

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

MINUTES OF THE TWENTY-FIRST (21ST) ANNUAL GENERAL MEETING (“AGM”) OF SWS CAPITAL BERHAD (“SWSCAP” OR “THE COMPANY”) CONDUCTED FULLY VIRTUAL VIA 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 FRIDAY, 25 JUNE 2021, AT 11.00 A.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 Tan Kok Tiam – Independent Non-Executive Director
Mr Chen Thien Yin – Independent Non-Executive Director
Mr Khoo Chee Siang – Independent Non-Executive Director

MEMBERS : As per Attendance List

PROXY HOLDERS : As per Attendance List

INVITEES/OTHERS : As per Attendance List

IN ATTENDANCE : Ms. Heidi Thien Lee Mee (Company Secretary)

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 live streaming of the Twenty-First (21st) Annual General Meeting of the Company.

Tan Sri Chairman informed the shareholders that in line with the latest Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia dated 1 June 2021 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 11.00 a.m.

3. NOTICE OF MEETING

The Notice convening the Meeting, having been circulated within the prescribed period was, 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 all item on 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 2020 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 2020, 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 could 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 18 June 2021 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 OF THE PAYMENT OF DIRECTORS' FEES AND MONTHLY ALLOWANCE AS PER TABLE A FOR THE PERIOD COMMENCING FROM THE CONCLUSION OF THE 21ST AGM OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT AGM OF THE COMPANY

The Meeting was informed that the next item on the Agenda was to approve the payment of Directors' fees and monthly allowances as per Table A for the period commencing from the conclusion of the 21st AGM of the Company until the conclusion of the next AGM of the Company.

7. ORDINARY RESOLUTION 2
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 the next item on the Agenda 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.

8. ORDINARY RESOLUTION 3
RE-ELECTION OF MR TEH LI KING WHO RETIRED PURSUANT TO CLAUSE 21.5(C) OF THE COMPANY'S CONSTITUTION

The Meeting was informed that the next item on the Agenda was to re-elect the retiring Director, Mr Teh Li King, who retired pursuant to Clause 21.5(c) of the Company's Constitution and being eligible, had offered himself for re-election.

9. ORDINARY RESOLUTION 4
RE-ELECTION OF MR CHEN THIEN YIN WHO RETIRED PURSUANT TO CLAUSE 21.5(C) OF THE COMPANY'S CONSTITUTION

The Meeting was informed that the next item on the Agenda was to re-elect the retiring Director, Mr Chen Thien Yin, who retired pursuant to Clause 21.5(c) of the Company's Constitution and being eligible, had offered himself for re-election.

10. ORDINARY RESOLUTION 5
RE-ELECTION OF MR KHOO CHEE SIANG WHO RETIRED PURSUANT TO CLAUSE 21.5(C) OF THE COMPANY'S CONSTITUTION

The Meeting was informed that the next item on the Agenda was to re-elect the retiring Director, Mr Khoo Chee Siang, 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-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 the next item on the Agenda was to re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorized 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.

12. SPECIAL BUSINESS - ORDINARY RESOLUTION 7
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 the Ordinary Resolution 7: 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 7 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 20% of the issued share capital of the Company for the time being. This proposal is in line with Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021. And thereafter, the 10% General Mandate will be reinstated with effect from 1 January 2022. This authorisation will expire at the conclusion of next Annual General Meeting of the Company.

13. SPECIAL BUSINESS - ORDINARY RESOLUTION 8
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

On the Proposed Renewal of Shareholders' Mandate related to Tan Sri Chairman, Tan Sri Chairman handed over to Dr Loh Yee Fei to chair the meeting.

Dr Loh Yee Fei informed that the next item on the Agenda under special business was to seek the shareholders' approval on Ordinary Resolution 8 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 28 May 2021, which have been published on the 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 Yee Fei passed the chair back to Tan Sri Chairman to continue with the remaining item on the Agenda of the AGM.

14. SPECIAL BUSINESS - ORDINARY RESOLUTION 9
PROPOSED ALLOCATION OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS")
OPTIONS TO MR TEH LI KING

Tan Sri Chairman informed that the next item on the Agenda under special business was to seek the shareholders' approval on Ordinary Resolution 9 on the Proposed Allocation of Employees' Share Option Scheme ("ESOS") Options to Mr Teh Li King. The details and rationale on the Proposal were set out in the Notice of 21st AGM dated 28 May 2021, which have been published on the Bursa's website within the prescribed period.

15. SPECIAL BUSINESS - ORDINARY RESOLUTION 10
PROPOSED ALLOCATION OF ESOS OPTIONS TO MR CHEN THIEN YIN

Tan Sri Chairman informed that the next item on the Agenda under special business was to seek the shareholders' approval on Ordinary Resolution 10 on the Proposed Allocation of ESOS Options to Mr Chen Thien Yin. The details and rationale on the Proposal were set out in the Notice of 21st AGM dated 28 May 2021, which have been published on the Bursa's website within the prescribed period.

16. SPECIAL BUSINESS - ORDINARY RESOLUTION 11
PROPOSED ALLOCATION OF ESOS OPTIONS TO MR KHOO CHEE SIANG

Tan Sri Chairman informed that the next item on the Agenda under special business was to seek the shareholders' approval on Ordinary Resolution 11 on the Proposed Allocation of ESOS Options to Mr Khoo Chee Siang. The details and rationale on the Proposal were set out in the Notice of 21st AGM dated 28 May 2021, which have been published on the Bursa's website within the prescribed period.

17. 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

The Company has been in a loss-making position for the past 3 financial years. It posted a loss after tax of RM2.5 million in financial year ended ("FYE") 2020 compared to a loss of RM9.8 million in FYE 2019. (Page 15 of Annual Report ("AR") 2020)

- a) What are the steps being taken by the Company to make the Company profitable in FYE 2021?
- b) What is the guidance for revenue and net profit for FYE 2021?

Answer

- a) The Company focus on the following strategies for turnaround in FYE 2021,
 - i. While exploring new markets, sales department approach the existing export customers to recover the sales orders lost during Covid-19 pandemic in FYE

2020. Global markets demand is recovering with the launching of vaccination since end of FYE 2020.

- ii. Management is reviewing the operation flow to for improvement. The Company invested in new automated plant and machinery to improve the efficiency and increased the current capacity.
 - iii. Procurement and costing department are sourcing for new suppliers and replacement material to reduce the cost of production.
- b) The Company's forecast for FYE 2021 was revised to take in the impact of Movement Control Order ("MCO"). Forecast revenue decreased to RM150 million and net profit after taxation reduced to RM4 million (excluding gain on disposal of property).

2) Question

Plastic wares division - Supplies to construction, automotive, household and consumer goods are negatively affected. Only those that directly or indirectly produce packaging materials for the food sector, or personal protective equipment (PPE), face shields, disposable medical aprons, plastic gloves, medical bottles, sprayers and hand sanitisers, are benefiting from the pandemic. (Page 13 of AR 2020)

Does the Company plan to increase the production of plastic-wares for the sectors that benefited from the pandemic? What is the additional cost incurred to change the moulds to produce these items?

Answer

The Company does not plan to increase capital investment for the benefited sectors which is mostly for single-used products. These production focus on speed production line, which is different from the Company existing plant and machinery. Investment in new production line also required investment in time and cost for the new research and development department.

However, the Company are exploring potential customers for medical-usage and similar products. The cost of modifying existing mould to produce these products range from RM10,000 to RM20,000 depending on the complexity. New mould may cost from RM20,000 to RM50,000 for each product.

3) Question

The Company relies on some foreign labour for its furniture and plastics business (Page 19 of AR 2020)

- a) What is the current ratio of foreign labour compared to local workers?
- b) What are the steps taken by the Company to heed the Government's call of reducing foreign worker intake and regulations to make it more stringent to hire foreign workers?

Answer

- a) The current ratio of foreign labour compared to local workers is 60 : 40.
- b) The following steps are taken by the Company to reduce the relies of foreign workers:-

- i. Sourcing for local staffs, providing more attractive payroll package and staff benefits.
- ii. Review of existing production line for possibility of replacing direct labour with automated system.

4) Question

The value of inventories written down increased significantly to RM262.8k in FYE 2020 compared to RM62k in FYE 2019. (Page 82 of AR 2020)

- a) What were the reasons for the significant increase in the value of inventories written down (e.g., stock obsolescence or slow-moving stock)?
- b) Does the Company foresee an increase in inventory written-downs for FYE 2021 in view of the slowing economy?

Answer

- a) The increased in value of inventories written down during FYE 2020 are mostly under furniture division, due to the ageing and limited usage of raw material. Inventories controller will review the stock ageing and identified possibly utilization of obsolete and slow-moving inventories. Proposed inventories written down and write off will be presented to Management for approval to take up during the financial year.
- b) The Company does not foresee increase in inventory written down for FYE 2021. The management is working on securing the sales order during MCO lock down, and re-organising production planning to ensure smooth recovering and pick-up for the delayed orders once the MCO lifted.

Corporate Governance

1) Question

As of December 31, 2020, only 3 out of 7 of the Company's Directors are Independent Directors. According to Practice 4.1 of the Malaysia Code of Corporate Governance (MCCG), at least half of the Board members should be made up of Independent Directors. As it stands, only 42% of the Board is made up of Independent Directors.

Does the Company plan to apply Practice 4.1, and if yes, by when?

Answer

The Board of Directors ("BOD") are consider complying with MCCG practice in future. By then, BOD will look for suitable candidates to fill the BOD.

2) Question

The total internal audit fee incurred by the Company for FYE 2020 was RM10,070 or around RM839 per month. (Page 49 of AR 2020)

- a) Given that the fee is rather small, how does the Audit Committee assure itself that there would be adequate coverage and an effective audit function?
- b) What were the areas covered by the internal audit during FYE 2020?
- c) How many internal audit reports were issued during FYE 2020?

Answer

- a) The Company's policy is to conduct at least 2 internal audit cycles for each financial year. The internal audit fee of RM10,070 was for first cycle of internal audit for FYE 2020. The internal audit fee of RM10,070 for second cycle was take up in FYE 2021 as received after closing of account.

Management identify and evaluate the significant risk area affecting the operation and recent changes in the external business environment to Audit Committee and BOD. Audit Committee will ensure those risk areas are incorporated in the proposed internal audit plan, including framework, timetable and fees.

- b) The internal audit covered inventory quantity management and production management of plastic ware division during FYE 2020.
- c) 2 internal audit reports were issued during FYE 2020.

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

18. 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.

19. 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 at 11.21 a.m., Tan Sri Chairman declared the voting session for the 21st AGM closed and adjourned the 21st AGM for approximately 20 minutes for the poll count and poll validation by the Poll Administrator and the Scrutineer, respectively.

20. ANNOUNCEMENT OF POLL RESULTS

Tan Sri Chairman then called the 21st AGM to order at 11.30 a.m. for 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	72,419,194	99.9999	2	0.0001	Carried
Ordinary Resolution 2	72,419,196	100.0000	0	0.0000	Carried
Ordinary Resolution 3	72,419,196	100.0000	0	0.0000	Carried
Ordinary Resolution 4	72,419,196	100.0000	0	0.0000	Carried

Resolution	Voted For		Voted Against		Results
	No of Shares	%	No of Shares	%	
Ordinary Resolution 5	72,419,196	100.0000	0	0.0000	Carried
Ordinary Resolution 6	72,419,196	100.0000	0	0.0000	Carried
Ordinary Resolution 7	72,419,194	99.9999	2	0.0001	Carried
Ordinary Resolution 8	39,308,525	99.9999	2	0.0001	Carried
Ordinary Resolution 9	72,409,994	99.9873	9,202	0.0127	Carried
Ordinary Resolution 10	72,409,994	99.9873	9,202	0.0127	Carried
Ordinary Resolution 11	72,409,994	99.9873	9,202	0.0127	Carried

Based on the above poll results, Tan Sri Chairman declared that the Ordinary Resolution 1 to 11 were all carried.

20. CLOSURE OF MEETING

There being no other business, Tan Sri Chairman declared the Meeting closed at 11.42 a.m.

CONFIRMED AS A CORRECT RECORD:

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

Dated: