

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

The approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") in relation to the Proposed Private Placement (as defined herein) shall not be taken to indicate that Bursa Securities recommends them. Shareholders should rely on their own evaluation to assess the merits and risks of the Proposed Private Placement.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

SWS Capital Berhad

SWS CAPITAL BERHAD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED PRIVATE PLACEMENT OF UP TO 97,046,000 NEW ORDINARY SHARES
REPRESENTING APPROXIMATELY 46% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES
IN SWS CAPITAL BERHAD**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser and Placement Agent



M&A SECURITIES SDN BHD

Registration No.: 197301001503 (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") together with a copy of the Proxy Form is enclosed with this Circular. The details of the EGM which will be conducted on a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia ("**Digerati**") via its portal website at <https://agm.digerati.com.my/sws-online> (Domain Registration No. with MYNIC - D1A119533), are as follows:

Last date and time for lodging the Proxy Form : Wednesday, 28 July 2021 at 11.00 a.m.
Date and time of the EGM : Friday, 30 July 2021 at 11.00 a.m., or at any adjournment thereof

If you decide to appoint a proxy to attend and vote on your behalf at the EGM, the Proxy Form should be completed and lodged at our registered office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor or via email to admin.registrar@boardroom.com.my not less than forty-eight (48) hours before the time appointed for the EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting at the forthcoming EGM if you subsequently wish to do so.

This Circular is dated 14 July 2021

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Act”	: The Companies Act, 2016, as may be amended, supplemented or modified from time to time
“Board”	: Board of Directors of SWS
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
“Circular”	: This circular to shareholders dated 14 July 2021
“COVID-19”	: Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
“EGM”	: Extraordinary general meeting
“EPS”	: Earnings per share
“ESOS”	: Employees share option scheme
“ESOS Option(s)”	: Employees share option(s)
“FPE”	: Financial period ended
“FYE”	: Financial year ended/ending 31 December, where relevant
“GDP”	: Gross domestic product
“Indicative Issue Price”	: RM0.4545 per Share, being the indicative issue price for the Placement Shares used in this Circular for illustrative purposes
“Infobusiness” or “IMR”	: Infobusiness & Consulting Sdn Bhd (Registration No.: 199901024026 (498926-P))
“LAT”	: Loss after tax
“LBT”	: Loss before tax
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
“LPD”	: 17 June 2021, being the latest practicable date prior to the date of this Circular
“LPS”	: Loss per share
“Market Day(s)”	: Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities

DEFINITIONS (Cont'd)

"MCO"	:	Movement control order (including all versions and phases) issued by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"M&A Securities"	:	M&A Securities Sdn Bhd (Registration No.: 197301001503 (15017-H))
"NA"	:	Net assets
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"Placee(s)"	:	Independent third party investor(s)
"Placement Share(s)"	:	Up to 97,046,000 SWS Shares to be issued pursuant to the Proposed Private Placement
"Proposed Private Placement"	:	Proposed private placement of up to 97,046,000 SWS Shares to independent third party investor(s) to be identified later
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository
"RM and sen"	:	Ringgit Malaysia and sen, respectively
"SWS" or "Company"	:	SWS Capital Berhad [Registration No.: 199901027346 (502246-P)]
"SWS Group" or "Group"	:	SWS and its subsidiaries, collectively
"SWS Share(s)" or "Share(s)"	:	Ordinary share(s) in SWS
"5D-VWAMP"	:	5-day volume weighted average market price

For the purpose of this Circular, all references to a time of day shall be a reference to Malaysian time unless otherwise stated. In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and vice versa. References to persons shall, where applicable, include corporations.

Certain figures included in this Circular have been subject to rounding adjustments. References to "we", "us", "our" and "ourselves" are to our Company save where the context otherwise requires, our subsidiaries and to "you" or "your" are to the shareholders of the Company.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

DEFINITIONS (Cont'd)

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION REGARDING THE PROPOSED PRIVATE PLACEMENT. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR, INCLUDING THE APPENDIX, BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM.

Key information	Description	Reference to Circular										
Summary	<p>: The Proposed Private Placement entails the issuance of up to 97,046,000 Placement Shares, representing approximately 46% of the Company's existing issued Shares comprising 211,578,160 SWS Shares or 30% of its enlarged issued Shares comprising 323,486,685 SWS Shares as at the LPD, after taking into consideration the following:</p> <p>(i) assuming full exercise of the outstanding 91,171,801 warrant B at the exercise price of RM0.90 into 91,171,801 new SWS Shares;</p> <p>(ii) assuming full exercise of 3,600,000 outstanding ESOS Options at an exercise price of RM0.6800 into 3,600,000 new SWS Shares; and</p> <p>(iii) assuming full exercise of up to 17,136,724 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS into 17,136,724 new SWS Shares;</p>	Section 2										
Utilisation of proceeds	<p>: Based on the proposed placement size of 97,046,000 Placement Shares to be issued at the Indicative Issue Price which is RM0.4545 the Proposed Private Placement is expected to raise gross proceeds of RM44.11 million. The proceeds raised are expected to be utilised in the following manner:</p> <table><thead><tr><th>Details</th><th>RM'000</th></tr></thead><tbody><tr><td>Capital expenditure</td><td>12,450</td></tr><tr><td>Repayment of bank borrowings</td><td>30,427</td></tr><tr><td>Estimated expenses for the Proposed Private Placement</td><td>1,230</td></tr><tr><td>Total estimated proceeds</td><td>44,107</td></tr></tbody></table>	Details	RM'000	Capital expenditure	12,450	Repayment of bank borrowings	30,427	Estimated expenses for the Proposed Private Placement	1,230	Total estimated proceeds	44,107	Section 2.5
Details	RM'000											
Capital expenditure	12,450											
Repayment of bank borrowings	30,427											
Estimated expenses for the Proposed Private Placement	1,230											
Total estimated proceeds	44,107											
Rationale	<p>: The Proposed Private Placement will enable our Group to raise additional funds for the purposes as set out in Section 2.5 taking into consideration the following:</p> <p>(i) the Proposed Private Placement will enable our Group to raise funds expeditiously and in a more cost-effective manner as opposed to other fund-raising options;</p>	Section 3										

EXECUTIVE SUMMARY (Cont'd)

Key information	Description	Reference to Circular
	<ul style="list-style-type: none">(ii) the Proposed Private Placement is expected to strengthen the shareholders and capital base of our Group;(iii) the Proposed Private Placement will serve as additional source of funding for our Group without incurring interest expenses as compared to borrowings; and(iv) the Proposed Private Placement will improve the liquidity and financial flexibility of our Group by strengthening its financial position.	
Approvals required	<p>: The Proposed Private Placement is subject to the approvals being obtained from the following:</p> <ul style="list-style-type: none">(i) Bursa Securities, for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities which was obtained vide its letter dated 24 June 2021, and is subject to the conditions as stated in Section 1;(ii) shareholders of the Company at the forthcoming extraordinary general meeting to be convened for the Proposed Private Placement; and(iii) Any other relevant persons or authorities, if required. <p>The Proposed Private Placement is not conditional upon any other corporate proposals undertaken or to be undertaken by SWS.</p>	Section 6
Interests of Directors, major shareholders, chief executive and/or persons connected with them	None of the Directors, major shareholders, chief executive of SWS and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.	Section 8
Directors' Recommendation	<p>The Board, after having considered all aspects of the Proposed Private Placement (including, but not limited to the proposed utilisation of proceeds, rationale and the effects as set out in Sections 2.5, 3, and 5 of this Circular, respectively), is of the opinion that the Proposed Private Placement is in the best interest of our Group and our shareholders.</p> <p>Accordingly, the Board recommends that you vote in favour of the resolution in relation to the Proposed Private Placement to be tabled at the forthcoming EGM to be convened.</p>	Section 9

SWS Capital Berhad

SWS CAPITAL BERHAD

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

Registered office:

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor

14 July 2021

Board of Directors

Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai (*Non-Independent Non-Executive Chairman*)
Teoh Han Chuan (*Managing Director*)
Teh Li King (*Executive Director*)
Dr. Loh Yee Feei (*Executive Director/Chief Operating Officer*)
Tan Kok Tiam (*Independent Non-Executive Director*)
Chen Thien Yin (*Independent Non-Executive Director*)
Khoo Chee Siang (*Independent Non-Executive Director*)

To: The shareholders of SWS,

Dear Sir/Madam,

PROPOSED PRIVATE PLACEMENT

1. INTRODUCTION

On 6 May 2021, M&A Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Private Placement.

On 12 May 2021, M&A Securities had, on behalf of the Board, announced that the Board resolved to revise the issue price from a maximum 20% discount to a maximum 10% discount to the 5D-VWAMP of SWS Shares immediately preceding the price fixing date(s).

On 25 June 2021, M&A Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 24 June 2021 approved-in-principle to the listing of and quotation of the Placement Shares.

Bursa Securities' approval-in-principle is subject to the following conditions:

No.	Condition	Status of compliance
(i)	SWS and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement	To be complied

- (ii) SWS is required to furnish Bursa Securities with certified true copy of the resolution passed by the shareholders at the EGM approving the Proposed Private Placement To be complied
- (iii) SWS and M&A Securities are required to inform Bursa Securities upon completion of the Proposed Private Placement To be complied
- (iv) 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 To be complied
- (v) M&A Securities is required to furnish Bursa Securities with details of the places 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 new shares to be issued pursuant to the Proposed Private Placement To be complied

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS ON THE PROPOSED PRIVATE PLACEMENT, TO SET OUT THE BOARD'S OPINION AND RECOMMENDATION ON THE PROPOSED PRIVATE PLACEMENT AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement entails the issuance of up to 97,046,000 Placement Shares, representing approximately 46% of the Company's existing issued Shares comprising 211,578,160 SWS Shares or 30% of its enlarged issued Shares comprising 323,486,685 SWS Shares as at the LPD, after taking into consideration the following:

- (i) assuming full exercise of the outstanding 91,171,801 warrants ("**Warrant B**") at an exercise price of RM0.90 into 91,171,801 new SWS Shares;
- (ii) assuming full exercise of 3,600,000 outstanding ESOS Options ("**Existing ESOS Options**") at an exercise price of RM0.6800 into 3,600,000 new SWS Shares; and
- (iii) assuming full exercise of up to 17,136,724 ESOS Options ("**Balance ESOS Options**") which may be granted pursuant to the maximum allowable amount under the ESOS into 17,136,724 new SWS Shares;

For avoidance of doubt, the maximum number of new SWS Shares to be issued pursuant to the exercise of the ESOS Options shall not in aggregate exceed 15% of the total number of issued Shares of the Company (excluding treasury shares) at any point in time throughout the duration of the ESOS. This represents a total of 31,736,724 ESOS Options that may be granted and exercisable based on the total issued SWS Shares as at LPD. Up to LPD, 7,000,000 and 8,000,000 ESOS Options at an exercise price of RM0.4900 and RM0.6800, respectively, had been granted to eligible directors and employees of the Company of which 11,000,000 ESOS Options had been exercised.

Subject to the prevailing market conditions and depending on investors' interest at the point of implementation, the Proposed Private Placement may be implemented in a single or multiple tranche(s) within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities.

2.1. Basis of arriving at the issue price of the Placement Shares

The issue price of each tranche of the Placement Shares, where applicable, shall be determined separately and fixed by the Board at a later date after obtaining the relevant approvals for the Proposed Private Placement.

The Board will take into consideration amongst others, the prevailing market conditions and the provisions of Paragraph 6.04(a) of the Listing Requirements, in determining the issue price of the Placement Shares at a discount of not more than 10% to the 5D-VWAMP of SWS Shares immediately preceding the price fixing dates.

For illustrative purposes in this Circular, we have assumed the Placement Shares are issued at the Indicative Issue Price of RM0.4545 per Placement Share based on 10.00% discount to the 5D-VWAMP of SWS Shares up to and including the LPD of RM0.5050 per Share.

The mechanism to determine the issue price of each tranche of the Placement Shares shall be in accordance with market-based principles.

2.2. Placement arrangement

The Placement Shares will be placed to Placees where the Placees shall also be person(s) or party(ies) who/which qualify under Schedule 6 and Schedule 7 of the Capital Markets and Services Act 2007, who/which shall be identified at a later date.

The Placement Shares are not intended to be placed to the following persons:-

- (i) the director, major shareholder or chief executive of SWS or a holding company of SWS ("**Interested Persons**");
- (ii) persons connected with the Interested Persons; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

2.3. Ranking of the Placement Shares

The Placement Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing SWS Shares, save and except that the holders of the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid to the shareholders of the Company, for which the relevant entitlement date is prior to the date of allotment and issuance of the Placement Shares and the Placement Shares will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission and otherwise.

2.4. Listing of and quotation for the Placement Shares

Bursa Securities has via its letter dated 24 June 2021 approved the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

2.5. Utilisation of proceeds

The gross proceeds to be raised from the Proposed Private Placement of approximately RM44.11 million (based on the Indicative Issue Price) are expected to be utilised by our Group in the following manner:

Utilisation of proceeds	Notes	Amount RM'000	Expected timeframe for utilisation of proceeds (from listing date)
Capital expenditure for:	(i)		
- Construction of storage facility in Batu Kawan, Penang	(i)(a)	9,450	Within 36 months
- Construction of hostel facility in Muar, Johor Bahru	(i)(b)	3,000	Within 36 months
Repayment of bank borrowings	(ii)	30,427	Within 12 months
Estimated expenses for the Proposed Private Placement	(iii)	1,230	Within 1 month
Total estimated proceeds		<u>44,107</u>	

Notes:

- (i) Our Group intends to utilise the proceeds of RM12.45 million for the following:
- (a) Our Group owns a piece of industrial land measuring 6,674 square metres in Batu Kawan, Penang. Our Group intends to construct additional storage facilities on the industrial land to accommodate our Group's plastic wares products. The built up size of the storage facility is expected to be 7,910 square metres comprising 2-storey warehouse with total built up size of 6,038 square metres and 4-storey office with total built up size of 1,872 square metres. Our Group intends to utilise RM9.45 million being the total estimated construction cost of the storage facilities. The construction of the storage facility is expected to commence by fourth quarter of year 2021 and complete by fourth quarter of year 2023.

Our Group currently manufactures and stores its plastic wares products in Simpang Ampat, Penang. The additional storage facilities in Batu Kawan, Penang will be utilized to store raw materials and finished plastic wares goods. This will enable our Group to enhance its inventory planning and further optimised its current manufacturing and storage facilities as more floor space will be freed up.

The detailed breakdown is as follow:

Details	Amount RM'000
Building and infrastructure works	9,000
Professional and authority fees	450
Total estimated utilisation	9,450

- (b) Our Group intends to construct hostel facility for its workers under the furniture division. The hostel facility is expected to be 33,075 square feet comprising 6 buildings of 3-storey hostel with total of 84 rooms and 2 halls that can accommodate up to 700 persons. The hostel facility will be constructed on a piece of land owned by our Group measuring 13,046 square metres. As at LPD, the piece of land is in agriculture title and will be converted into industrial title to enable the construction of hostel facility. Our Group intends to utilise RM3.00 million to partially finance the total estimated construction cost of the hostel facility of RM6.50 million. The construction of the hostel facility is expected to commence by fourth quarter of year 2021 and complete by fourth quarter of year 2023.

The breakdown is as follows:

	Amount RM'000
Building and infrastructure works	2,700
Professional and authority fees	300
Total estimated utilisation	3,000

In the event our Group manages to secure bank borrowings to finance the capital expenditure for construction of storage facility and hostel facility, our Group will make an announcement on the amount of bank borrowings secured and utilise any balance of the proceeds up to RM9.45 million as a fund reserved for future business projects/investments. Such amount is intended to serve as a "war-chest" for our Group to embark on future business projects/investment.

At this juncture, our Group has not identified any suitable and viable business project/investments and therefore the breakdown and details of the business project/investments cannot be determined. Our Group will make an immediate announcement on the breakdown and details of the business project/investments once it is confirmed and/or identified. Our Group shall also make the requisite announcement and/or shall seek shareholders' approval, if required by the Listing Requirements, as and when the future business project/investments are confirmed and/or identified.

- (ii) As at 30 April 2021, the total borrowings of our Group are approximately RM52.79 million. The Company proposes to utilise RM30.43 million of the proceeds to repay the bank borrowings. The repayment of our Group's borrowings is expected to result in gross interest savings of up to approximately RM1.71 million per annum based on an average interest rate of 5.62% per annum.
- (iii) This includes payment of fees to the relevant authorities, advisory and placement fees. If the actual expenses are higher than the amount budgeted, the deficit will be funded out of the repayment of bank borrowings. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for the repayment of bank borrowings. The breakdown of the estimated expenses for the Proposed Private Placement is as follows:-

Details	Amount RM'000
Advisory and placement fees:	
- Advisory fee	150
- Placement fee	980
Others (fees to relevant authorities and miscellaneous)	100
	<u>1,230</u>

The actual proceeds to be raised from the Proposed Private Placement are dependent on the actual number of Placement Shares to be issued and the issue price of the Placement Shares. Any excess or shortfall of the actual proceeds raised will be adjusted to/from the amount earmarked for the repayment of bank borrowings.

Pending the full utilisation of the proceeds raised from the Proposed Private Placement, the Company intends to place these proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institutions or in short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional funding for the repayment of bank borrowings.

3. RATIONALE

The Proposed Private Placement will enable our Group to raise additional funds for the purpose as set out in Section 2.5 of this Circular which is expected to contribute positively to our Group's earnings potential in the future.

After due consideration of the various options available, the Board is of the view that the Proposed Private Placement is the most appropriate avenue to raise funds for our Group due to the following reasons:

- (i) the Proposed Private Placement will enable our Group to raise funds expeditiously and in a more cost-effective manner as opposed to other fund-raising options such as pro-rata issuance of securities like rights issue, which would typically entail longer implementation process and is significantly dependent on the market sentiment. Additionally, a rights issue also requires an underwriting arrangement or undertaking commitment from shareholders, in spite of the current uncertain economy conditions;

- (ii) the Proposed Private Placement is expected to strengthen the shareholders and capital base of our Group. The repayment of bank borrowings via the proceeds to be raised from the Proposed Private Placement will improve our Group's gearing position and allows for greater flexibilities for our Group to gear up in the future for its business needs, if required;
- (iii) the Proposed Private Placement will serve as additional source of funding for our Group without incurring interest expenses as compared to borrowings; and
- (iv) the Proposed Private Placement will improve the liquidity and financial flexibility of our Group by strengthening its financial position.

Details of equity fundraising exercises undertaken in the past 12 months

On 19 August 2020, the Company proposed to undertake a private placement of up to 30,086,715 new Shares, representing 10% of the Company's total number of issued Shares at that point in time ("**Previous Private Placement**"). The Previous Private Placement was undertaken in accordance with the approval obtained from the shareholders of the Company at the 20th Annual General Meeting of the Company convened on 22 July 2020, whereby pursuant to Section 75 of the Companies Act 2016, the Board was authorised to allot and issue new SWS Shares, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Board may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of SWS Shares to be issued during the preceding twelve (12) months does not exceed 10% of the total number of the issued shares (excluding treasury shares, if any) of the Company.

Bursa Securities had vide its letter dated 26 August 2020, resolved to approve the listing and quotation of up to 30,086,715 Shares to be issued pursuant to the Previous Private Placement.

The Previous Private Placement was deemed completed on 25 February 2021 pursuant to the following:

- (i) listing of 18,234,378 SWS Shares on the Main Market of Bursa Securities on 21 December 2020;
- (ii) out of 30,086,715 new SWS Shares approved by Bursa Securities vide its letter dated 26 August 2020, only 18,234,378 new SWS Shares have been placed out; and
- (iii) the Board has confirmed that there will be no subsequent tranches or additional SWS Shares to be placed out pursuant to the Previous Private Placement.

The said proceeds have been utilised as follows:

Details	Intended timeframe for utilisation from the listing date	Actual proceeds raised RM'000	Amount utilised as at the LPD RM'000
Working capital	Within 12 months	5,370	⁽¹⁾ 4,000
Repayment of bank borrowings	Within 12 months	5,370	4,000
Estimated expenses for the private placement	Within 3 months	109	109
Total		10,849	8,109

Note:

(1) The breakdown of the utilisation on the working capital is as follow:

Description	Amount RM'000
Purchase of raw materials	2,385
Salaries and other staff related expenses	1,340
Utilities expenses	275
Total	4,000

Save for the Previous Private Placement, there is no fund-raising exercise undertaken by SWS during the past 12 months immediately preceding the date of this Circular.

Despite the Previous Private Placement and Proposed Private Placement having an impact on dilution to the shareholdings of existing shareholders of SWS, the utilisation of proceeds on the capital expenditure, working capital and repayment of bank borrowings from the Previous Private Placement and Proposed Private Placement is expected to contribute positively to the future earnings of our Group. Upon completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of our Group.

4. OVERVIEW, OUTLOOK AND PROSPECTS

4.1 Malaysian economy

The Malaysian economy contracted by 5.6% in 2020 amid a highly challenging global and domestic operating environment. The global pandemic had resulted in weaker global growth, trade and commodity prices, as well as disruptions to the global manufacturing supply chains which weighed on Malaysia's exports. The domestic economy was further impacted by the introduction of strict local containment measures.

The expectation is for the economy to recover in 2021, with growth ranging between 6.0% and 7.5%. Growth will be underpinned by stronger external demand and higher public and private expenditure, as well as the rollout of the domestic COVID-19 vaccination programme.

The services sector is expected to register a growth of 6.6% in 2021 (2020: -5.5%). The information and communication, as well as finance and insurance sub-sectors are poised to lead the recovery as demand for digital solutions, especially in e-commerce and e-payment continues to accelerate. However, the closure of Malaysia's international borders will continue to affect tourism-related industries (e.g. food and beverage, accommodation and air travel).

The manufacturing sector is expected to record a robust growth 8.8% in 2021 (2020: -2.6%) as the pandemic accelerates the structural shifts towards digitalisation, spurring demand for telecommunications, cloud computing and medical device products. On the domestic front, growth in the construction-related manufacturing cluster is also expected to be supported by the pick-up in construction of infrastructure projects. Growth in the consumer-related manufacturing cluster is also expected to improve, in tandem with the recovery in consumption activities.

Growth in the construction sector is also expected to rebound by 13.4% in 2021 (2020: -19.4%), driven by resumption of activities across all subsectors. In the civil engineering subsector, growth is expected to recover in line with the ramp up of construction activities in large infrastructure projects. Meanwhile, launches of affordable housing projects in the previous years will continue to provide support for activities in the residential subsector.

Growth in the agriculture sector is expected to expand by 4.2% in 2021 (2020: -2.2%), primarily due to a recovery in oil palm production. Meanwhile, higher natural rubber prices will support increased tapping activities, while continued growth in household spending will support an expansion in livestock production.

The mining sector is projected to recover by 3.1% on 2021 (2020: -10.0%) due to the operationalisation of new gas fields and higher production of natural gas.

(Source: Independent market research report by Infobusiness dated 17 June 2021)

4.2 Overview and outlook of the furniture industry

Wood-based materials are the most common material used in the furniture manufacturing process in Malaysia. As a mature industry with many establishments operating since the early 1970s, the wooden furniture industry has undergone a dynamic transformation from a traditional cottage operation to an export-oriented industry, driven by design, innovation and technology. The wood-based industry, which encompasses wooden furniture, has been one of the major contributors to Malaysia's economic growth over the past few decades. According to the Malaysian Industrial Development Authority, Malaysian furniture exports ranked number eighth in the world.

Different wood materials such as rubber wood, panel boards, tropical hardwood, softwood, etc. are used in the manufacturing of wooden furniture. Using various forms of product and design upgrading as well as improved production processes, the wooden furniture industry is capable of manufacturing various versions of furniture sets of different designs, materials, functionalities, colours and sizes, as well as versions for knocked down, semi-knocked down and complete assembly. Wooden furniture manufacturers have given emphasis to aesthetics, designs and higher quality to cater for today's more affluent household consumers.

The market size for wooden furniture in Malaysia, in terms of ex-factory sales, amounted to RM10.98 billion in 2020, a decrease of 7.8% over the RM11.91 billion registered in 2019 (source: Department of Statistics). Ex-factory sales refer to sales registered by the manufacturers, and not the retailers. The ex-factory sales of wooden furniture is anticipated to rebound, increasing by 8.9% and 5.5% in 2021 and 2022, to reach RM11.96 billion and RM12.62 billion, respectively.

As the domestic market for wooden furniture is limited given the relatively small population, it is more important for wooden manufacturers to possess the ability to penetrate the larger overseas market. The opportunities are vast in the overseas markets, especially in North America, Europe and Japan. The global demand for wooden furniture is growing and this trend is projected to continue in the coming years.

More innovative furniture products are churned out by manufacturers annually to meet the changing requirements and preferences of consumers, especially the more affluent consumers. These more affluent consumers are demanding higher quality products to remodel or furnished their homes. Furthermore, consumers have grown to be more knowledgeable on dining furniture designs and some are more than willing to pay a premium for the latest designs which offer some unique functionality.

The long-term outlook of the wooden furniture industry in Malaysia is expected to be rosy, with its demand growth resuming once the global economy recovers from the COVID-19 pandemic and reverts to normalcy. Additionally, furniture demand would be bolstered by trade diversions over the short and medium term due to the US-China trade war. The tariffs imposed on Chinese furniture imports by the US would likely make prices of Chinese furniture less competitive, which could benefit Malaysian furniture companies that deal with US-based clients. As furniture exports from Malaysia are spared from the tariff, this translates to a tremendous price advantage for Malaysian furniture exporters over their Chinese peers in the US market. Furniture manufacturers in Malaysia are either capitalising on the situation by expanding their capacities or entering into joint ventures with Chinese parties who will provide capital and/or technology.

(Source: Independent market research report by Infobusiness dated 17 June 2021)

4.3 Overview and outlook of the household plastic ware industry

Household wares can be manufactured from a wide variety of materials such as plastics, metals, ceramics, glasses, wood, etc. Plastics have numerous properties that make them superior to other materials in many applications. Plastics generally have resistance to corrosion and chemicals, low electrical and thermal conductivity, high performance/cost ratio, the availability of colours in a wide range, durability, relatively low cost, light weight, impermeable and are easy to manufacture. These attributes make plastic household wares popular in homes in Malaysia.

The household plastic ware industry in Malaysia is a domestic-oriented industry. In order to differentiate themselves from others in the industry, the household plastic ware manufacturers strive to establish themselves within the market through the production of specialised or novelty products. High value added products can be created through the introduction of new features, innovative functions, or add-ons, designed to benefit and appeal to consumers. The product must be markedly different from competing products, besides being able to serve the needs of consumers. This is supplemented through a unique selling proposition, which involves offering consumers something that similar competing products cannot or do not offer, such as functionality, uniqueness or convenience. This needs to be supported by effective marketing, so that the differentiation is positioned and communicated to consumers.

The market size for household plastic ware in Malaysia, in terms of ex-factory sales, amounted to RM3.05 billion in 2020, an increase of 18.5% over the RM2.58 billion registered in 2019 (source: Department of Statistics). Ex-factory sales refer to sales registered by the manufacturers, and not the retailers. The ex-factory sales of household plastic wares are expected to increase by 7.4% and 6.1% in 2021 and 2022, to attain RM3.28 billion and RM3.48 billion, respectively.

Factors such as an expanding population, urbanisation and an increasing number of households have contributed to an increase in demand for household plastic wares in Malaysia. As consumer products, the demand for household plastic wares is impacted by an expanding population. A larger population translates into more sales of household plastic wares, as they are bought as either new purchases or replacement items. Closely correlated with an expanding population is the rising number of households, which is based on the stock of residential houses. An increasing number of households is an engine of growth for household plastic wares, as they are necessities for each household.

The COVID-19 pandemic has also changed consumer shopping behaviours, with more and more consumers shifting towards e-commerce, in tandem with decreasing physical store traffic. This allows consumers to alleviate the handling of physical cash and to minimise human contacts. As a result, this has forced both household plastic ware manufacturers and/or retail outlets to explore the digital business model and invest in digital marketing channels. The physical stores can also complement the e-commerce channel. With the omni-channel approach, customers can make their purchases via their choice of sales settings, such as online and offline stores, smartphones, tablets, personal computers, social media and call centres. Besides being able to operate round the clock, online stores also offer customers discreet shopping in the comforts of their homes. Manufacturers and retailers that are able to offer a seamless experience across all these channels to customers stand to benefit.

(Source: Independent market research report by Infobusiness dated 17 June 2021)

4.4 Prospects of our Group

COVID-19 has dominated daily lives and economic since 2020. In view of the worrying situation, Malaysian government reintroduces second MCO and the continued closure of international borders and restrictions on inter-state travel. Adding to that, Prime Minister of Malaysia addressed the nation on the proclamation of a nationwide State of Emergency and subsequently followed by the third MCO starting on 1 June 2021 due to the recent spike in COVID-19 cases in Malaysia. Depending on the severity and duration of the outbreak and barring any other unforeseen circumstances, the management are cautiously optimistic of our Group's prospects soon as our Group forged a resilient path to growth and success.

The plastic wares division involving household items is getting better performance from marketing strategy during the MCO, include the launching of new range of quality affordable products, investment for ecommerce department and marketing for corporate products. Our Group anticipates that the conditions of the household plastic ware market will be challenging in both local and export market demands. Management is focusing on planning to stay competitive and exploring the opportunity to expand.

The furniture division is recovering from the negative impact from COVID-19 outbreak. Sales order from foreign customers improved after months of poor operations. Imports from China including hardware and raw materials are back to normal purchasing schedule. The furniture division received more sales orders for first half of year 2021. Our Group will focus on the cost monitoring, manufacturing efficiency and utilisation of available resources to meet the increased market demand.

The management foresee the significant increase in raw material cost in 2021. Both divisions are monitoring the inventories level and production schedule to minimise the impact. The management also take note on the possibility of shortage of labour and increased in labour cost due to MCO. Our Group is working on adoption and improvement in automated technology, thereby reducing reliance on labour-intensive manufacturing practices and increase the productivity.

(Source: Management of SWS)

5. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

The effects of the Proposed Private Placement will be based on the following scenarios:

- Base Scenario** : Based on SWS's existing issued and paid-up share capital of RM108,318,372 comprising 211,578,160 SWS Shares and assuming none of the:
- (i) 91,171,801 outstanding Warrant B and 3,600,000 outstanding ESOS Options are exercised; and
 - (ii) 17,136,724 Balance ESOS Options are granted.
- Maximum Scenario** : Based on SWS's existing issued and paid-up share capital of RM108,318,372 comprising 211,578,160 SWS Shares and assuming:
- (i) full exercise of the outstanding 91,171,801 Warrant B at an exercise price of RM0.90 into 91,171,801 new SWS Shares; and
 - (ii) full exercise of 3,600,000 outstanding ESOS Options at an exercise price of RM0.6800 into 3,600,000 new SWS Shares and 17,136,724 Balance ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS into 17,136,724 new SWS Shares at an exercise price equivalent to the Indicative Issue Price.

5.1 Share capital

The pro forma effects of the Proposed Private Placement on the issued share capital of the Company are set out below:

	Base scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at LPD	⁽¹⁾ 211,578,160	⁽¹⁾ 108,318,372	⁽¹⁾ 211,578,160	⁽¹⁾ 108,318,372
To be issued assuming full exercise of all outstanding Warrant B	-	-	⁽²⁾ 91,171,801	⁽²⁾ 82,054,621
To be issued assuming full exercise of ESOS Options	-	-	⁽³⁾⁽⁴⁾ 20,736,724	⁽³⁾⁽⁴⁾ 9,971,022
	211,578,160	108,318,372	323,486,685	200,344,015
To be issued pursuant to the Proposed Private Placement	⁽⁵⁾ 97,046,000	⁽⁵⁾⁽⁶⁾ 42,654,201	⁽⁵⁾ 97,046,000	⁽⁵⁾⁽⁶⁾ 42,654,201
Enlarged share capital	308,624,160	150,972,573	420,532,685	242,998,216

Notes:

- (1) After taking into consideration the following exercise of ESOS Options from 1 January 2021 up to the LPD:-

Date of Listing	No. of ESOS Options	Exercise Price (RM)	No. of SWS Shares Converted Into
6 January 2021	3,300,000	0.6800	3,300,000
15 January 2021	750,000	0.4900	750,000
15 January 2021	1,100,000	0.6800	1,100,000
Total	5,150,000		5,150,000

- (2) Assuming full exercise of the outstanding 91,171,801 Warrant B at an exercise price of RM0.90 into 91,171,801 new SWS Shares.
- (3) Assuming full exercise of 3,600,000 outstanding ESOS Options at an exercise price of RM0.6800 into 3,600,000 new SWS Shares and 17,136,724 Balance ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS into 17,136,724 new SWS Shares at an exercise price equivalent to the Indicative Issue Price.
- (4) Assuming the transfer of share option reserve of the Existing ESOS Options and the Balance ESOS Options upon vested and granted to eligible directors and employees of the Company to the share capital.
- (5) After adjusting for issuance of 97,046,000 Placement Shares pursuant to the Proposed Private Placement at the Indicative Issue Price.
- (6) After deducting estimated expenses for the Proposed Private Placement of approximately RM1,230,000.

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5.2 NA and gearing

The pro forma effects of the Proposed Private Placement on the NA and gearing of the Company is set out below:

Base scenario

	(I)	(II)
	Audited as at 31 December 2020	Subsequent events up to the LPD
	RM'000	RM'000
		After (I) and the Proposed Private Placement
		RM'000
Share capital	106,233	(1)108,318
Reserves	(3,236)	(3,236)
NA attributable to Shareholders of SWS	102,997	105,082
Non-controlling interest	6,799	6,799
Total equity	109,796	111,881
No. of Shares ('000)	206,428	(1)211,578
NA per share attributable to Shareholders of SWS (RM)	0.50	0.50
Borrowings	57,757	57,757
Gearing (times)	0.56	0.55
		(4)27,330
		0.18

Notes:

(1) After taking into consideration the following exercise of ESOS Options from 1 January 2021 up to the LPD:-

Date of Listing	No. of ESOS Options	Exercise Price (RM)	No. of SWS Shares Converted Into
6 January 2021	3,300,000	0.6800	3,300,000
15 January 2021	750,000	0.4900	750,000
15 January 2021	1,100,000	0.6800	1,100,000
Total	5,150,000		5,150,000

(2) After adjusting for issuance of 97,046,000 Placement Shares pursuant to the Proposed Private Placement at the Indicative Issue Price.

- (3) After deducting estimated expenses for the Proposed Private Placement of approximately RM1,230,000.
- (4) After deducting repayment of bank borrowing of approximately RM30,427,000.

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Maximum Scenario

	(I)	(II)	(III)
	Audited as at 31 December 2020	Subsequent events up to the LPD	After (I) and assuming full exercise of the convertible securities
	RM'000	RM'000	RM'000
Share capital	106,233	(1)108,318	(5)(6)242,998
Reserves	(3,236)	(3,236)	(4)(5,055)
NA attributable to Shareholders of SWS	102,997	105,082	237,943
Non-controlling interest	6,799	6,799	6,799
Total equity	109,796	111,881	244,742
No. of Shares ('000)	206,428	(1)211,578	(5)420,533
NA per share attributable to Shareholders of SWS (RM)	0.50	0.50	0.57
Borrowings	57,757	57,757	(7)27,330
Gearing (times)	0.56	0.55	0.11

Notes:

(1) After taking into consideration the following exercise of ESOS Options from 1 January 2021 up to the LPD:-

Date of Listing	No. of ESOS Options	Exercise Price (RM)	No. of SWS Shares Converted Into
6 January 2021	3,300,000	0.6800	3,300,000
15 January 2021	750,000	0.4900	750,000
15 January 2021	1,100,000	0.6800	1,100,000
Total	5,150,000		5,150,000

(2) Assuming full exercise of the outstanding 91,171,801 Warrant B at the exercise price of RM0.90 into 91,171,801 new SWS Shares.

- (3) Assuming full exercise of 3,600,000 outstanding ESOS Options at an exercise price of RM0.6800 into 3,600,000 new SWS Shares and 17,136,724 Balance ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS into 17,136,724 new SWS Shares at an exercise price equivalent to the Indicative Issue Price.
- (4) Assuming the transfer of share option reserve of the Existing ESOS Options and the Balance ESOS Options upon vested and granted to eligible directors and employees of the Company to the share capital.
- (5) After adjusting for issuance of 97,046,000 Placement Shares pursuant to the Proposed Private Placement at the Indicative Issue Price.
- (6) After deducting estimated expenses for the Proposed Private Placement of approximately RM1,230,000.
- (7) After deducting repayment of bank borrowings of approximately RM30,427,000.

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5.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Private Placement on the shareholdings of the substantial shareholders of SWS are set out in the table below:

Base scenario

Substantial shareholders	(I)				(II)			
	As at LPD ⁽¹⁾		After the Proposed Private Placement ⁽²⁾		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato Ong Choo Meng	30,836,100	14.57	-	-	30,836,100	9.99	-	-
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	15,628,525	7.39	(³)6,120,894	2.89	15,628,525	5.06	(³)6,120,894	1.98
Puan Sri Datin Chan Mei Cheng	2,210,281	1.04	(³)19,539,138	9.23	2,210,281	0.72	(³)19,539,138	7.10
Teoh Han Chuan	11,125,000	5.26	(⁴)1,536,250	0.73	11,125,000	3.60	(⁴)1,536,250	0.50
Placees (collectively)	-	-	-	-	97,046,000	31.44	-	-

Notes:

- (1) Based on the existing issued shares of 211,578,160 Shares as at LPD.
- (2) Based on the enlarged issued shares of 308,624,160 Shares after adjusting for the issuance of 97,046,000 Placement Shares pursuant to the Proposed Private Placement at the Indicative Issue Price.
- (3) Deemed interested by virtue of his/her spouse's, son's and daughter's direct interest in the company.
- (4) Deemed interested by virtue of his spouse's and son's direct interest in the company.

Maximum Scenario

Substantial shareholders	(I)		(II)	
	As at LPD ⁽¹⁾		After (I) and assuming full exercise of the outstanding convertible securities ⁽²⁾	
	Direct	Indirect	Direct	Indirect
	No. of Shares	%	No. of Shares	%
Dato Ong Choo Meng	30,836,100	14.57	30,836,100	9.53
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	15,628,525	7.39	⁽⁶⁾ 24,327,037	7.52
Puan Sri Datin Chan Mei Cheng	2,210,281	1.04	⁽⁷⁾ 3,390,109	1.05
Teoh Han Chuan	11,125,000	5.26	⁽⁸⁾ 11,825,000	3.66
Placees (collectively)	-	-	-	-
			⁽⁴⁾⁽⁹⁾ 6,947,237	2.15
			⁽⁵⁾⁽¹⁰⁾ 1,538,175	0.48
			-	-

(III)

Substantial shareholders	After (II) and the Proposed Private Placement ⁽³⁾	
	Direct	Indirect
	No. of Shares	%
Dato Ong Choo Meng	30,836,100	7.33
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	24,327,037	5.78
Puan Sri Datin Chan Mei Cheng	3,390,109	0.81
Teoh Han Chuan	11,825,000	2.81
Placees (collectively)	97,046,000	23.08
		⁽⁴⁾⁽⁹⁾ 6,947,237
		⁽⁵⁾⁽¹⁰⁾ 1,538,175
		-

Notes:

- (1) Based on the existing issued shares of 211,578,160 Shares as at LPD.
- (2) Based on the enlarged issued shares of 323,486,685 Shares assuming the following:
 - (a) full exercise of the outstanding 91,171,801 Warrant B at the exercise price of RM0.90 into 91,171,801 new SWS Shares.
 - (b) full exercise of 3,600,000 outstanding ESOS Options at an exercise price of RM0.6800 into 3,600,000 new SWS Shares.

- (c) full exercise of up to 17,136,724 Balance ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS into 17,136,724 new SWS Shares at the Indicative Issue Price.
- (3) Based on the enlarged issued shares of 420,532,685 Shares after adjusting for the issuance of 97,046,000 Placement Shares pursuant to the Proposed Private Placement at the Indicative Issue Price.
- (4) Deemed interested by virtue of his/her spouse's, son's and daughter's direct interest in the company.
- (5) Deemed interested by virtue of his spouse's and son's direct interest in the company.
- (6) Based on his 8,698,512 Warrant B holdings as at LPD exercised into 8,698,512 new SWS Shares.
- (7) Based on her 1,179,828 Warrant B holdings as at LPD exercised into 1,179,828 new SWS Shares.
- (8) Based on his 700,000 ESOS Options holdings as at LPD exercised into 700,000 new SWS Shares.
- (9) Based on his/her daughter's 826,343 Warrant B holdings as at LPD exercised into 826,343 new SWS Shares.
- (10) Based on his spouse's and son's 1,925 Warrant B holdings as at LPD exercised into 1,925 new SWS Shares.

5.4 Earnings and EPS

The Proposed Private Placement is not expected to have any immediate material effect on the consolidated earnings of SWS for the FYE 31 December 2021, save for the dilution in LPS as a result of the increase in the number of Shares arising from the Proposed Private Placement.

For illustration purposes, based on the FYE 31 December 2020 audited consolidated financial statements of SWS, the pro forma effects of the Proposed Private Placement on the LAT and LPS are as follows:-

Base scenario

	(I)	(II)
	Subsequent events up to the LPD	After the Proposed Private Placement
Audited as at 31 December 2020	RM'000	RM'000
	(2,459)	(3)(749)
	(102)	(102)
	(2,561)	(851)

LAT attributable to:

Shareholders of SWS
Non-controlling interest

No. of Shares ('000)
LPS attributable to Shareholders of SWS (sen)

206,428
1.19

(1)211,578
1.16

(2)308,624
0.24

Notes:

(1) After taking into consideration the following exercise of ESOS Options from 1 January 2021 up to the LPD:-

Date of Listing	No. of ESOS Options	Exercise Price (RM)	No. of SWS Shares Converted Into
6 January 2021	3,300,000	0.6800	3,300,000
15 January 2021	750,000	0.4900	750,000
15 January 2021	1,100,000	0.6800	1,100,000
Total	5,150,000		5,150,000

(2) After adjusting for issuance of 97,046,000 Placement Shares pursuant to the Proposed Private Placement at the Indicative Issue Price.

(3) After taking into consideration of the interest savings of up to approximately RM1.71 million as a result of repayment of bank borrowings as stipulated in Section 2.5 of this Circular

Maximum Scenario

	(I)	(II)	(III)
	Audited as at 31 December 2020	Subsequent events up to the LPD	After (I) and assuming full exercise of the outstanding convertible securities
	RM'000	RM'000	RM'000
			After (II) and the Proposed Private Placement
			RM'000
	(2,459)	(2,459)	(5)(749)
	(102)	(102)	(102)
	(2,561)	(2,561)	(851)
No. of Shares ('000)	206,428	⁽¹⁾ 211,578	⁽⁴⁾ 420,533
LPS attributable to Shareholders of SWS (sen)	1.19	1.16	0.76
			0.18

LAT attributable to:

Shareholders of SWS
Non-controlling interest

No. of Shares ('000)
LPS attributable to Shareholders of SWS (sen)

Notes:

(1) After taking into consideration the following exercise of ESOS Options from 1 January 2021 up to the LPD:-

Date of Listing	No. of ESOS Options	Exercise Price (RM)	No. of SWS Shares Converted Into
6 January 2021	3,300,000	0.6800	3,300,000
15 January 2021	750,000	0.4900	750,000
15 January 2021	1,100,000	0.6800	1,100,000
Total	5,150,000		5,150,000

- (2) Assuming full exercise of the outstanding 91,171,801 Warrant B at the exercise price of RM0.90 into 91,171,801 new SWS Shares.
- (3) Assuming full exercise of 3,600,000 outstanding ESOS Options at an exercise price of RM0.6800 into 3,600,000 new SWS Shares and 17,136,724 Balance ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS into 17,136,724 new SWS Shares at an exercise price equivalent to the Indicative Issue Price.
- (4) After adjusting for issuance of 97,046,000 Placement Shares pursuant to the Proposed Private Placement at the Indicative Issue Price.
- (5) After taking into consideration of the interest savings of up to approximately RM1.71 million as a result of repayment of bank borrowings as stipulated in Section 2.5 of this Circular

5.5 Convertible Securities

Save for the following, the Company does not have any other outstanding convertible securities as at the LPD;

- (i) 91,171,801 outstanding Warrant B at the exercise price of RM0.9000; and
- (ii) 3,600,000 outstanding ESOS Options at an exercise price of RM0.6800.

The Proposed Private Placement will not have any effect on the outstanding Warrant B and ESOS Options.

In accordance with the provisions of the by-laws governing the ESOS, the Proposed Private Placement will not result in any adjustment to the exercise price and number of granted ESOS Options.

In accordance with the provisions of the deed poll governing the Warrant B, the Proposed Private Placement will not result in any adjustment to the exercise price and number of outstanding Warrant B.

5.6 Dividends

The Proposed Private Placement will not have any effect on the dividend policy of the Company, if any. Future dividends to be declared by the Company will be dependent on, among others the future financial performance as well as cash position of our Group, after taking into consideration the working capital requirements and capital expenditures needed for future growth and business expansion.

6. APPROVALS REQUIRED

The Proposed Private Placement is subject to the approvals being obtained from the following:

- (i) Bursa Securities, for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities which was obtained vide its letter dated 24 June 2021, and is subject to the conditions as stated in Section 1;
- (ii) shareholders of the Company at the forthcoming extraordinary general meeting to be convened for the Proposed Private Placement; and
- (iii) any other relevant persons or authorities, if required.

The Proposed Private Placement is not conditional upon any other corporate proposals undertaken or to be undertaken by SWS.

7. HISTORICAL SHARE PRICE PERFORMANCE

	High	Low
	RM	RM
2020		
July	0.5000	0.4000
August	0.5800	0.4000
September	0.6450	0.5350
October	0.7000	0.5650
November	0.6400	0.5700
December	0.8150	0.5800

	High RM	Low RM
2021		
January	1.0000	0.7700
February	0.8100	0.6600
March	0.6850	0.5200
April	0.6300	0.5200
May	0.6100	0.4550
June	0.5250	0.4700
The last transacted market price of SWS Shares immediately prior to the announcement of the Proposed Private Placement on 5 May 2021		0.5800
Last transacted market price on LPD		0.4950

(Source: M&A Securities)

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive of SWS and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

9. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Private Placement (including, but not limited to the proposed utilisation of proceeds, rationale and the effects as set out in Sections 2.5, 3, and 5 of this Circular, respectively), is of the opinion that the Proposed Private Placement is in the best interest of our Group and its shareholders.

Accordingly, the Board recommends that you vote in favour of the resolution in relation to the Proposed Private Placement to be tabled at the forthcoming EGM to be convened.

10. ADVISER AND PLACEMENT AGENT

M&A Securities has been appointed as the Adviser and Placement Agent to the Company for the Proposed Private Placement.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained by the Company, the Proposed Private Placement is expected to be completed by the second half of 2021.

The tentative timetable in relation to the Proposed Private Placement is as follows:

Date	Events
30 July 2021	EGM to approve the Proposed Private Placement
Early-August 2021	Listing and quotation of the Placement Shares and completion of the Proposed Private Placement

12. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Private Placement, there are no other corporate exercises that have been announced but are pending completion as at the date of this Circular.

13. EGM

The EGM, the notice and the Proxy Form are enclosed in this Circular. The EGM will be conducted on a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia ("**Digerati**") via its portal website at <https://agm.digerati.com.my/sws-online> (Domain Registration No. with MYNIC - D1A119533) on Friday, 30 July 2021 at 11.00 a.m. or at any adjournment thereof (as the case may be), for the purpose of considering, and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed Private Placement.

Shareholders are encouraged to attend, participate and vote at the EGM using RPV facilities. If shareholders are not able to participate and vote in the online EGM, shareholders may complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, to be deposited at the registered office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor or via email to admin.registrar@boardroom.com.my not less than forty-eight (48) hours before the time set for holding the EGM or at any adjournment thereof. The completion and lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Please refer to the Appendix I set out in this Circular for further information.

Yours faithfully
For and on behalf of the Board
SWS CAPITAL BERHAD

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

APPENDIX I - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENTS AND DECLARATIONS

2.1 M&A Securities

M&A Securities being the Principal Adviser and Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

M&A Securities do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the Principal Adviser and Placement Agent of the Company for the Proposed Private Placement.

2.2 Infobusiness

Infobusiness, being the Independent Market Researcher for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Infobusiness do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the Independent Market Researcher of the Company for the Proposed Private Placement.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, SWS Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the SWS Group, or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position or business of the SWS Group.

4. MATERIAL COMMITMENT

As at LPD, the Board is not aware of any material capital commitment, incurred or known to be incurred by SWS Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of the SWS Group.

5. MATERIAL CONTRACT

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the 2 years preceding the date of this Circular:

APPENDIX I - FURTHER INFORMATION (Cont'd)

- (i) On 4 June 2019, Syarikat U.D Trading Sdn Bhd ("**SUDT**"), a wholly owned subsidiary of the Company entered into a sale and purchase agreement with Arawiin A/L Muniandy for the disposal of the one unit of condominium bearing the postal address of No 7-7, Kondominium Ruby, Jalan Sg. Abong, 84000 Muar, Johor measuring 114 square metres held under Geran 433405, No. Bangunan M1, No. Tingkat 8, No Petak 99, Lot 28719, Bandar Maharani, District of Muar, State of Johor for a total cash consideration of RM250,000.00, which was completed on 5 August 2020;
- (ii) On 9 July 2019, the Company entered into an option agreement with Nexus Union Sdn Bhd ("**Nexus**") for Nexus to grant an option to the Company to purchase 3,442,500 ordinary shares representing 51% of equity interest in Mata Aerotech Sdn Bhd held by Nexus for a total purchase consideration of RM4,725,000.00. The option agreement was mutually terminated by the Company and Nexus on 14 February 2020;
- (iii) On 1 December 2019, SUDT entered into a sale and purchase agreement with Koh Chon Chai and King Suan Choo for the disposal of all that piece of land held under H.S.(M) 959, PTD 4038, Mukim Parit Bakar, District of Muar, State of Johor, measuring approximately 681.13 square metres, together with one unit of double storey bungalow house erected thereon bearing the postal address of No. 1, Jalan Parit Bakar 1, Taman Parit Bakar, Jalan Temenggong Ahmad, 84000 Muar, Johor for a total cash consideration of RM960,000.00, which was completed on 26 February 2020; and
- (iv) On 14 September 2020, Poh Keong Industries Sdn Bhd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Top CC & Plastic Masterbatches Sdn Bhd for the disposal of a freehold land measuring approximately 6.15 acres (2.49 hectares) in the Mukim of Parit Jawa, District of Muar, State of Johor for a total cash consideration of RM7,233,000.00, which was completed on 10 February 2021.

6. CONTINGENT LIABILITIES

As at LPD, the Board is not aware of any contingent liabilities, incurred or known to be incurred by SWS Group, which upon becoming enforceable, may have a material impact on the financial position or business of the SWS Group.

7. FINANCIAL REVIEW

	Audited			Unaudited	
	12-month FYE 31 Aug 2018	16-month FPE 31 Dec 2019	12-month FYE 31 Dec 2020	3-month FPE 31 Mar 2020	3-month FPE 31 Mar 2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	130,666	178,296	139,564	31,236	44,712
Gross profit (" GP ")	24,038	24,996	23,113	3,925	7,440
PBT/LBT	647	(10,649)	(628)	(1,619)	4,647
PAT/LAT	(923)	(10,699)	(2,561)	(1,801)	4,140
No. of shares ('000)	182,344	182,344	206,428	182,344	211,578
NA (RM'000)	98,800	90,171	102,997	88,547	110,424
NA per share	0.54	0.49	0.50	0.49	0.52
Total borrowings (RM'000)	54,771	59,932	57,757	59,162	53,185
Gearing (times)	0.55	0.66	0.56	0.67	0.48

APPENDIX I - FURTHER INFORMATION (Cont'd)

	Audited			Unaudited	
	12-month FYE 31 Aug 2018 RM'000	16-month FPE 31 Dec 2019 RM'000	12-month FYE 31 Dec 2020 RM'000	3-month FPE 31 Mar 2020 RM'000	3-month FPE 31 Mar 2021 RM'000
<i>GP margin (%)</i>	18.40	14.02	16.56	12.57	16.64
<i>PBT/(LBT) margin (%)</i>	0.50	(5.97)	(0.45)	(5.18)	10.39
<i>PAT/(LAT) margin (%)</i>	(0.71)	(6.00)	(1.84)	(5.77)	9.26

Comparison between FYE 2018 and FPE 2019

For the 16-month FPE 2019, our Group reported RM178.30 million or RM133.73 million on an annualised basis. The annualised revenue of RM133.73 million represents an increase by RM3.06 million or 2.34% as compared to FYE 2018 mainly due to improved sales performance in our furniture division. This was contributed by the expansion in export market, specifically the sales order to United States of America ("USA"). Our Group managed to secure sales order for bedroom sets to USA while the tension between USA and China were on-going. Recurrent sales order from other export customers especially from European countries remained consistent for FPE 2019.

Our GP margin has decreased by 4.38% in FPE 2019 mainly due to the unfavourable selling price of the products in plastic ware division as a result of intense competition. Our PBT margin reduced significantly by 6.47% from 0.50% in FYE 2018 to -5.97% in FPE 2019 due to the higher fixed operation overhead and administrative expenses.

Comparison between FPE 2019 and FYE 2020

Our Group's revenue increased by RM5.83 million or 4.36% from annualised revenue in FPE 2019 of RM133.73 million to RM139.56 million in FYE 2020 mainly due to the recovery in revenue from furniture division in third quarter of year 2020 with increase in foreign market demand after lifting of lockdown in foreign countries. In addition, revenue from plastic ware division has improved since second quarter of year 2020, due to market recovery and higher local demand on our plastic ware products.

Our GP margin increased by 2.54% from 14.02% in FPE 2019 to 16.56% in FYE 2020. This is mainly due to decrease in raw material cost and improvement in production efficiency in our plastic ware division. The PBT margin improved by 5.52% from -5.97% in FPE 2019 to -0.45% in FYE 2020 in line with the increase in GP margin.

Comparison between FPE 2020 and FPE 2021

Our revenue increased by RM13.48 million or 43.14% to RM44.71 million for the FPE 2021 from RM31.24 million in FPE 2020. This was mainly due to the global economy rebound driven by vaccine rollout which eased the COVID-19 pandemic. Export demand for furniture recovered with increased demand for furniture in line with the work-from-home trend.

In line with the increase in revenue, the GP margin increased by 4.07% to 16.64% in FPE 2021 compared to 12.57% in FPE 2020. The PBT margin and PAT margin returned to the black following the increase of 15.57% and 15.03%, respectively as compared to FPE 2020.

APPENDIX I - FURTHER INFORMATION (Cont'd)

8. IMPACT OF THE PROPOSED PRIVATE PLACEMENT AND VALUE CREATION TO THE GROUP AND ITS SHAREHOLDERS

The Proposed Private Placement will enable our Group to raise funds for capital expenditure and repayment of bank borrowings. In view of the construction of the storage and hostel facilities are to commence in fourth quarter of year 2021, the Proposed Private Placement will enable our Group to raise funds expeditiously and in a more cost-effective manner as opposed to other fund-raising options such as pro-rata issuance of securities like rights issue, which would typically entail longer implementation process and is significantly dependent on the market sentiment. Additionally, the repayment of bank borrowings will result in interest savings to our Group and improve the liquidity and financial flexibility of our Group.

Notwithstanding this, the consolidated EPS/LPS of our Group shall be diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement. Further details on the effects of the Proposed Private Placement on the NA and gearing as well as the earnings and EPS of our Group are set out in Section 5.

9. ADEQUACY OF THE PROPOSED PRIVATE PLACEMENT IN ADDRESSING THE FINANCIAL REQUIREMENTS OF THE GROUP

After due consideration and deliberation, our Group had concluded to proceed with Proposed Private Placement as a measure to resolve its immediate funding requirements for the capital expenditures. In the event our Group manages to secure bank borrowings to finance the capital expenditure, the balance of the proceeds will be utilised a fund reserved for future business projects/investments. It is the intention of our Group to explore new business opportunities or venture with favourable outlook as a way of delivering sustainable value to our shareholders.

The Proposed Private Placement will also improve our Group's current financial performance and financial position by providing interest savings resulting from the repayment of bank borrowings and par down the total borrowings and gearing level of the Group and allows for greater flexibilities for our Group to gear up in the future for its business needs, if required.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Constitution of SWS;
- (ii) audited consolidated financial statements of SWS for the 16-month FPE 31 December 2019 and FYE 2020 and the unaudited quarterly report on consolidated financial statements of SWS for the 3-month FPE 31 March 2021;
- (iii) letters of consent and declarations as referred to in Section 2 of this Appendix;
- (iv) the material contracts referred to in Section 5 above; and
- (v) Independent market research report dated 17 June 2021 prepared by Infobusiness.

SWS Capital Berhad

SWS CAPITAL BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of SWS Capital Berhad ("**SWS**" or the "**Company**") will be conducted on a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia ("**Digerati**") via its portal website at <https://agm.digerati.com.my/sws-online> (Domain Registration No. with MYNIC - D1A119533) on Friday, 30 July 2021 at 11.00 a.m. or at any adjournment thereof (as the case may be), for the purpose of considering and, if thought fit, passing the following resolution, with or without modifications:-

ORDINARY RESOLUTION

PROPOSED PRIVATE PLACEMENT OF UP TO 97,046,000 NEW ORDINARY SHARES, REPRESENTING APPROXIMATELY 46% OF THE EXISTING TOTAL NUMBER OF ISSUED SHARES IN SWS CAPITAL BERHAD ("SWS") ("SWS SHARE(S)" OR "SHARE(S)") ("PROPOSED PRIVATE PLACEMENT")

"THAT, subject to and conditional upon the approvals of all relevant authorities and persons (if any), approval be and is hereby given to the Company to increase the share capital of SWS by way of private placement of up to 97,046,000 new SWS Shares ("**Placement Shares**"), representing approximately 46% of the Company's existing issued Shares or 30% of its enlarged issued Shares to independent third party investor(s) to be identified, at an issue price for each tranche to be determined and fixed by the Board, which shall be determined later after all the relevant approvals have been obtained. In any event, the issue price shall not be at a discount of more than 10% from the 5-day volume weighted average market price of the SWS Shares immediately preceding the price fixing date;

THAT, such Placement Shares will, upon allotment and issuance, rank equally with the existing SWS Shares, except that holders of the Placement Shares will not be entitled to any dividends, rights, allotments or other forms of distributions, that may be declared to the shareholders of the Company, which the entitlement date (namely the date as at the close of business on which the shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) is prior to the date of allotment of the Placement Shares;

AND THAT, the Board be and is hereby authorised to do all such acts and things that are necessary to give full effect to the Proposed Private Placement with full powers to assent to any conditions, modifications, variations and/or amendments deemed necessary or expedient in the interest of the Company and/or as may be required by the relevant authorities and to take all steps and actions they consider necessary or as may be required to give full effect to and complete the Proposed Private Placement."

**BY ORDER OF THE BOARD OF
SWS CAPITAL BERHAD**

TAN TONG LANG (MAICSA 7045482 / SSM PC NO. 201908002253)

THIEN LEE MEE (LS0009760 / SSM PC NO. 201908002254)

Company Secretaries

Selangor Darul Ehsan

14 July 2021

Notes:

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
2. The proxy form must be duly completed and deposited at the office of the Share Registrar of the Company, at Level 5, Block B, Dataran PHB, Saujana Resorts, Section U2, 40150 Shah Alam, Selangor or via email to admin.registrar@boardroom.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof, failing which, the proxy form shall not be treated as valid.
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 to appoint a proxy shall be in writing under hand of the Member or his/her attorney duly authorised in writing. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
7. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors ("**ROD**") as at 22 July 2021 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.
9. The Meeting will be conducted on a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia ("**Digerati**") via its portal website at <https://agm.digerati.com.my/sws-online>. Please refer to the Administrative Guide on the registration and voting process for the Meeting.
10. In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangement of our EGM at short notice. Kindly check Bursa Malaysia Securities Berhad's and the Company's website at www.swscap.com for the latest updates on the status of the EGM.

Total number of ordinary shares held	
CDS Account No.	

PROXY FORM

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

Of
 (Full Address)

Email Address:..... Contact No.

being a member/members of **SWS Capital Berhad** [Registration No. 199901027346 (502246-P)] 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 on *my/our behalf at the Extraordinary General Meeting of the Company that will be conducted on a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia ("Digerati") via its portal website at <https://agm.digerati.com.my/sws-online> (Domain Registration No. with MYNIC - D1A119533) on Friday, 30 July 2021 at 11.00 a.m. or at any adjournment thereof (as the case may be).

My/our proxy is to vote as indicated below:-

Ordinary Resolution	For	Against
Proposed Private Placement		

(Please indicate with an "X" where in the space provided on how you wish to cast your vote. If you do not so do so, the proxy will vote or abstain from voting at his discretion.)

Dated thisday of..... 2021

.....
 Signature/ Common Seal of shareholder



Notes:

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
2. The proxy form must be duly completed and deposited at the office of the Share Registrar of the Company, at Level 5, Block B, Dataran PHB, Saujana Resorts, Section U2, 40150 Shah Alam, Selangor or email to admin.registrar@boardroom.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof, failing which, the proxy form shall not be treated as valid.
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 to appoint a proxy shall be in writing under hand of the Member or his/her attorney duly authorised in writing. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
7. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors ("**ROD**") as at 22 July 2021 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.
9. The Meeting will be conducted on a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities provided by Digerati Technologies Sdn. Bhd. in Malaysia ("**Digerati**") via its portal website at <https://agm.digerati.com.my/sws-online>. Please refer to the Administrative Guide on the registration and voting process for the Meeting.
10. In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangement of our EGM at short notice. Kindly check Bursa Malaysia Securities Berhad's and the Company's website at www.swscap.com for the latest updates on the status of the EGM.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of **SWS CAPITAL BERHAD**
[Registration No.: 199901027346 (502246-P)]
C/O BOARDROOM.COM SDN. BHD.
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam
Selangor

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