERHAD
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+06-986 5236

+60-986 5239

info@swscap.com

www.swscap.com

PTD 6001, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri,
Batu 8, 84200 Muar, Johor.