

SWS CAPITAL BERHAD
[Registration No. 199901027346 (502246-P)]
(Incorporated in Malaysia)

MINUTES OF THE TWENTY-THIRD (23rd) ANNUAL GENERAL MEETING (“AGM”) OF SWS CAPITAL BERHAD (“SWSCAP” OR “THE COMPANY”) CONDUCTED AT ONLINE MEETING PLATFORM OPERATED BY DIGERATI TECHNOLOGIES SDN BHD IN MALAYSIA VIA THE LINK AT [HTTPS://AGM.DIGERATI.COM.MY/SWS-ONLINE](https://agm.digerati.com.my/sws-online). ON MONDAY, 22 MAY 2023, AT 2.00 P.M.

DIRECTORS

Tan Sri Dato’ Seri Dr. Tan King Tai @ Tan Khoon Hai – Non-Independent Non-Executive Chairman
Mr Teoh Han Chuan – Managing Director
Dr Loh Yee Feei – Executive Director / Chief Operating Officer
Mr Teh Li King – Executive Director
Mr Chen Thien Yin – Independent Non-Executive Director
Ms Khor Hun Nee – Independent Non-Executive Director
Ms Sharon Ng Saw Ean – Independent Non-Executive Director

IN ATTENDANCE :

1. Ms. Heidi Thien Lee Mee (Company Secretary)
2. Mr. Lee Chaw Hsien (Chief Financial Officer)

MEMBERS : As per Attendance List

PROXY HOLDERS : As per Attendance List

INVITEES/OTHERS : As per Attendance List

1. CHAIRMAN

Tan Sri Dato’ Seri Dr. Tan King Tai @ Tan Khoon Hai (“Tan Sri Chairman”) was in the Chair and welcomed all present to the Twenty-Third (23rd) Annual General Meeting of the Company.

Tan Sri Chairman informed the shareholders that the 23rd AGM held in a fully virtual manner which is in line with the latest Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia dated 18 April 2020 and latest revised on 7 April 2022 where all members of the Board of Directors, Senior Management and the Chairman were joined the AGM remotely via video conference from respective locations.

Tan Sri Chairman then proceeded to introduce the Directors and Company Secretary of the Company to the shareholders who joined from their respective locations.

2. QUORUM

Tan Sri Chairman called upon the Company Secretary, Ms Heidi Thien Lee Mee to confirm the presence of the requisite quorum as at the commencement of this meeting.

The requisite quorum being present, Tan Sri Chairman called the Meeting to order at 2:00 p.m.

3. NOTICE OF MEETING

The Notice convening the Meeting, having been circulated within the prescribed period with the permission of the Meeting be taken as read.

4. PRELIMINARY

Tan Sri Chairman informed the Meeting that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company must appoint at least one (1) scrutineer to validate the votes cast at the general meeting. Such scrutineer must not be an officer of the Company or its related corporation and must be independent of the person undertaking the polling process.

Tan Sri Chairman further informed the Meeting that Digerati Technologies Sdn. Bhd. has been appointed as Poll Administrator to conduct the polling process and Baker Tilly MH (Penang) Sdn. Bhd. was appointed as Scrutineer to verify the poll results.

Tan Sri Chairman informed that the poll voting process for all the resolutions set out in the Notice of the Meeting would be carried out after the discussions of all Agenda items of the Meeting.

Tan Sri Chairman announced that the online remote voting was accessible by the shareholders from the start of the proceedings until the time to be announced by Tan Sri Chairman later.

Tan Sri Chairman then invited the shareholders to submit their questions via the query box. Tan Sri Chairman informed that questions which were similar in nature would be grouped and answered together during the Questions and Answers ("Q&A") session held after deliberations on all items on the agenda set out in the Notice of the Meeting.

The Meeting was then briefed on the electronic and remote poll voting process via video presentation.

5. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Meeting was informed that the first item on the agenda was to receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2022, together with the Reports of the Directors and Auditors thereon ("Audited Financial Statements").

Pursuant to Section 340(1)(a) of the Companies Act, 2016, the Audited Financial Statements do not require the formal approval of the shareholders and hence, this Agenda item was not put forward for voting and any questions on the Audited Financial Statements would be posted at the Q&A session later.

Tan Sri Chairman informed that the Company has received a letter from the Minority Shareholders Watch Group ("MSWG") on 10 May 2023 with a total of 6 questions raised by

them and the responses to the questions raised would be presented at the Q&A session later.

It was then declared that the Audited Financial Statements be received.

**6. ORDINARY RESOLUTION 1
APPROVAL AND RATIFICATION OF THE ADDITIONAL PAYMENT OF DIRECTORS' FEES AND MONTHLY ALLOWANCE AMOUNTING TO RM31,900 WHICH WAS IN EXCESS OF THE EARLIER APPROVED AMOUNT OF RM260,000 FOR THE PERIOD COMMENCING FROM 28 MAY 2023 UNTIL THE CONCLUSION OF THE 23rd AGM OF THE COMPANY**

The Meeting was informed that Ordinary Resolution 1 was to approve the payment of Directors' fees and monthly allowances amounting to RM31,900 which was in excess of the earlier approved amount of RM260,000 for the period commencing from 28 May 2023 until the conclusion of the 23rd AGM of the Company.

**7. ORDINARY RESOLUTION 2
APPROVAL THE PAYMENT OF DIRECTORS' FEES AND OTHER BENEFITS OF UP TO RM285,600 FOR THE PERIOD COMMENCING FROM THE CONCLUSION OF THE 23RD AGM OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT AGM OF THE COMPANY IN THE YEAR 2024**

The Meeting was informed that Ordinary Resolution 2 was to approve the payment of Directors fees and other benefits of up to RM285,600 for the period commencing from the conclusion of the 23rd AGM of the Company until the conclusion of the next AGM of the Company in the year 2024.

**8. ORDINARY RESOLUTION 3
RE-ELECTION OF TAN SRI DATO' SERI TAN KING TAI @ TAN KHOON HAI WHO RETIRED PURSUANT TO BY ROTATION CLAUSE 21.5(A) OF THE COMPANY'S CONSTITUTION**

The Managing Director, Mr Teoh Han Chuan ("Mr Teoh") took over the chairmanship from Tan Sri Chairman to chair the Ordinary Resolution 3 pertaining to the re-election of Tan Sri Chairman, Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai, who retires by rotation pursuant to the Company's Constitution.

The Meeting was informed that pursuant to Clause 21.5(a) of the Company's Constitution, Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai, who was retiring as Director of the Company and being eligible, had offered himself for re-election.

Mr Teoh handed over the chairmanship to Tan Sri Chairman to chair the next item of the agenda.

**9. ORDINARY RESOLUTION 4
RE-ELECTION OF MR TEOH HAN CHUAN WHO RETIRED BY ROTATION PURSUANT
TO CLAUSE 21.5(A) OF THE COMPANY'S CONSTITUTION**

The Meeting was informed that Ordinary Resolution 4 was to re-elect the retiring Director, Mr Teoh Han Chuan, who retired by rotation pursuant to Clause 21.5(a) of the Company's Constitution and being eligible, had offered himself for re-election.

**10. ORDINARY RESOLUTION 5
RE-ELECTION OF MS SHARON NG SAW EAN WHO RETIRED PURSUANT TO
CLAUSE 21.5(C) OF THE COMPANY'S CONSTITUTION**

The Meeting was informed that Ordinary Resolution 5 was to re-elect the retiring Director, Ms Sharon Ng Saw Ean, who retired pursuant to Clause 21.5(c) of the Company's Constitution and being eligible, had offered himself for re-election.

**11. ORDINARY RESOLUTION 6
RE-ELECTION OF MS KHOR HUN NEE WHO RETIRED PURSUANT TO CLAUSE
21.5(C) OF THE COMPANY'S CONSTITUTION**

The Meeting was informed that Ordinary Resolution 6 was to re-elect the retiring Director, Ms Khor Hun Nee, who retired pursuant to Clause 21.5(c) of the Company's Constitution and being eligible, had offered himself for re-election.

**12. ORDINARY RESOLUTION 7
RE-APPOINTMENT OF MESSRS. UHY AS AUDITORS OF THE COMPANY FOR THE
ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR
REMUNERATION**

The Meeting was informed that Ordinary Resolution 7 was to re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

The Meeting was informed that Messrs. UHY have indicated their willingness to continue in office as Auditors of the Company.

**13. SPECIAL BUSINESS - ORDINARY RESOLUTION 8
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76
OF THE COMPANIES ACT, 2016**

The Meeting was informed that the next item on the agenda was a special business for the approval of Ordinary Resolution 8 in respect of the Authority to issue and allot shares pursuant to Sections 75 & 76 of the Companies Act, 2016.

Tan Sri Chairman further explained that the Proposed Ordinary Resolution 8 would give the Directors flexibility to allot and issue shares from time to time for such purposes as the Directors in their absolute discretion consider to be in the best interest of the Company, without having to convene separate general meetings, subject to the limitation that the shares to be allotted and issued do not exceed 10% of the issued share capital of the Company for the time being.

This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

**14. SPECIAL BUSINESS - ORDINARY RESOLUTION 9
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING
NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

The Executive Director / Chief Operating Officer, Dr Loh Yee Fei ("Dr Loh") took over the chairmanship from Tan Sri Chairman to chair the Ordinary Resolution 9 pertaining to the Proposed Renewal of Shareholders' Mandate.

The Meeting was informed that Ordinary Resolution 9 was under special business to seek the shareholders' approval on the Proposed Renewal of Shareholders' Mandate. The details and rationale on the Proposed Renewal of Shareholders' Mandate were provided in the Circular to Shareholders dated 27 April 2023, which have been published on Bursa's website within the prescribed period.

The interest Directors, Tan Sri Chairman and Mr Teoh Han Chuan have abstained and would continue to abstain from all deliberations and voting in respect of their direct and/or indirect interest in the Company on the Proposed Renewal of Shareholders' Mandate.

Dr Loh handed over the chairmanship to Tan Sri Chairman to chair the remaining item of the Agenda of the AGM.

15. Q&A SESSION

As highlighted earlier, Tan Sri Chairman informed the Meeting that MSWG's questions and answers together with the Company's response thereto were then presented to the shareholders, as follows:

Operational & Financial Matters

1) Question

In FY2022, the Group's furniture division reported a pre-tax loss of RM2.4 million, compared to a pre-tax profit of RM2.0 million in FY2021. However, in FY2021, the furniture division benefited from a one-off gain of RM3.1 million from the disposal of land. On the other hand, the plastic wares division demonstrated remarkable growth in pre-tax profit, increasing by more than two-fold from RM3.1 million in FY2021 to RM7.3 million in FY2022 (page 17 of AR2022).

Despite facing similar challenges and headwinds in the furniture industry, some of SWS's furniture manufacturing peers listed on Bursa Malaysia remained profitable. While these peers may have the advantage of operating on a larger scale or volume, what specific areas could SWS be lacking in that resulted in its furniture division losses, and how can SWS address these areas to compete more effectively in the market?

How does the Group anticipate the plastic wares division to perform in the current financial year of 2023, and what specific strategies are in place to achieve this expected performance?

Given the success and growth of the plastic wares division and the challenging outlook faced by the furniture division, what are the reasons for continuing the furniture business, which has been consistently loss-making since 2017 (excluding extraordinary gains)? Would it be more beneficial to phase out the furniture business and allocate more resources to the plastic wares division to enhance shareholder value. Does the furniture business provide any strategic value or competitive advantage to SWS?

Answer to Question 1

- a) ***The Group's furniture division incurred losses in FY 2022 mainly due to the limited product range and customer base, which are currently focused on the US and European markets. The management is actively engaged in developing new designs targeted at the Middle East and Asia.***
- b) ***The Group anticipate a 5% improvement in the plastic wares division's performance in FY 2023. To achieve this, the Group is pursuing several strategies, including exploring new markets and recovering lost export customers. Additionally, the Group plans to introduce a new range of affordably priced products and launch targeted marketing campaigns to promote them.***
- c) ***The management's decision to continue operating the furniture division is based on the potential opportunities for growth, market demand, and profitability. They justify this decision by considering the downturn in export demand as temporary and expressing confidence in the division's ability to recover. Furthermore, the furniture division benefits from longstanding customer relationships, which provide a solid foundation for future success. Additionally, the Group has implemented plans and strategies for cross-selling and sharing resources, which are expected to enhance overall profitability across divisions.***

2) **Question**

The Group aims to enhance operation efficiency and capacity by investing in technology and machinery, which may include implementing advanced equipment and processes to reduce waste and increase output. Staying ahead in technology is vital to stay competitive and reduce dependency on labour-intensive production practices (page 23 of AR2022).

- a) Over the past five years, how much has the Group invested in technology and machinery and what was the cost savings as a result? How much has the Group reduced its labour dependency?
- b) What is the current total number of workers (local and foreign) under the Group? What would be the ideal workforce size for optimal production efficiency and capacity?

Answer to Question 2

Over the past five years, the Group has made investments totaling RM 22 million in technology and machinery, which includes the installation of a solar system to reduce electricity costs (resulting in a 20% cost saving at

plasticware production). The Group has also replaced obsolete machinery in both the plasticware and furniture divisions, leading to improved cycle times and a 5% increase in capacity for both divisions. At the plasticware division, the installation of robotic arms has resulted in a 10% reduction in direct labor. Similarly, the furniture division has benefited from the introduction of a new edging and drilling machine, which has minimized human errors and improved production quality. This has reduced the need for direct labor in re-work and finishing tasks.

The Group currently employs a total of 580 staff members, with 200 being local staff and 380 foreign staff. However, for optimal production efficiency and capacity, the ideal workforce size is 520 employees.

3) **Question**

The Group continuously invests substantial resources in research and development function that is dedicated to developing and designing new products (page 23 of AR2022).

- a) What is the annual budget or percentage of revenue that the Group designates for its research and development initiatives? How does the Group measure the effectiveness or return of investment (ROI) of its R&D investments?
- b) Can you provide specific examples of how the Group's investments in R&D have translated into successful new products in recent years?

Answer to Question 3

- a) *The Group allocated RM2 million annual budget for research and development. The cost of investment is mainly additional of mould of new products. The Group measure the effectiveness or return of investment (ROI) of its R&D investments by referring to the sales volume.*
- b) *The Group has allocated an annual budget of RM2 million for research and development, which primarily covers the cost of creating molds for new products. The effectiveness of these R&D investments is measured through the sales volume they generate, with return on investment (ROI) serving as a key metric. By tracking the sales volume of new products resulting from R&D investments, the Group can assess the effectiveness of its allocation of resources towards innovation and product development.*

4) **Question**

The Group recognises that in order to compete effectively in global markets, it needs to focus on product differentiation rather than solely relying on price differentiation based on low cost (page 14 of AR2022).

Please share some examples of product differentiation strategies that have been successfully implemented by the Group, particularly in the context of the furniture and plastic wares divisions.

Answer to Question 4

The Plasticware division specializes in offering customized colors and designs based on customers' specific requests. On the other hand, the R&D division within the furniture division has successfully incorporated a convertible function into their dining tables. This particular product has consistently been the top-selling item in the division for several years.

Corporate Governance Matters

5) Question

Practice 5.2 of the Malaysian Code of Corporate Governance (MCCG) stipulates that at least half of the board comprises independent directors. With only three independent directors out of a total of seven directors, SWS's board does not meet this requirement. What specific measures is the company taking to identify and appoint suitable candidates to meet this requirement?

Answer to Question 5

The Board of Directors ("BOD") is working towards complying with the MCCG practices within the stipulated timeframe and will look for suitable candidates to fill the BOD.

The Company will comply with Practice 5.2 in FYE 2023.

SWS's current board composition complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. SWS is of the view that the current size and composition of the Board is within a range that is appropriate and sufficient to ensure the Board Committees are structured properly to assist the Board in the execution of its duties and responsibilities.

However, the Company will progressively move toward the application of this practice.

6) Question

According to Practice 5.9 of the MCCG, the board should comprise at least 30% women directors. While SWS has two women directors out of a total of seven directors, equivalent to a 29% representation, it falls slightly short of the requirement. What specific actions has the Board taken or intends to take to ensure that it meets the 30% representation of women directors? Additionally, does the Board have a concrete plan to accomplish this objective within a reasonable timeframe of three years or less?

Answer to Question 6

The BOD is working towards complying with the MCCG practices within the stipulated timeframe and will look for suitable candidates to fill the BOD.

The Company will comply with Practice 5.9 in FYE 2023.

As stated in the Company's Corporate Governance Report 2022, the Company will progressively move towards the application of this practice and the target timeframe is within 2 years.

There being no other questions received during the Meeting, Tan Sri Chairman then declared that the Q&A session closed.

16. ANY OTHER BUSINESS

The Meeting was advised that there was no other business to be transacted at this Meeting of which due notice had been given.

17. ONLINE REMOTE VOTING PROCESS

After dealing with all items on the Agenda of the Notice, Tan Sri Chairman informed that the online remote voting session will be closed in 10 minutes and the Shareholders who have yet to cast their votes are advised to do so now.

After 10 minutes later, Tan Sri Chairman declared the voting session for the 23rd AGM closed and adjourned the 23rd AGM for approximately 20 minutes for the poll count and poll validation by the Poll Administrator and the Scrutineer, respectively.

18. ANNOUNCEMENT OF POLL RESULTS

Tan Sri Chairman then called the 23rd AGM to order at 2:34 p.m. for the declaration of the poll results. Tan Sri Chairman announced the poll results which had been duly validated by the Scrutineer.

The poll results were displayed on the screen as follows:

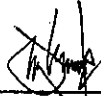
Resolution	Voted For		Voted Against		Results
	No of Shares	%	No of Shares	%	
Ordinary Resolution 1	67,835,637	99.9992	517	0.0008	Carried
Ordinary Resolution 2	67,835,652	99.9993	502	0.0007	Carried
Ordinary Resolution 3	67,835,654	99.9993	500	0.0007	Carried
Ordinary Resolution 4	67,835,654	99.9993	500	0.0007	Carried
Ordinary Resolution 5	67,835,654	99.9993	500	0.0007	Carried
Ordinary Resolution 6	67,835,654	99.9993	500	0.0007	Carried
Ordinary Resolution 7	67,836,154	100.0000	0	0.0000	Carried
Ordinary Resolution 8	67,805,637	99.9992	517	0.0008	Carried
Ordinary Resolution 9	59,876,952	99.9991	502	0.0008	Carried

Based on the above poll results, Tan Sri Chairman declared that Ordinary Resolutions 1 to 9 were all carried.

19. CLOSURE OF MEETING

There being no other business, Tan Sri Chairman declared the Meeting closed at 2:36 p.m.

CONFIRMED AS A CORRECT RECORD:



TAN SRI DATO' SERI DR. TAN KING TAI @ TAN KHOON HAI
CHAIRMAN OF THE MEETING

Dated: 22 May 2023