SWS Capital Berhad

[199901027346 (502246-P)]

2025 | ANNUAL REPORT

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RATIONALE

The cover design symbolises SWSCAP's ongoing journey of progress from vision to success. The plastic houseware business remains a key pillar supporting the Group's growth. The vibrant colours reflect the energy, dedication and forward momentum that drive our organisation, underscoring our commitment to excellence and sustainable progress.

CORPORATE PROFILE

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

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

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

During the financial year, SWSCAP ceased the operations of its furniture division as part of the Group business rationalisation and right-sizing efforts. The Board of SWSCAP is of the opinion that this rationalisation aligns with the long-term interests of the Group, taking into consideration that the Furniture Division operates in a very competitive environment and that the decision to cease operations was made based on past financial performance and future business prospects.

SWSCAP places great emphasis on manufacturing high quality products by following strict quality control and monitoring systems. The Group also remains committed to product development and design enhancement initiatives, focusing on upgrading existing product lines and introducing new offers at competitive pricing to meet evolving market demands. Affordability, durability and convenience remain key considerations in the Group's product strategy.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

DATO' CHUA HEOK WEE
Group Managing Director

CHUA KANG SING
Executive Director

DATO' SERI SIMON TOH BOON WAN
Independent Non-Executive Director

KOAY HOOI LYNN
Independent
Non-Executive Director

LIU TIAN KHIEW
Independent
Non-Executive Director

ONG PENG TENG
Independent
Non-Executive Director

DATO' TEOH HAN CHUAN
Deputy Executive Chairman
(Resigned w.e.f. 20/01/2025)

AUDIT COMMITTEE

Chairperson

Ong Peng Teng

Members

Dato' Seri Simon Toh Boon Wan

Koay Hooi Lynn

Liu Tian Khiew

NOMINATION AND REMUNERATION COMMITTEE

Chairperson

Koay Hooi Lynn

Members

Dato' Seri Simon Toh Boon Wan

Liu Tian Khiew

Ong Peng Teng

CORPORATE INFORMATION (CONT'D)

COMPANY SECRETARIES

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

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

AUDITORS

Messrs. Morison LC PLT (AF 2469)
Level 11-01, Uptown No. 3,
Jalan SS21/39, Damansara Utama
47400 Bandar Petaling Jaya
Selangor, Malaysia

PRINCIPAL BANKERS

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

SOLICITORS

Wong-Chooi & Mohd. Nor Advocates & Solicitors
Chris Lee & Partners Advocates & Solicitors
Teh & Lee Advocates & Solicitors
NSK & Partners

SHARE REGISTRAR

Plantation Agencies Sdn Berhad
3rd Floor, 2, Lebuh Pantai
10300 Georgetown
Pulau Pinang, Malaysia
Tel : +604- 2625333 | Fax : +604- 2622018
Email : sharereg@plantationagencies.com.my

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

PTD 6001, Jalan Perindustrian 5
Kawasan Perindustrian Bukit Bakri
Batu 8, 84200 Muar
Johor Darul Ta'zim, Malaysia
Email : info@swscap.com

PENANG OFFICE

1027, Lengkok Perindustrian Bukit Minyak 1,
Kawasan Perindustrian Bukit Minyak,
14100 Simpang Ampat,
Pulau Pinang, Malaysia
Tel : +604-5023511 | Fax : +604-5023588

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad
Stock Name: SWSCAP
Stock Code: 7186

WEBSITE

www.swscap.com

CORPORATE STRUCTURE

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

100% Ee-Lian Industries Sdn. Bhd.
[199001000762 (192321-U)]
(*"ELI"*)

100% U.D. Panelform Sdn. Bhd.
[198401007875 (120394-P)]
(*"UDP"*)

- **100% U.D. Wood Products Sdn. Bhd.**
  [199601030240 (402592-K)]
  (*"UDW"*)

100% SWS In Medics Sdn. Bhd.
[202001030854 (1387174-M)]
(*"SIM"*)

100% Ee-Lian Enterprise (M) Sdn. Bhd.
[199301028474 (283212-H)]
(*"ELE"*)

- **100% Ee-Lian Plastic Industries (M) Sdn. Bhd**
  [200201023752 (591415-M)]
  (*"ELP"*)

100% Poh Keong Industries Sdn. Bhd.
[199401001321 (286999-X)]
(*"PKI"*)

100% Syarikat U.D. Trading Sdn. Bhd.
[198201005271 (85023-X)]
(*"UDT"*)

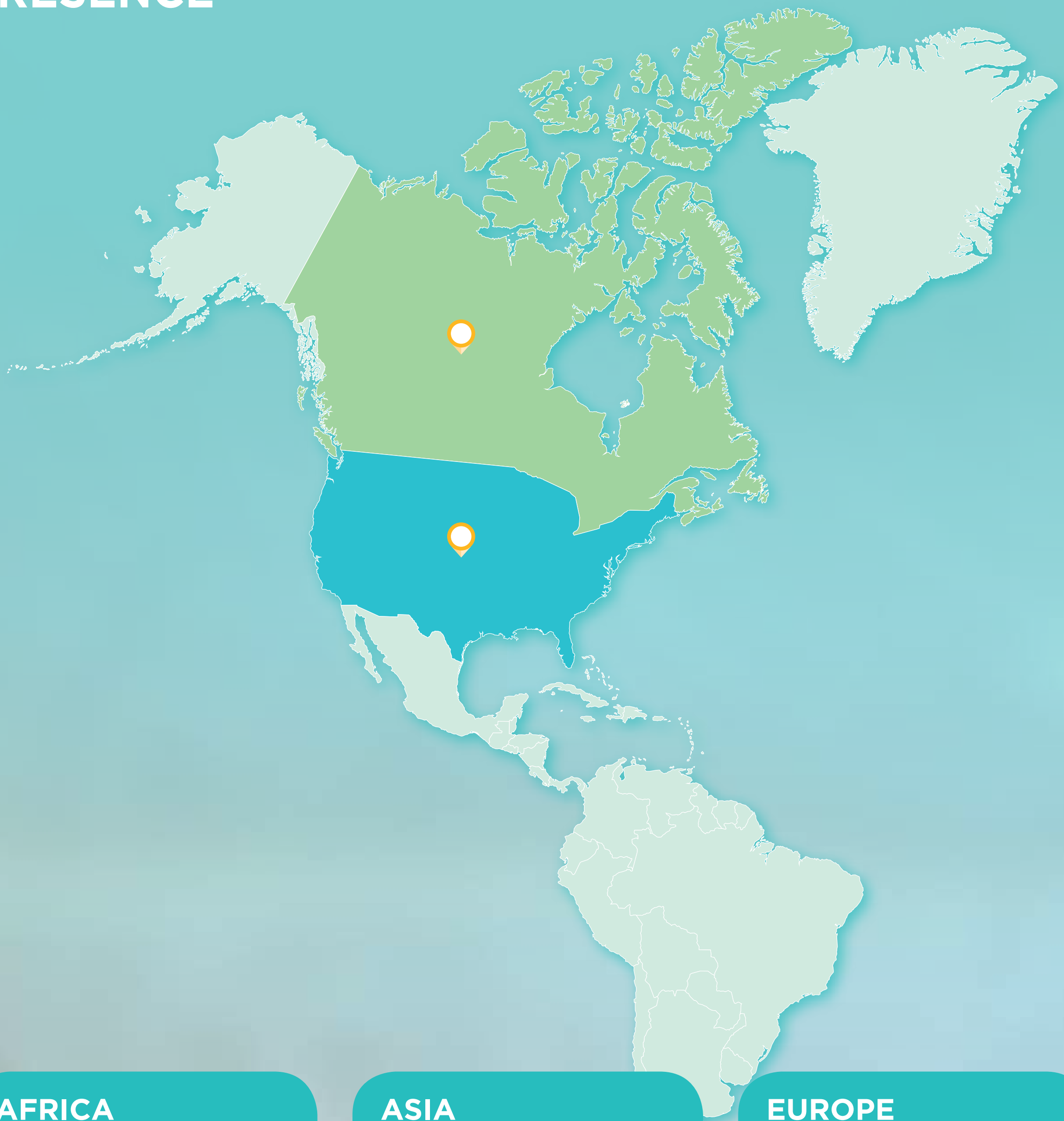
100% Skywood Residence Sdn. Bhd.
[202001028877 (1385197-H)]
(*"SKY"*)


elianware™
Neat kitchen
Starts Here
elianware
Art No. : E-219
Rice
14.5Ltr
BUCKET
FREE
Measuring Cup
BPA FREE ODOURLESS
Size : L345 x W300 x H190mm


elianware™
elianware
BPA FREE
CASSEROLE
3.2L


elianware
4.5L
CASSEROLE
BPA FREE

GLOBAL PRESENCE



AFRICA

- Mauritius
- South Africa

ASIA

- Brunei Darussalam
- Hong Kong, China
- Indonesia
- Philippines
- Singapore
- Thailand

EUROPE

- Belarus
- Denmark
- England
- France
- Italy
- Lithuania
- Sweden
- Switzerland

Plastic wares Furniture

GLOBAL PRESENCE (CONT'D)

NORTH AMERICA	
Canada	Furniture
United States	Furniture

OCENIA	
Fiji	Plastic wares
New Zealand	Plastic wares

Plastic wares Furniture

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of SWS Capital Berhad ("SWS"), it is my privilege to present our Annual Statement for the financial year ended 31 December ("FYE") 2025.

The year marked a significant turning point for the Group, as we made the strategic decision to cease our traditional furniture operations. This bold move was taken after careful consideration of the evolving market landscape, intensifying global competition, ongoing political conflicts, and the impact of US tariffs on exports. By exiting the furniture business, the Group can now focus on higher-growth and more sustainable segments, particularly our plastic wares division, positioning SWS for long-term resilience and value creation for our shareholders.

OPERATING ENVIRONMENT

The global economy in 2025 remained subdued with growth prospects tempered by persistent uncertainties. Trade tensions and tariff policies continued to weigh on international commerce and investment flows, contributing to slower global economic expansion. Aside from trade protectionism, geopolitical conflicts in key regions added further volatility to commodity prices and supply chains, impacting business sentiment and export oriented sectors worldwide.

According to the International Monetary Fund (IMF) World Economic Outlook, global growth is projected to ease slightly from 3.3% in 2024 to 3.2% in 2025, reflecting a more cautious expansion amid evolving policy and trade dynamics.

(Source: https://www.imf.org/en/publications/weo/issues/2025/10/14/world-economic-outlook-october-2025)

These global economic challenges directly impacted the Malaysian furniture sector, including SWS's traditional furniture operations, resulting in sustained earnings pressure. Rising global competition, trade barriers such as US tariffs, and market uncertainties constrained export performance and profitability. In response to these persistent challenges, the Board took the strategic decision in August 2025 to cease the Group's traditional furniture operations. This strategic shift enables SWS to prioritise more promising and sustainable segments, particularly our plastic wares division, thereby strengthening the Group's long term stability and enhancing shareholder returns.

Against this challenging global backdrop, Malaysia's economy demonstrated resilience, expanding by 5.2% in 2025 compared with 5.1% in 2024. Growth was supported by strong domestic demand, sustained private and public sector investments, and government-led initiatives. Continued development in industrial activities and infrastructure projects provided a stable operating environment for domestic businesses

(Source: https://www.bnm.gov.my/-/qb25q4_en_pr)

CHAIRMAN'S STATEMENT (CONT'D)

OPERATING ENVIRONMENT (CONT'D)

Amid this complex economic environment, the Group recorded a revenue contraction of RM44.5 million, or 36.7%, decreasing from RM121.2 million in FYE 2024 to RM76.7 million in FYE 2025. The decline was primarily attributable to weaker performance in the Furniture Division, which fell by RM34.2 million, alongside a RM10.3 million decrease in the Plastic Wares Division.

The reduction in revenue from the Plastic Wares Division was largely influenced by changing consumer sentiments due to economic uncertainties, evolving spending patterns, and heightened competition from alternative suppliers across both domestic and export markets. The Group reported a loss before tax of RM12.1 million for FYE 2025, mainly attributable to a loss before tax of RM11.8 million from discontinued operations, with the remaining loss arising from the Plastic Wares Division.

Despite ongoing headwinds, the Group remained committed to strategic initiatives aimed at enhancing both financial stability and long-term sustainability. A strong emphasis was placed on value engineering and cost management to navigate economic uncertainties effectively. Through prudent financial practices and operational efficiencies, the Group continued to optimise costs while positioning itself for future recovery and growth.

FORWARD LOOKING

Globally, economic growth is projected to remain steady at approximately 3.3% in 2026. While headwinds from shifting trade policies, geopolitical tensions, and currency volatility are expected to persist, these may be partially offset by continued investment in technology, supportive fiscal and monetary policies, and the adaptability of the private sector.

(Source: https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026)

Domestically, Malaysia's economy is expected to remain resilient in 2026, with GDP projected to expand between 4.0% and 4.5% according to projections by the Ministry of Finance. Growth is anticipated to be driven by the continued implementation of multi-year investment projects, catalytic initiatives under national master plans and the Thirteenth Malaysia Plan (13MP), as well as sustained demand in the electrical and electronic sector.

Public infrastructure development, utilities upgrades, and expansion in transportation and telecommunications are expected to provide a supportive operating environment. At the same time, the tourism recovery under Visit Malaysia Year 2026 may indirectly stimulate broader economic activities. These factors are expected to contribute positively to industrial activities and trading demand within the domestic market.

(Source: https://www.bnm.gov.my/-/qb25q4_en_pr)

For SWS, these macroeconomic developments are particularly significant to our Plastic Wares Division. Strong demand, driven by rising consumer and industrial consumption, is expected to underpin growth in both household and industrial plastic products. At the same time, the Group remains cautiously optimistic, remaining vigilant of challenges such as raw material cost fluctuations, rising input costs, and increasing competition from alternative homeware materials. Our approach continues to be guided by resilience, prudence, and adaptability, ensuring that we remain well-positioned to navigate an evolving market environment.

To address these challenges and seize growth opportunities, SWS will continue to work closely with our customers, partners, and suppliers to manage cost pressures, improve supply chain efficiency, and diversify revenue streams across domestic and international markets. The Group remains committed to continuous product innovation and design enhancement, focusing on refining existing product lines while introducing new offerings that combine quality, functionality, and competitive pricing. Affordability, durability, and convenience will remain central to our product strategy, enabling us to meet evolving consumer needs while driving sustainable long-term growth.

A detailed review of the Group's financial and operational performance is provided in the "Management Discussion and Analysis of Business Operations and Financial Performance" section of this Annual Report, offering shareholders a comprehensive overview of our performance and strategic initiatives.

CHAIRMAN'S STATEMENT (CONT'D)

DIVIDEND

The Group remains focused on strengthening its operations and building a foundation for long-term sustainability. Given the prevailing market challenges and economic uncertainties, the Board has decided not to recommend a dividend payment for FYE 2025. This decision reflects our commitment to prudent financial management, preserving resources for strategic initiatives, and safeguarding the Group against potential risks.

The Board remains dedicated to delivering value to shareholders and will continue to monitor the Group's financial position closely. Dividend payments will be reinstated at the earliest appropriate opportunity, once the Group's financial performance and market conditions support a sustainable and responsible distribution.

ACKNOWLEDGEMENT

As we reflect on the past year, I would like to convey my sincere appreciation to our shareholders for their continued trust and confidence in SWS. Your unwavering support has been instrumental in helping the Group navigate challenges and remain resilient through a period of significant transformation.

I also extend my deepest gratitude to our employees for their dedication, commitment, and professionalism. Their hard work has been critical in driving operational efficiency, maintaining service excellence, and supporting the Group's strategic objectives during a challenging environment.

The Board and I also wish to acknowledge the invaluable support of our business partners, advisors, and relevant government and regulatory agencies. Their guidance, collaboration, and expertise have been pivotal in helping SWS adapt to changing market conditions and execute our strategic priorities effectively.

Lastly, I extend my heartfelt gratitude to my fellow Board members for their steadfast support, strategic counsel, and unwavering commitment. As we move forward, the Board remains resolute in its focus on delivering sustainable value to all stakeholders, and we look ahead with optimism toward new opportunities, growth initiatives, and milestones in the years to come.

Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai
Chairman of the Board
20 April 2026

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

SWS Capital Berhad ("**SWS**" or the "**Company**") commenced operations on 1 December 2003 as an investment holding company and was subsequently listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 15 March 2004. The Company operates primarily through two key divisions: the Plastic Wares Division and the Furniture Division.

On 22 August 2025, the Board of SWS announced that, as part of the Group's business rationalisation and right-sizing efforts, the Furniture Division would cease operations. This division was previously operated through the Group's wholly-owned subsidiaries, namely Poh Keong Industries Sdn. Bhd., U.D. Panelform Sdn. Bhd., Syarikat UD Trading Sdn. Bhd., and UD Wood Products Sdn. Bhd. The Group is currently in the process of disposing of the operating assets related to this segment.

The decision to exit the Furniture Division was influenced by persistent earnings pressure faced by local furniture manufacturers amid market uncertainties, driven by political instability, global conflicts, and the impact of US tariffs on exports. The Board believes that this rationalisation is aligned with the long-term interests of the Group, considering the highly competitive operating environment of the Furniture Division and its historical unsustainable financial performance and limited business prospects.

By refocusing resources on higher-growth and more sustainable segments, particularly the Plastic Wares Division, the Group aims to strengthen operational efficiency, improve financial resilience, and deliver sustainable value to shareholders.

Plastic Wares Division

The Group's Plastic Wares Division, headquartered in Simpang Ampat, Penang, plays a pivotal role in providing comprehensive plastic solutions. The division is actively engaged in designing, developing, manufacturing, and distributing a wide range of plastic products for household, office, and industrial applications.

The division's product portfolio includes essential household plastic wares, such as storage containers, food preparation tools, serving items, and cleaning products. It also provides plastic furniture and industrial products through manufacturing and trading activities. While the division primarily serves the domestic market, approximately 10% of its products are exported to ASEAN countries, reflecting the Group's growing international presence.

With a catalogue of over 1,300 products, the division continuously introduces innovative and visually appealing designs to meet mass-market demands. Functionality, durability, and safety remain top priorities. Most products are Bisphenol A ("**BPA**")-free, although products manufactured from Polycarbonate ("**PC**") may contain trace amounts of BPA due to the nature of the material. Regardless, all products comply with stringent safety and regulatory standards.

SWS is also a key supplier of industrial plastic goods, notably industrial pails for the paint and lubricant industries. Additionally, the division produces sharp bins for medical waste disposal, adhering to strict regulations set by the Ministry of Health. The Group's commitment to quality and compliance is further demonstrated by its BS EN ISO 23907:2012 certification from SIRIM QAS International Sdn. Bhd.

Operating in a highly dynamic plastic industry, the division continuously prioritises innovation and adaptability. SWS invests in product development and process improvements to enhance production efficiency and maintain product quality. By closely monitoring market trends and technological advancements, the division ensures it remains competitive in both domestic and international markets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

To drive growth, SWS continues to implement strategic marketing initiatives aimed at strengthening brand visibility, enhancing product positioning, and responding effectively to evolving consumer preferences.

Recognising the environmental impact of its operations, the division is committed to integrating sustainable practices across its business. These include responsible waste management and resource conservation. Further details on the Group's sustainability initiatives are presented in the "Sustainability Report" section of this Annual Report.

YEAR-ON-YEAR FINANCIAL REVIEW

In 2025, global economic growth moderated amid persistent trade tensions, evolving tariff policies, and cautious business sentiment. Although some earlier trade escalations were partially eased through subsequent agreements, volatility continued to influence global supply chains, commodity prices, and international trade flows. These developments contributed to a more cautious operating environment for export-oriented industries.

The global furniture sector, particularly among exporters, was significantly affected by these uncertainties. Local furniture manufacturers faced mounting pressure arising from geopolitical tensions, global conflicts, and the continued impact of tariffs imposed on key export markets, including the United States. These challenges led to declining export demand and reduced production volumes across the sector. In light of the sustained weak performance and the limited prospects for recovery in the near term, the Group made the strategic decision to cease its furniture operations in August 2025, as the business was no longer commercially sustainable.

Meanwhile, global demand for plastic products, including household plastic wares, remained relatively stable despite the challenging macroeconomic environment. Moderate global economic expansion, coupled with continued industrial and consumer demand, supported steady consumption across several plastic end-use sectors. Industry reports indicate that global plastics demand is expected to grow at a moderate pace of approximately 2% to 3% annually between 2025 and 2027, reflecting stable yet measured growth in consumption trends.

(Source: https://www.krungsri.com/en/research/industry/industry-outlook/petrochemicals/plastics/io/io-plastics-2025-2027)

The ASEAN plastics market similarly demonstrated robust demand in 2025, with the South-East Asia (SEA) market size estimated at approximately 31.78 million tons, driven by rapid urbanisation, manufacturing expansion, and a growing middle class. The sector continues to evolve, balancing strong demand for packaging and household products with a shift towards sustainable, high-value materials.

(Source: https://www.mordorintelligence.com/industry-reports/south-east-asia-sea-plastics-market)

Despite this positive demand backdrop, the plastic wares industry faces several challenges. Competition is particularly intense in the household plastics segment, amplified by the growing availability of alternative homeware materials, such as glass, stainless steel, and silicone. Consumers are increasingly seeking environmentally friendly and durable products, adding pressure on manufacturers to innovate and differentiate.

Moreover, global economic uncertainties, geopolitical tensions, and trade disruptions contributed to volatile raw material costs and supply chain pressures. Simultaneously, expanding global production capacity in petrochemicals and plastics has resulted in oversupply in certain segments, exerting downward pressure on profit margins for manufacturers.

Given this challenging business landscape, the Group recorded a revenue decline of RM44.5 million, or 36.7%, from RM121.2 million in the financial year ended ("**FYE**") 31 December 2024 to RM76.7 million in FYE 2025. The reduction was primarily attributable to the weak performance of the Furniture Division prior to its cessation, as well as softer demand in the Plastic Wares Division amid cautious consumer spending and competitive market conditions. Consequently, the Group recorded a loss before tax of RM12.1 million for FYE 2025.

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

Despite these challenges, SWS remains focused on strengthening its financial resilience and operational capabilities. The Group continues to prioritise cost optimisation, operational efficiency, and product innovation as key strategies to navigate the evolving industry landscape. By adapting to market trends, enhancing operational discipline, and investing in product development, the Group aims to reinforce its market position within the plastic wares segment and drive sustainable growth over the long term.

Financial performance	Audited FYE 2025 RM'000	Audited FYE 2024 RM'000	Variance	
			RM'000	%
Revenue	76,740	121,199	-44,459	-36.7
Gross profit ("**GP**")	6,033	17,406	-11,373	-65.3
Loss before tax ("**LBT**")	-12,109	-2,517	-9,592	-381.2
Loss after tax ("**LAT**")	-13,305	-3,500	-9,805	-280.2
GP margin (%)	7.9%	14.4%		-6.5
LBT margin (%)	-15.8%	-2.1%		-13.7
LAT margin (%)	-17.3%	-2.9%		-14.5

Revenue by segment	Audited FYE 2025 RM'000	Audited FYE 2024 RM'000	Variance	
			RM'000	%
Continuing operations				
Plastic wares	62,662	72,984	-10,322	-14.1
Discontinued operations				
Furniture	14,078	48,215	-34,137	-70.8
Revenue	**76,740**	**121,199**	-44,459	-36.7

GP / Gross loss ("GL") by segment	Audited FYE 2025 RM'000	Audited FYE 2024 RM'000	Variance	
			RM'000	%
Continuing operations				
Plastic wares	13,743	15,289	-1,546	-10.1
Discontinued operations				
Furniture	-7,710	2,117	-9,827	-464.2
GP	**6,033**	**17,406**	-11,373	-65.3

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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

GP/GL margin	Audited FYE 2025 %	Audited FYE 2024 %	Variance	
			RM'000	%
Continuing operations				
Plastic wares	21.9	20.9		1.0
Discontinued operations				
Furniture	-54.8	4.4		-59.2
GP margin	**7.9**	**14.4**		-6.5

Profit/(Loss) before tax ("PBT"/"LBT") by segment	Audited FYE 2025 RM'000	Audited FYE 2024 RM'000	Variance	
			RM'000	%
Continuing operations				
Plastic wares	-109	2,136	-2,245	-105.1
Others	-209	-375	166	44.3
Discontinued operations				
Furniture	-11,791	-4,278	-7,513	-175.6
PBT/LBT	**-12,109**	**-2,517**	-9,592	-381.2

Revenue

The Group recorded a decline in revenue from RM121.2 million in FYE 2024 to RM76.7 million in FYE 2025, representing a year-on-year ("**YoY**") decrease of RM44.5 million or 36.7%. The decline was primarily attributable to lower contributions from both the Furniture Division and the Plastic Wares Division during the financial year.

The Furniture Division reported a significant reduction in revenue of RM34.2 million or 70.8%, declining from RM48.2 million in FYE 2024 to RM14.0 million in FYE 2025. As previously explained, the Group made the strategic decision to cease its Furniture Division in August 2025, following sustained operational challenges and declining demand within the sector.

Meanwhile, the Plastic Wares Division recorded a revenue decrease of RM10.3 million or 14.1%, from RM73.0 million in FYE 2024 to RM62.7 million in FYE 2025. The decline was largely influenced by broader economic uncertainties, cautious consumer sentiment, shifts in spending patterns, and intensified competition from alternative suppliers in both domestic and export markets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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

Gross profit / loss

In line with the decline in revenue, the Group's GP decreased by RM11.4 million or 65.3%, from RM17.4 million in FYE 2024 to RM6.0 million in FYE 2025. Consequently, the Group's GP margin contracted from 14.4% in FYE 2024 to 7.9% in FYE 2025.

The significant reduction in GP was mainly attributable to the Furniture Division, which recorded a GL of RM7.7 million in FYE 2025, compared to a GP of RM2.1 million in FYE 2024, representing a negative variance of RM9.8 million. The deterioration reflects the weaker operating performance of the division prior to the cessation of operations during the year.

Despite the decline in revenue from the Plastic Wares Division, the division recorded a comparatively resilient performance. GP decreased moderately by RM1.5 million or 10.1%, from RM15.3 million in FYE 2024 to RM13.7 million in FYE 2025. Notably, the GP margin improved by 1.0 percentage point, increasing from 20.9% in FYE 2024 to 21.9% in FYE 2025.

This improvement in margin reflects the Group's continued efforts in cost management, operational efficiencies, and product mix optimisation within the Plastic Wares Division, which helped mitigate the impact of lower sales volume during the year.

Loss/Profit before tax

For FYE 2025, the Group recorded a LBT of RM12.1 million, compared with an LBT of RM2.5 million in FYE 2024.

The larger loss was primarily attributable to the Furniture Division, which recorded an LBT of RM11.8 million in FYE 2025. The division continued to face significant operational challenges, including declining demand and sustained losses, which ultimately led the Group to make the strategic decision to cease the Furniture Division's operations in August 2025.

Meanwhile, the Plastic Wares Division recorded a near breakeven performance, reporting a LBT of RM0.1 million in FYE 2025, compared with a PBT of RM2.1 million in FYE 2024. The decline in profitability was largely attributable to lower sales volumes and the impact of fixed operating expenses, which could not be proportionately reduced in line with the decrease in revenue during the year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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

Loss after tax

In line with the higher LBT recorded during the year, the Group's LAT increased from RM3.5 million in FYE 2024 to RM13.3 million in FYE 2025.

Correspondingly, the Group's basic loss per share widened to 4.40 sen per share in FYE 2025, compared with 1.16 sen per share in FYE 2024.

Financial position	Audited As at 31 December 2025 RM'000	Audited As at 31 December 2024 RM'000	Variance RM'000	Variance %
Non-current assets	109,152	111,348	-2,196	-2.0
Current assets	74,063	88,020	-13,957	-15.9
Asset classified as held for sale	1,675	5,590	-3,915	-70.0
Non-current liabilities	12,760	15,066	-2,306	-15.3
Current liabilities	27,577	39,268	-11,691	-29.8
Equity attributable to owners of the Company	144,553	150,624	-6,071	-4.0

Assets

The Group's non-current assets primarily comprise right-of-use assets, property, plant and equipment ("**PPE**"), and investment properties. As at 31 December 2025, total non-current assets stood at RM109.1 million, representing a decrease of RM2.2 million from RM111.3 million recorded a year earlier.

The reduction was mainly attributable to a decline in PPE of RM10.8 million, which was partially offset by an increase in investment properties of RM6.6 million and right-of-use assets of RM2.0 million.

The decrease in PPE was primarily due to depreciation charges of RM3.3 million recognised during the year, the disposal of assets amounting to RM2.8 million, and reclassification of land and properties as investment properties of RM6.6 million. These reductions were partially offset by capital expenditure of RM1.3 million incurred during the financial year.

The increase in investment properties of RM6.6 million was mainly attributable to the reclassification of property under the Furniture Division that is generating rental income from PPE. Meanwhile, the increase in right-of-use assets of RM2.0 million was primarily due to the revaluation of leasehold properties as well as renewal and extension of lease arrangements, resulting in the recognition of additional right-of-use assets in accordance with the applicable accounting standards.

The Group's current assets, which comprise inventories, trade and other receivables, other investments, tax recoverable, cash and bank balances, and fixed deposits, decreased by RM13.9 million or 15.9%, from RM88.0 million as at 31 December 2024 to RM74.1 million as at 31 December 2025.

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

Assets (Cont'd)

The decline was mainly driven by a reduction in inventories of RM14.0 million, as well as a decrease of RM10.8 million in trade and other receivables. The lower receivables balance was largely attributable to the cessation of the Furniture Division and the reduction in revenue from the Plastic Wares Division during the year.

These decreases were partially offset by an increase of RM12.5 million in cash and bank balances and fixed deposits. Further details on this increase are provided in the "Liquidity, Capital Resources and Gearing" section of this report.

Liabilities

The Group's non-current liabilities, comprising loans and borrowings, lease liabilities, and deferred tax liabilities, decreased by RM2.3 million or 15.3% YoY, from RM15.1 million as at 31 December 2024 to RM12.8 million as at 31 December 2025. This reduction was mainly attributable to a RM1.0 million decrease in long-term loans and borrowings and a RM1.6 million decline in lease liabilities during the year.

Similarly, current liabilities, which include short-term loans and borrowings, trade and other payables, and lease liabilities, declined by RM11.7 million or 29.8% YoY, from RM39.3 million as at 31 December 2024 to RM27.6 million as at 31 December 2025. The decrease was primarily driven by a net repayment of RM7.9 million in short-term loans and borrowings and a RM3.2 million reduction in trade and other payables.

The reductions in both current and non-current liabilities were mainly due to the cessation of the Furniture Division, where the Group cleared all outstanding loans and payables.

Liquidity, capital resources and gearing

As of 31 December 2025, the Group's cash and cash equivalents increased by RM15.2 million to RM28.7 million, compared to RM13.5 million as of 31 December 2024. Cash and cash equivalents comprise cash and bank balances, fixed deposits not pledged with licensed banks and are offset by bank overdrafts.

Cash flow from/(used in)	Audited As at 31 December 2025 RM'000	Audited As at 31 December 2024 RM'000	Variance RM'000	Variance %
Operating activities	17,836	6,785	11,051	162.9
Investing activities	8,374	1,371	7,003	510.8
Financing activities	-11,050	-9,887	-1,163	11.8
Net changes in cash and cash equivalents	15,160	-1,731	16,891	975.8
Effects of changes in exchange rate	–	6	-6	-100

For FYE 2025, the Group reported a LBT of RM12.1 million. After adjusting for non-cash items, the Group recorded an operating loss before changes in working capital of RM3.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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

Liquidity, capital resources and gearing (Cont'd)

Improvements in working capital contributed to a net cash inflow of RM20.3 million, primarily driven by:

- A RM13.3 million inflow from reductions in inventories,
- A RM10.2 million inflow from lower trade and other receivables,
- Partially offset by a RM3.2 million outflow from decreases in trade and other payables.

After accounting for net tax refunds of RM0.8 million, the net cash generated from operating activities amounted to RM17.8 million.

From investing activities, the Group recorded a net cash inflow of RM8.4 million, largely attributable to RM10.0 million in proceeds from the disposal of PPE, partially offset by RM1.3 million in capital expenditure, RM0.4 million paid for real property gain tax and RM0.2 million placement in fixed deposits. Additionally, RM0.3 million was received in interest income.

The proceeds from the disposal of PPE primarily relate to a transaction announced on 9 October 2024, whereby the Board approved the sale of certain assets of SWS's subsidiary, U.D. Panelform Sdn. Bhd., to Ecomate Sdn. Bhd., under a Sale and Purchase Agreement and a Sale of Plant & Machinery Agreement for a total consideration of RM8.85 million, as disclosed in the "Corporate Exercise" section of this Report.

Financing activities resulted in a net cash outflow of RM11.1 million, primarily due to:

- Net repayment of loans and borrowings of RM6.2 million,
- Interest payments of RM1.6 million, and
- Lease liability repayments of RM3.4 million.

As a result of these activities, the Group's gearing position improved significantly, with net cash exceeding total borrowings as at 31 December 2025. This represents a substantial reduction in financial leverage compared with 0.09 times as at 31 December 2024, highlighting the Group's strong liquidity and prudent financial management.

The Group's operations are financed through a combination of internal and external sources. Internal funding primarily comprises shareholders' equity and cash flows from operations, while external funding includes bank borrowings and supplier credit arrangements, which generally range between 30 and 120 days.

Management is confident that, given the current cash and bank balances and expected cash flows from operations, the Group has sufficient working capital to support its ongoing and foreseeable business needs. Other than the factors disclosed above, there are no known trends or events that could materially affect the Group's operations, financial performance, or liquidity.

During FYE 2025, the Group did not enter into any capital commitments.

REVIEW OF OPERATING ACTIVITIES

Corporate Exercise

On 9 October 2024, SWS's subsidiary, U.D. Panelform Sdn. Bhd. had entered into a Sale and Purchase Agreement and a Sale of Plant & Machinery Agreement with Ecomate Sdn. Bhd. for the disposal of the following assets at a total consideration of RM8.85 million:

- A single-storey factory building, together with two guardhouses, a pump house, a prayer room, and a TNB sub-station, situated on a leasehold industrial land (99-year lease expiring on 29 December 2094) under PN 9624, Lot No. 8800, Mukim Jalan Bakri, District of Muar, State of Johor. The land measures approximately 8,217 square meters and has a postal address at No. 27, Jalan Perindustrian 5, Kawasan Perindustrian Bukit Bakri, Muar, Johor. The consideration for this disposal was RM7 million.

- All plant and machinery, including but not limited to forklifts, saw machines, drilling machines, laminating machines, sanding machines, and other related machinery and components located on the property, for a consideration of RM1.85 million.

This disposal formed part of SWS's ongoing group-wide rationalisation exercise of its furniture manufacturing division. It enabled the Group to realise the value of its investments and redeploy the proceeds into other operating units, thereby optimising manufacturing capacity and enhancing overall competitiveness. The proceeds from this disposal were received in July 2025.

On 28 July 2025, SWS's subsidiary, U.D. Panelform Sdn. Bhd., entered into a Sale and Purchase Agreement with Jason Koh Jian Hui and Bo Lireen for the disposal of a single-storey detached factory building situated on leasehold industrial land (PN 9615, Lot 8792, Mukim Jalan Bakri, District of Muar, Johor), for a total consideration of RM1.71 million.

Following the agreement, the property was classified as an asset held for sale. The proceeds from the disposal are expected to be received in the second quarter of 2026.

On 22 August 2025, SWS announced the cessation of operations of its Furniture Division, which is currently carried out through the following direct and indirect wholly-owned subsidiaries:

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

The Group is currently in the process of disposing of the remaining operating assets related to this division.

The Board of SWS Capital Berhad is of the view that this rationalisation exercise is in the best long-term interests of the Group, taking into account the highly competitive nature of the furniture manufacturing industry, as well as the division's past financial performance and future business prospects.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

RISK PROFILES

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

(i) Business risks

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

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

(ii) Operational risks

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

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

The plastic wares division relies on foreign workers to run 24-hour production. The Group is subject to labour shortages, both for local and foreign workers, from time to time, leading to increased labour costs.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

RISK PROFILES (CONT'D)

(iii) Credit risks

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

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

(iv) Foreign exchange risks

Plastic wares division's export sales contributed approximately 6.5% to the total division revenue. The division sources its raw materials and accessories from local suppliers who, in turn, procure them from overseas, thereby exposing the division to foreign exchange risks. The export department will ensure our overseas customers pay a minimum deposit of 30% before delivery, and the balance upon port clearance. Any credit terms offered must be approved by the Management and supported by local bankers.

(v) Competition risks

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

FORWARD-LOOKING STATEMENT

The global demand for plastic products, including household and industrial plastic wares, is projected to grow moderately at 2%–3% per annum between 2025 and 2027. This growth is supported by stable consumption trends across downstream sectors such as packaging, automotive, construction, and electronics, reflecting continued industrial and consumer demand for versatile plastic solutions.

(Source: https://www.krungsri.com/en/research/industry/industry-outlook/petrochemicals/plastics/io/io-plastics-2025-2027)

Regionally, the ASEAN plastics market is expected to remain robust in 2026, driven by rapid urbanisation, industrial expansion, and a growing middle class. Demand for household and industrial plastics continues to rise, accompanied by an increasing shift toward higher-value and sustainable materials. These trends create opportunities for manufacturers that can offer innovative, environmentally conscious, and high-quality products.

(Source: https://www.mordorintelligence.com/industry-reports/south-east-asia-sea-plastics-market)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FORWARD-LOOKING STATEMENT (CONT'D)

Domestically, the Malaysian plastics market is projected to grow from USD 4.04 billion in 2025 to approximately USD 4.19 billion in 2026, reflecting sustained expansion of the sector. Over the medium term (2026–2031), the market is expected to grow at a CAGR of approximately 3.86%, driven by export-oriented manufacturing clusters, growing domestic consumption, and increasing demand for recycled and bio-based plastics.

(Source: https://www.mordorintelligence.com/industry-reports/malaysia-plastics-market)

For SWS, these macroeconomic and industry trends provide a positive backdrop for the Plastic Wares Division, which remains the Group's primary growth engine following the cessation of the Furniture Division. The Group anticipates moderate growth in the retail market for plastic wares in 2026, supported by:

- Steady consumer demand for affordable, durable, and lightweight household products;
- Expansion of online and physical retail channels, enhancing accessibility and convenience for consumers; and
- Regional export opportunities, particularly in ASEAN markets, reflecting the continued strength of the plastics sector.

However, growth is expected to remain measured due to sustainability considerations, raw material cost fluctuations, and intensifying competition from alternative homeware materials such as glass, stainless steel, and silicone.

To capitalise on market opportunities and mitigate these challenges, the Group will focus on:

1. *Operational efficiency and production excellence* – improving manufacturing processes to enhance cost-effectiveness and product quality.
2. *Customer collaboration and revenue diversification* – working closely with domestic and international clients to manage cost pressures and broaden sales channels.
3. *Product innovation and design enhancement* – upgrading existing product lines and introducing new offerings at competitive pricing, ensuring that products remain relevant, functional, and appealing.
4. *Sustainability initiatives* – exploring recyclable, reusable, and environmentally friendly product solutions to align with evolving consumer and regulatory expectations.

Affordability, durability, and convenience will continue to underpin SWS's product strategy, guiding the Group in delivering long-term sustainable growth while strengthening its market position in both domestic and regional markets.

BOARD OF DIRECTORS' PROFILE

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

Non-Independent Non-Executive Chairman

Nationality
Malaysia

Gender
Male

Aged
70

Appointed as the Executive Director on 30 November 2003 and resigned on 26 October 2010. He was subsequently appointed as the Deputy Executive Chairman on 23 December 2015, redesignated as Executive Chairman on 16 November 2016 and redesignated as Non-Independent Non-Executive Chairman on 2 February 2021. He is also one of the founder of the Group.

He holds a Bachelor of Business Management ("BBM") degree in Accounting from Bolton University, the United Kingdom. He is a member of the Institute of Certified Public Accountants, Ireland ("CPA Ireland"), and fellow member of Malaysian Association of Company Secretaries ("FCCS"). He is awarded with a Doctorate ("PhD") of Industry by public university, University Sains Malaysia. He has over 44 years of working experience in the fields of auditing, accounting and corporate finance.

Tan Sri Dato' Seri Dr. Tan holds directorship in other public listed company, which are listed in Main Market and ACE Market of Bursa Malaysia Securities Berhad. His experience and contribution in other directorship are as follows: -

- Executive Chairman of Muar Ban Lee Group Berhad (appointed as the Executive Director of Muar Ban Lee Group Berhad on 30 June 2009. He was redesignated as Executive Chairman on 5 October 2023);
- Non-Executive Chairman of Focus Dynamics Group Berhad (appointed on 1 March 2024);
- Non-Executive Chairman of Oversea Enterprise Berhad (appointed on 22 March 2024);
- Non-Executive Chairman of Symphony Life Berhad (appointed as the Non-Executive Director of Symphony Life Berhad on 2 September 2021. He was re-designated as Executive Chairman on 15 November 2021, re-designated as Non-Executive Chairman on 1 October 2023 and resigned on 30 April 2024);
- Non-Executive Chairman of Eka Noodles Berhad (appointed on 8 May 2017 and retired on 21 August 2020);
- Executive Director of Pensonic Holdings Berhad (appointed on 13 September 1995 and resigned on 1 October 2017);
- Senior Independent Non-Executive Director of Unimech Group Berhad (appointed on 6 March 2000 and resigned on 5 July 2016); and
- Independent Non-Executive Director of Denko Industrial Corporation Berhad (appointed on 27 December 2010 and resigned on 21 March 2017).

Apart from his directorship in the Company and other listed companies as mentioned above, he also sits on the board of several other private limited companies. He has no family relationship with any other Director or major shareholder of the Company, exclude as disclosed in Analysis of Shareholdings.

BOARD OF DIRECTORS' PROFILE (CONT'D)

DATO' CHUA HEOK WEE

Group Managing Director

Nationality
Malaysia

Gender
Male

Aged
53

Appointed as an Independent Non-Executive Director on 23 December 2015 and resigned on 6 January 2021. He was subsequently appointed as Non-Independent Non-Executive Director on 25 August 2023 and redesignated as Group Managing Director on 3 October 2023. Dato' Chua graduated from Technical College. He joined Muar Ban Lee Engineering ("MBLE") as a foreman and assisted his father, Dato' Chua Ah Ba @ Chua Eng Ka, in 1995 and was subsequently promoted to Project Manager in 1997.

With more than 31 years' experience in the design and manufacture of oil seed expellers, ancillary machinery and spare parts, he has steered MBLE from a small-scale manufacturer to be one of the major manufacturers of oil seed expellers in Malaysia. He is responsible for the overall business planning, marketing, product development and brand building of our Group. He has participated in many international metal product trade fairs and exhibitions held overseas and locally.

Dato' Chua holds directorship in other public listed company, which are listed in Main Market of Bursa Malaysia Securities Berhad. His experience and contribution in other directorship are as follows: -

- Managing Director cum Chief Executive Officer ("CEO") of Muar Ban Lee Group Berhad (appointed on 30 June 2009); and
- Executive Director of Symphony Life Berhad (appointed on 2 September 2021 and resigned on 2 May 2023).

Apart from his directorship in the Company and other listed companies as mentioned above, he also sits on the board of several other private limited companies. He has no family relationship with any other Director or major shareholder of the Company, exclude as disclosed in Analysis of Shareholdings.

Director of:-

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

BOARD OF DIRECTORS' PROFILE (CONT'D)

CHUA KANG SING

Executive Director

Nationality
Malaysia

Gender
Male

Aged
35

Appointed as Non-Independent Non-Executive Director on 25 August 2023 and redesignated as Executive Director on 3 October 2023.

He holds a Diploma in Programming Development and Design from College of Gamfe International Academy.

Chua Kang Sing joined production department in Muar Ban Lee Group Berhad ("MBLG") as machinist in grinding and machining department in year 2011. He also involved in inventory management and Production Coordinator. Subsequently he was promoted to Assistant Factory Manager in 2014 to assist Factory Manager on supervision and operation of production process. He has accumulated 13 years' experience in engineering and palm oil industries. He is well-trained in the Company production process and possess extension, knowledge of oil seed expeller and other manufactured product.

Since 2015, he promoted as the Head of Costing and Quotation Department. He is responsible to review and approve the product costing before quoting to the customers. Besides that, he also involved in Research and Development Department to enhance the product capacity and efficiency from time to time. He also oversees the group administration.

He was appointed as an Executive Director of Muar Ban Lee Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, on 9 December 2020. He also sits on the board of several other private limited companies. He has no family relationship with any other Director or major shareholder of the Company, exclude as disclosed in Analysis of Shareholdings.

Director of:-

1. Poh Keong Industries Sdn. Bhd.
2. Syarikat U.D. Trading Sdn. Bhd.
3. U.D. Panelform Sdn. Bhd.
4. U.D. Wood Products Sdn. Bhd.

BOARD OF DIRECTORS' PROFILE (CONT'D)

DATO' SERI SIMON TOH BOON WAN *

Independent Non-Executive Director

Nationality
Malaysia

Gender
Male

Aged
51

Appointed as Independent Non-Executive Director on 1 September 2023 and is presently member of the Nomination and Remuneration Committee and the Audit Committee. Dato' Seri Simon Toh is currently the Company Director of Tiger Mark Pte Ltd, with an annual revenue income of RM50 million. He was also co-running 2 consumer private limited businesses, BB First Wholesale Sdn. Bhd. and Dunia Cahaya Mata Sdn. Bhd.

Dato' Seri Simon Toh started his entrepreneurship journey as a sole proprietor, since 2004. He ventured into the consumer businesses in KL. He was also the director of Popeye Restaurant, Marina Island that brings in ranges of western food to the consumers who visited the island. In addition, he was also the director of the company that ran the pay pond fishing business to Marina Island. Dato' Seri Simon Toh is also the franchise owner of Yomi Yoghurt in Malaysia. He is also the Chairman of the non-profit Persatuan Penganut Karma Naedon Jangchub Ling Manjung Perak. He has no family relationship with any other Director or major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE (CONT'D)

KOAY HOOI LYNN *

Independent Non-Executive Director

Nationality
Malaysia

Gender
Female

Aged
55

Appointed as an Independent Non-Executive Director on 1 September 2023 and is presently Chairperson of the Nomination and Remuneration Committee and a member of the Audit Committee. On 7 March 2024, she was certified as an Audit Committee Member by The Institute of Internal Auditors Malaysia (IIA) and designated as Chartered Audit Committee Director ("CACD")

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

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

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

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

BOARD OF DIRECTORS' PROFILE (CONT'D)

LIU TIAN KHIEW

Independent Non-Executive Director

Nationality
Malaysia

Gender
Male

Aged
68

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

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

BOARD OF DIRECTORS' PROFILE (CONT'D)

ONG PENG TENG

Independent Non-Executive Director

Nationality
Malaysia

Gender
Female

Aged
43

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

Ms. Ong began her professional career in 2007 as an audit assistant and progressed through the ranks to become an approved auditor licensed by the Ministry of Finance in 2016. She has extensive experience in accounting, taxation, auditing, and finance, gained through her years in public practice firms.

In 2019, she established her own professional firm, OPT & Co, which provides a range of services including accounting, auditing, taxation, and management advisory services. Ms. Ong does not have any family relationship with any other Director or major shareholder of the Company.

Conflict of interest

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

Conviction of offence

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

* Director who are standing for re-election.

KEY SENIOR MANAGEMENT PROFILE

TAN SOON PING

Nationality **Malaysia**

Gender **Male**

Aged **55**

Executive Director of:-

1. Ee-Lian Enterprise (M) Sdn. Bhd.
2. Ee-Lian Industries Sdn. Bhd.
3. Ee-Lian Plastic Industries (M) Sdn. Bhd.
4. Skywood Residence Sdn. Bhd.
5. SWS In Medics Sdn. Bhd.

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

HENG LIH JIUN

Nationality **Malaysia**

Gender **Male**

Aged **53**

Executive Director of:-

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

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

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

TAN KEAN AIK

Nationality **Malaysia**

Gender **Male**

Aged **35**

Executive Director of:-

1. Ee-Lian Enterprise (M) Sdn. Bhd.
2. Ee-Lian Industries Sdn. Bhd.
3. Ee-Lian Plastic Industries (M) Sdn. Bhd.
4. Poh Keong Industries Sdn. Bhd.
5. Skywood Residence Sdn. Bhd.
6. SWS In Medics Sdn. Bhd.
7. Syarikat U.D. Trading Sdn. Bhd.
8. U.D. Panelform Sdn. Bhd.
9. U.D. Wood Products Sdn. Bhd.

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

LEE CHAW HSIEN

Chief Financial Officer

Nationality **Malaysia**

Gender **Male**

Aged **44**

Appointed as the Chief Financial Officer on 31 January 2018. Mr Lee Chaw Hsien holds Bachelor's degree in Accounting and Finance (Honours) from Sheffield Hallam University, United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a Chartered Accountant of the Malaysian Institute of Accounts (MIA). He began his career as an Audit Assistant with KS Lau & Co., an audit firm in 2004 and become the Assistant Audit Manager in 2009. Subsequently in 2010, he joined KBH Capital Berhad, a marine logistics service provider, as Assistant Accountant. In 2012 he joined Kiarafield Sdn Bhd, a property developer, as the Accountant. In 2013, he joined Southern Steel Berhad, steel work manufacturer, as Assistant Manager. He led a team of accountants in compiling monthly reports, prepared monthly consolidations, forecasts and budgets. In 2014, he joined ELE as Finance Manager. He was tasked with preparing, examining, and analysing accounting records, financial statements, and other financial reports to assess accuracy, completeness, and conformance to reporting and procedural standards. He has no family relationship with any other Director or major shareholder of the Company.

Other Directorships

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

Conflict of interest

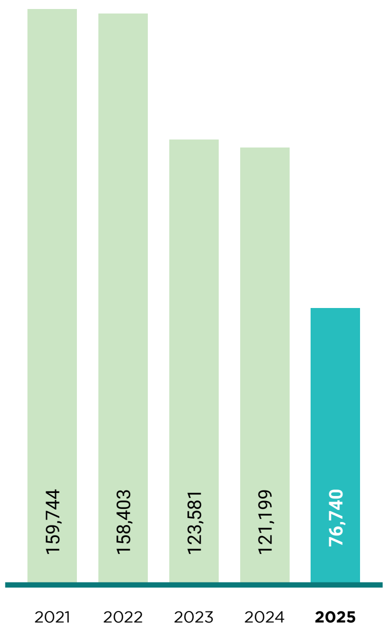
No Key Senior Management has any conflict of interest with the Company.

Conviction of offence

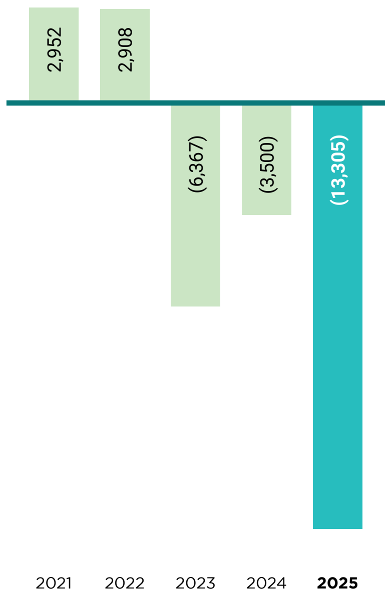
No Key Senior Management has been convicted of any offence within the past five (5) years other than traffic offences.

FINANCIAL HIGHLIGHTS

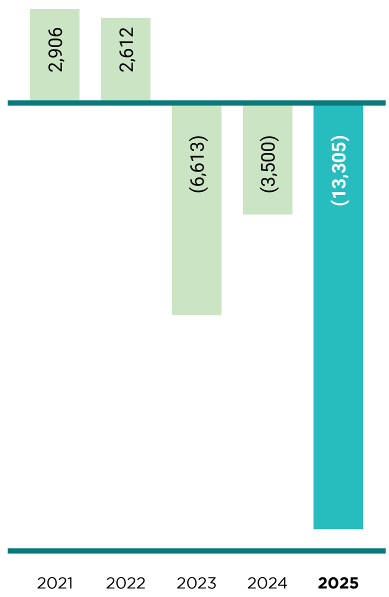
Revenue
(RM'000)



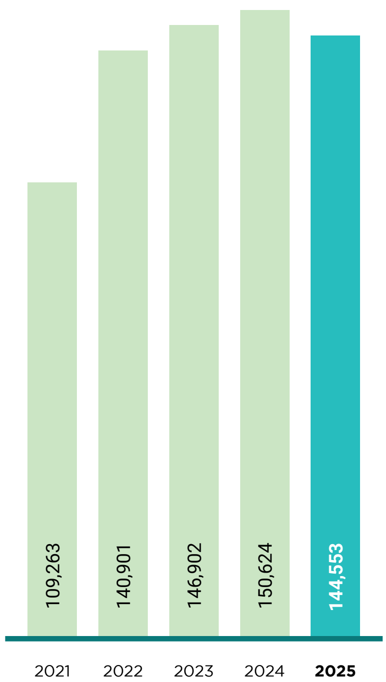
Profit/(Loss) After Tax
(RM'000)



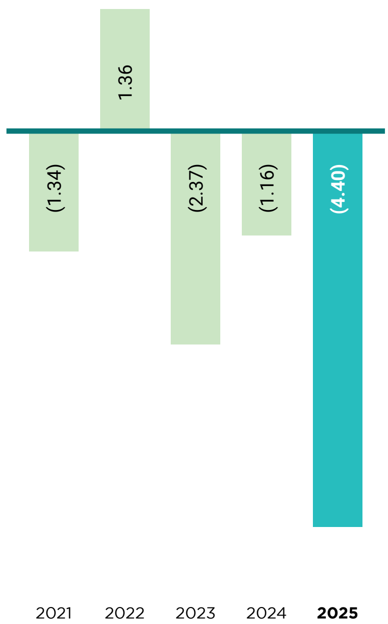
Net Profit/(Loss) Attributable to Equity Holders
(RM'000)



Shareholders' Fund
(RM'000)



Earnings/(Loss) Per Share
(Sen)



Net Assets per Share
(RM)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board Responsibility

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

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

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

Charter of Board (or "Charter")

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

The Board reviews and updates its Charter from time to time as to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives. The salient features of the Charter can be viewed on the Company's website at www.swscap.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.1 Board Responsibility (Cont'd)

Code of Conducts and Whistle-blowing Policy

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

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

Access to Information and Advice

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

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

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

The Company Secretary constantly keep abreast of the evolving market environment, regulatory changes and developments in CG through continuous training.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition

As at the date of this statement, the Board consists of seven (7) members of whom two (2) are Executive Directors of whom one (1) is also the Group Managing Director ("GMD"), one (1) Non-Independent Non-Executive Chairman and four (4) Independent Non-Executive Directors. This composition fulfils the requirements as set out under the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

With the age of the Directors ranges from 35 to 70, the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board. The Board is also of the opinion that its current composition and size constitute an effective Board to the Group. Furthermore, the strong representation of high caliber Independent Non-Executive Directors provides the necessary balance.

The role of the Independent Non-Executive Directors is important in ensuring that the strategies proposed by the Management are fully discussed and deliberated, and the interests of the shareholders, employees, customers, suppliers and other stakeholders are taken into consideration. The Board is, however, open to board changes as and when appropriate. The profile of each Director is set out on pages 25 to 31 of this Annual Report.

Nomination and Remuneration Committee

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Nomination and Remuneration Committee (Cont'd)

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

- Review the composition and size of the Board of Directors and determine the criteria for membership on the Board of Directors, which may include, among other criteria, issues of character, judgment, independence, gender diversity, age, expertise, corporate experience, length of service, other commitments and the like;

- Conduct periodic evaluations of the Board of Directors as a whole;

- Identify, consider and select, or recommend for the selection of the Board of Directors, candidates to fill new positions or vacancies on the Board of Directors and Board Committees;

- Evaluate the performance of individual members of the Board of Directors eligible for re-election, and select, or recommend for the selection of the Board of Directors, the nominees for election to the Board of Directors by the stockholders at the annual general meeting;

- Assess the independence of Independent Directors annually;

- Periodically review the composition, the term of office and performance of each committee of the Board of Directors, particularly the Audit Committee and make recommendations to the Board of Directors for the creation of additional committees or the change in mandate or dissolution of committees;

- To give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the required skills and expertise that are needed by the Board in future; and

- To review the training needs of the Director.

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

Recruitment or Appointment of Directors

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Recruitment or Appointment of Directors (Cont'd)

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

The Directors standing for re-election/re-appointment at the 26th Annual General Meeting of the Company are as follows:

Name	Designation
Koay Hooi Lynn	Independent Non-Executive Director
Dato' Seri Simon Toh Boon Wan	Independent Non-Executive Director

Koay Hooi Lynn and Dato' Seri Simon Toh Boon Wan are due to retire pursuant to clause 21.5(a) of the Constitution of the Company at the 26th Annual General Meeting. All these Directors will be recommended for re-election/re-appointment by the Board. Information of each Director standing for re-election is set out in pages 25 to 31 of the Directors' Profile of this Annual Report.

Annual Assessment

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

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

The annual assessment for financial year ended 31 December 2025 ("FYE 2025") was conducted via Questionnaires. The Company Secretary summarised the results of evaluation and reported to each Board and Board Committee member by providing with summarised results on each area of assessment. Thus, allowing the Directors to know their standing and the Board to take actions on the outcome of evaluation by recommending remedial measures on areas that need improvements, if any.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Annual Assessment (Cont'd)

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

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

Gender Diversity Policy

The Board is supportive of gender diversity and currently the Board comprises two (2) female Directors, which represents 29% of the entire Board members. This composition is almost at the 30% threshold as recommended in the MCCG. The Board through the Nomination and Remuneration Committee shall consider gender diversity as part of its criteria in its future selection and shall look into increasing female Board representation in future. The Board believes that the on-boarding process of Directors should also base on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, as the case may be.

Independence of the Board

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

The existing four (4) Independent Non-Executive Directors are able to express their opinions without any constraint. This strengthens the Board who benefits from the independent views expressed before any decisions are taken. The Group has made available a dedicated electronic email, info@swscap.com to which stakeholders can direct such concerns to be reviewed and addressed by the Board accordingly.

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

The GMD, Dato' Chua Heok Wee, is responsible for the overall performance of the Group operations, organisation effectiveness and financial performance. As the GMD, supported by fellow Executive Directors and Executive Management team, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Directors' Commitment

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

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

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

Name	*Board*	*AC*	*NRC*
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	*5/5**	*N/A*	*N/A*
Dato' Chua Heok Wee	*5/5*	*N/A*	*N/A*
Chua Kang Sing	*5/5*	*N/A*	*N/A*
Dato' Seri Simon Toh Boon Wan	*5/5*	*5/5*	*2/2*
Koay Hooi Lynn	*5/5*	*5/5*	*2/2**
Liu Tian Khiew	*4/5*	*4/5*	*2/2*
Ong Peng Teng	*5/5*	*5/5**	*2/2*

* Chairman of Board Committee
N/A - Not Applicable

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.2 Board Composition (Cont'd)

Directors' Commitment (Cont'd)

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

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

Directors' Training – Continuing Education Programme

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

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

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

Name	*Training Programmes*	*Date*
Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	Impact of Malaysia Budget	10/10/2025
	Seminar on "[SSM Webinar] Resolving Boardroom and Shareholders Disputes"	17/03/2026
	Seminar on "[SSM Webinar] Handling Boardroom Tussle & Tension : A Workshop For Company Secretaries"	26/03/2026
Dato' Chua Heok Wee	SST Implementation	07/08/2025 - 08/08/2025
Chua Kang Sing	Essential of Franchising Course	23/07/2025-24/07/2025
	SST Implementation	07/08/2025-08/08/2025

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

1.2 Board Composition (Cont'd)

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

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

Name	*Training Programmes*	*Date*
Dato' Seri Simon Toh Boon Wan	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP) ICDM Virtual Classroom	26/11/2025 & 27/11/2025
Koay Hooi Lynn	SSM National Conference – Leading Governance for Sustainable Growth	19/08/2025 & 20/08/2025
	Audit Oversight Board by Security Commission	25/11/2025
Liu Tian Khiew	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP) ICDM Virtual Classroom	26/11/2025 & 27/11/2025
Ong Peng Teng	A Comprehensive Review of Latest Developments in MPERS	17/09/2025
	An Overview of The Malaysian Private Entities Reporting Standard (MPERS) - Practical Approach to Recognition and Measurement Principles Including Updates	16/10/2025 & 17/10/2025

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

1.3 Remuneration Committee

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1.3 Remuneration Committee (Cont'd)

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

The Board approved the NRC's recommendation on the fee of the Non-Executive Directors, and Directors' fees for FYE 2026 for the approval of the shareholders at the Company's forthcoming annual general meeting. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board. Disclosure of each Director's remuneration is set out in the annual audited financial statements of this Annual Report.

The details of the remuneration of the Directors of the Company for the financial year from 01.01.2025 to 31.12.2025:

	EXECUTIVE DIRECTORS		
	Dato' Chua Heok Wee	Chua Kang Sing	TOTAL
Salaries and other emoluments	360,000	180,000	**540,000**
Social contribution plan	1,393	1,393	**2,785**
Defined contribution plan	46,800	21,600	**68,400**
	408,193	202,993	**611,185**

	NON EXECUTIVE DIRECTORS					
	Tan Sri Dato' Seri Dr. Tan King Tai @ Tan Khoon Hai	Dato' Seri Simon Toh Boon Wan	Koay Hooi Lynn	Liu Tian Khiew	Ong Peng Teng	TOTAL
Allowances	4,000	4,000	4,000	3,200	4,000	**19,200**
Fee	140,000	56,000	56,000	56,000	56,000	**364,000**
Social contribution plan	893	769	769	483	769	**3,683**
	144,893	60,769	60,769	59,683	60,769	**386,883**

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

1.3 Remuneration Committee (Cont'd)

The details of the remuneration of the Directors of the Company for the financial year from 01.01.2025 to 31.12.2025: (Cont'd)

	PAST EXECUTIVE DIRECTORS	
	Dato' Teoh Han Chuan	TOTAL
Salaries and other emoluments	37,161	**37,161**
Social contribution plan	149	**149**
Defined contribution plan	1,489	**1,489**
	38,799	**38,799**

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

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

Range of Remuneration	*Numbers of Key Senior Management*
RM50,000 to RM100,000	–
RM100,001 to RM150,000	–
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1
RM350,001 to RM400,000	–
RM400,001 to RM450,000	–
RM450,001 to RM500,000	–
RM500,001 to RM550,000	–
RM550,001 to RM600,000	–
RM600,001 to RM650,000	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

2.1 Audit Committee

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

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

In assisting the Board to discharge its duties on financial reporting, the Board established the Audit Committee on 22 December 2003. The roles and responsibilities of the Audit Committee, including activities undertaken during the financial year under review, are set out in the Audit Committee Report on pages 56 to 58 of this Annual Report. One (1) of the key responsibilities of the Audit Committee in its ToR is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act 2016 ("the Act").

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

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

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

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

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

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

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

2.1 Audit Committee (Cont'd)

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

In this regard, the Audit Committee had on 13 April 2026, assessed the independence of Messrs. Morison LC PLT as External Auditors of the Company as well as reviewed the level of non-audit services rendered by Messrs. Morison LC PLT to the Company during the financial year under review. Having satisfied itself with the technical competency, performance of and fulfillment of criteria as set out in the Non-Audit Services' Policy by the External Auditors as well as audit independence of Messrs. Morison LC PLT, the Audit Committee unanimously recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the 26th Annual General Meeting.

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

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

The details of the related party transactions are set out under Note 32 to the annual audited financial statements on pages 199 to 202 of this Annual Report.

2.2 Risk Management and Internal Control Framework

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2.2 Risk Management and Internal Control Framework (Cont'd)

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

In line with the MCCG and the Listing Requirements of Bursa Securities, the Company has outsourced the internal audit function to JWC Consulting Sdn Bhd as internal auditors, who reports directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls during the quarterly Audit Committee meetings. The internal audit activity is guided by the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors Inc. which contains the international standards for internal auditing. In addition, the audit programme is tailored to the operations / processes / functions of the Group with clearly stated objectives and risks and is guided by the Committee of Sponsoring Organisations of the Treadway Commission's (COSO) principles. Appropriate audit procedures will be included to ensure adequate coverage of the areas to be audited and risks are addressed. The internal audit function is independent of the activities it audited and the scope of work it covered during the financial year under review is provided in the Audit Committee Report set out on pages 56 to 58 of this Annual Report.

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

3.1 Ensure Timely and High Quality Disclosure

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

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

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

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

3.2 Strengthen Relationship between the Company and its Shareholder

Shareholder Participation at General Meeting

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

Shareholder Participation at General Meeting (Cont'd)

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

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

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

Under Paragraph 8.29A(1) of the Listing Requirements, a PLC must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the poll administrator and an independent scrutineer will be appointed to validate the votes cast at the 26th Annual General Meeting.

Communication and Engagement with Shareholders and Prospective Investors

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

All the Directors shall endeavor to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company at the Annual General Meeting. The proceedings of the 26th Annual General Meeting will include the Chairman's briefing on the Company's overall performance for FYE 2025 and a Q&A session during which the Chairman will invite shareholders to raise questions pertaining to the Company's accounts and other items for adoption at the meeting. The Directors, GMD and External Auditors will be in attendance to respond to the shareholders' queries. The Board will also share with the shareholders the Company's responses to questions submitted in advance of the 26th Annual General Meeting by the Minority Shareholder Watch Group, if any.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

Communication and Engagement with Shareholders and Prospective Investors (Cont'd)

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

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

(i) Investor Relations

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

COMPLIANCE STATEMENT

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

This Statement was approved by the Board on 20 April 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of SWS Capital Berhad ("SWSCAP" or "Company") is committed to maintain sound system of internal control and effective risk management to safeguard shareholders' investment and Group's assets. In compliance with Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("SORMIC Guide 2025"), the Board is pleased to provide the following statement, on the nature and scope on risk management and internal control of the Group for the financial year ended 31 December 2025 ("FYE 2025").

BOARD RESPONSIBILITY

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

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

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

RISK MANAGEMENT FRAMEWORK

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

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

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

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

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

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

RISK MANAGEMENT FRAMEWORK (CONT'D)

The steps to management of risks identified in the risk register consists of:

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

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

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

RISK PROFILE

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

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

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

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

SYSTEM OF INTERNAL CONTROL

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

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

- Operating procedures that set out the policies, procedures and practices adopted by the Group are properly documented and communicated to staff member so as to ensure clear accountabilities. The effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements.

- The organisational structure is well defined, with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated.

- The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks.

- Financial results are reviewed quarterly by the Board and the Audit Committee.

- Executive Directors and HoD meet regularly to discuss operational, corporate, financial and key management issues.

- A reporting system which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.

- There are guidelines within the Group for hiring and termination of staff. Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development are provided for selected employees to enhance their competency in carrying out their responsibilities.

- A formal staff appraisal to evaluate and measure staff's performance and their competency is performed at least once a year.

INTERNAL AUDIT FUNCTION

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

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

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

- reviewing identified high risks areas for compliance with policies and procedures; identifying business risks which have not been appropriately addressed; and

- evaluating the adequacy and effectiveness of controls.

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

INTERNAL AUDIT FUNCTION (CONT'D)

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

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

The expenditure incurred for the internal audit function for the current financial year was RM31,000.

ASSURANCE PROVIDED BY THE GROUP MANAGING DIRECTOR

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

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

REVIEW OF STATEMENT

In accordance with the Paragraph 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in this Annual Report.

Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") included in the Annual Report, issued by the Malaysian Institute of Accountants. AAPG 3 (revised March 2026) does not require the External Auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system , including assessment and opinion by the Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will , in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report of the Company, in all material respects:

- Had not been prepared in accordance with the disclosures required by Section 7 of the SORMIC Guide 2025; or
- Is factually inaccurate.

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

CONCLUSION

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

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

This Statement was approved by the Board on 20 April 2026.

AUDIT COMMITTEE REPORT

INTRODUCTION

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

COMPOSITION AND ATTENDANCE

The Board of Directors ("Board"), through Nomination Committee will review annually the terms of office of the Audit Committee members and assesses the performance of the Audit Committee and its members through the annual assessment conducted via Questionnaires. The Board is satisfied that for financial year ended 31 December 2025 ("FYE 2025"), the Audit Committee and its members have been able to discharge their functions, duties and responsibilities in accordance with the ToR of the Audit Committee, thereby supporting the Board in ensuring appropriate Corporate Governance ("CG") standards within the Company and the subsidiaries ("Group").

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

MEETINGS

The Audit Committee held five (5) meetings in for the FYE 2025 without the presence of other Directors, members of Senior Management and employees, except when their attendance was requested by the Audit Committee. The Group Managing Director ("GMD") was invited to all Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

The lead audit engagement partner of the External Auditors responsible for the Group attended two (2) Audit Committee meetings in FYE 2025 to present the audit review memorandum and auditors' report on the annual audited financial statements for FYE 2025.

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

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

AUDIT COMMITTEE REPORT (CONT'D)

MEETINGS (CONT'D)

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

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

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

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

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

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

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

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

JWC Consulting Sdn Bhd, a Corporate member of the Institute of Internal Auditors Malaysia, was established in early 2016 to service Public Listed Companies by providing Business Process Reviews, Enterprise Risk Management and Corporate Governance Reviews, as well as pre-IPO Internal Controls Reviews, which are mandatory by Bursa Malaysia. JWC is supported by highly motivated professionals with great passion in what they do and committed to bringing quality services to their clients. The founding Director is a Member of the Malaysian Institute of Accountants, Fellow member of CPA Australia and a Corporate member of The Institute of Internal Auditors Malaysia. To ensure that internal Audits are effectively performed, the team comprises suitably qualified personnel with the requisite skills and experience who are also given relevant training development opportunities to update their technical knowledge and auditing skills. For the FYE 2025, the Internal Audit Firm has one (1) Project Director, Two (2) Project Managers, and three (3) Consultants.

An overview of the Group's approach in maintaining a sound system of internal control is set out in the Statement on Risk Management and Internal Control on pages 51 to 55 of the Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of SWS Capital Berhad ("SWSCAP" or "Company") and the subsidiaries ("Group") are required to prepare the financial statements which give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of the results and cash flows of the Group and of the Company for the financial year then ended, in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 (the"Act") in Malaysia.

In preparing the financial statements the Directors have,

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

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

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

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

SWS Capital Berhad ("SWS" or "the Company"), together with its subsidiaries (collectively referred to as "the Group"), is pleased to present its Sustainability Report for the financial year ended 31 December ("FYE") 2025.

This Report outlines the Group's sustainability strategy, guiding principles, key initiatives, and performance for FYE 2025. It addresses the material sustainability issues identified through our materiality assessment, which are most relevant to our stakeholders. The Report also provides updates on the Group's ongoing sustainability efforts across core business units and operations, demonstrating the progress made toward fulfilling our sustainability commitments. These efforts reflect our continued focus on integrating sustainable practices and generating long-term value for all stakeholders.

Our approach to sustainability continues to evolve in response to emerging challenges and opportunities. Recognising that sustainability is a continuous journey, we remain committed to enhancing our strategies to ensure meaningful contributions to both society and the environment.

REPORTING FRAMEWORKS AND STANDARDS

This Report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), with reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) as a key framework. Additionally, this Report has been prepared with reference to the United Nations Sustainable Development Goals ("UN SDGs").

REPORTING SCOPE AND BOUNDARIES

This Report covers the reporting period from 1 January 2025 to 31 December 2025, and it includes comparative historical data where relevant and available to provide context and continuity in our disclosure.

The scope of this Report encompasses the sustainability performance and progress of SWS and its subsidiaries, including the Group's headquarters and all operations in Malaysia. The Report excludes the activities of associate companies and joint ventures, which are not under the direct operational control of the Group.

INDEPENDENT ASSURANCE

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

FEEDBACK ON THE REPORT

As part of our ongoing commitment to continuous improvement, we aim to enhance the depth, accuracy, and transparency of our sustainability reporting with each annual cycle. We greatly value the perspectives of our stakeholders and welcome any questions, feedback, or suggestions that may contribute to the refinement of our sustainability practices and disclosures. Stakeholders are encouraged to share their input via email at info@swscap.com

ABOUT US

SWS Capital Berhad

Plastic Wares Division

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

On 22 August 2025, the Board of SWS announced that, as part of the Group's business rationalisation and right-sizing efforts, the Furniture Division would cease operations. This division was previously operated through the Group's wholly-owned subsidiaries, namely Poh Keong Industries Sdn. Bhd., U.D. Panelform Sdn. Bhd., Syarikat UD Trading Sdn. Bhd., and UD Wood Products Sdn. Bhd.

The decision to exit the Furniture Division was influenced by persistent earnings pressure faced by local furniture manufacturers amid market uncertainties, driven by political instability, global conflicts, and the impact of US tariffs on exports. The Board believes that this rationalisation is aligned with the long-term interests of the Group, considering the highly competitive operating environment of the Furniture Division and its historical unsustainable financial performance and limited business prospects.

By refocusing resources on higher-growth and more sustainable segments, particularly the Plastic Wares Division, the Group aims to strengthen operational efficiency, improve financial resilience, and deliver sustainable value to shareholders.

SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABLITY APPROACH

SUSTAINABILITY FRAMEWORK

Our sustainability framework is structured around four core pillars: Economic, Environmental, Social and Governance, and is closely aligned with the Company's identified material matters. This holistic approach enables us to consistently address our key sustainability priorities in a balanced and integrated manner. As we deepen our understanding of how best to align our business objectives with the broader global sustainability agenda, the framework will be regularly reviewed and refined to ensure its continued relevance, effectiveness, and responsiveness to emerging challenges and opportunities.

Our Vision:
To become the leading manufacturer of high quality and innovative plastic wares

Our Mission:
To design, manufacture and distribute plastic wares that exceeds customer expectations in terms of quality, durability and design

SWS's Focus Area

ECONOMIC SUSTAINABILITY

- Economic Performance
- Customer Satisfaction
- Anti-Corruption
- Supply Chain Management

ENVIRONMENTAL SUSTAINABILITY

- Climate Action
- Waste Management
- Water Management

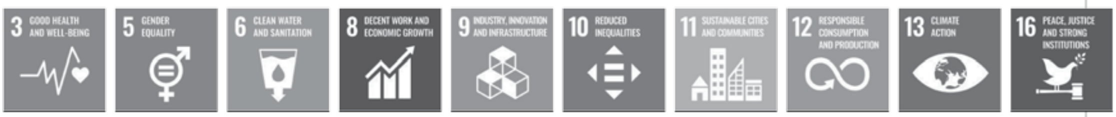
SOCIAL SUSTAINABILITY

- Human Rights
- Health & Safety
- Diversity, Equity & Inclusion
- Employee Management
- Community Investment

GOVERNANCE SUSTAINABILITY

- Policy & Regulatory Compliance
- Cybersecurity & Data Protection

In alignment with the United Nations Sustainable Development Goals



SUSTAINABILITY STATEMENT (CONT'D)

COMMITMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

SWS is committed to advancing the UN SDGs as part of our broader sustainability agenda. We recognise the importance of these global goals in addressing critical economic, environmental, and social challenges, and have taken deliberate steps to align our strategies and operations with selected SDGs that are most relevant to our business and stakeholders. Through our initiatives and performance across our key sustainability pillars, we aim to contribute meaningfully to the achievement of these goals while fostering long-term value for society and the environment.

SUSTAINABILITY POLICY

As SWS continues to grow, our commitment to sustainability remains unwavering. We have established a clear and purposeful sustainability philosophy that guides economic, strategic, and operational decision-making across the Group.

Sustainability is deeply embedded in our corporate culture and is a key driver of our long-term value creation. We are committed to operating in a manner that is safe, responsible, and sustainable, ensuring that our growth does not come at the expense of environmental or social wellbeing.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE

SWS's governance structure is designed to ensure effective oversight and execution of the Group's sustainability responsibilities through clearly defined roles, accountability mechanisms, and performance monitoring. To support our sustainability agenda, the Group has established a robust three-tiered sustainability governance framework.

1. *Board of Directors*

   At the highest level, the Board provides strategic oversight of the Group's overall sustainability direction, including the management of material sustainability matters and performance outcomes. The Board is responsible for embedding sustainability into the Group's core business strategy and is assisted by the respective Board Committees in overseeing the implementation and effectiveness of sustainability management. Key areas under the Board's purview include :

   - Engagement with key stakeholders
   - Materiality assessment processes
   - Identification and management of sustainability-related risks and opportunities
   - Communication of sustainability strategies, priorities, and targets, as well as performance against these targets, to both internal and external stakeholders

2. *Key Senior Management*

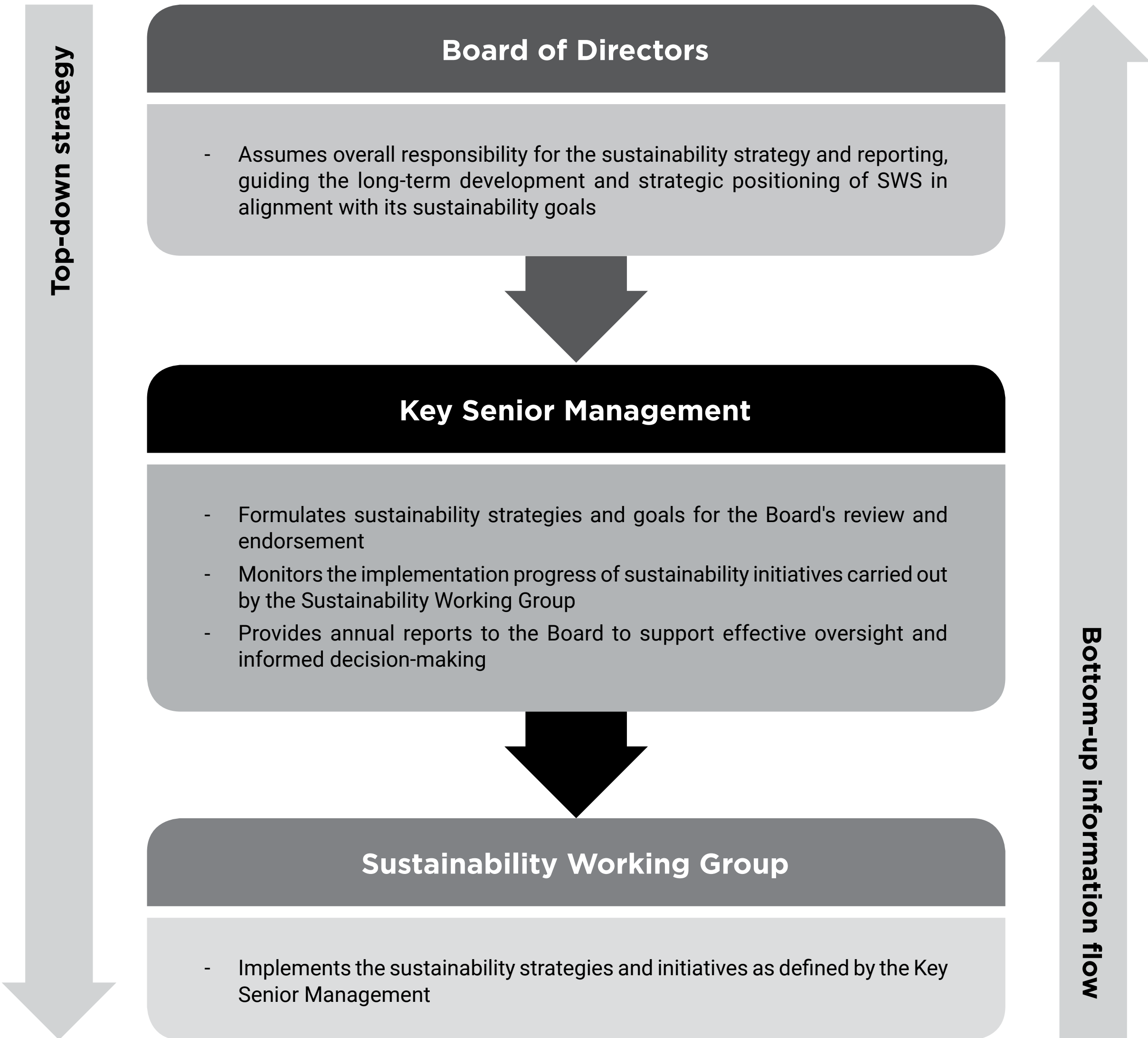
   The second tier is the Key Senior Management. This team supports the Board by:

   - Formulating sustainability strategies and goals for the Board's endorsement
   - Reviewing and advising on ongoing sustainability initiatives
   - Monitoring and evaluating progress against strategic sustainability targets
   - Reporting on the Group's sustainability performance to the Board on a yearly basis

SUSTAINABILITY GOVERNANCE (CONT'D)

3. *Sustainability Working Group*

The third tier consists of representatives from relevant departments across the Group. This team is responsible for the implementation of sustainability strategies and initiatives. Their involvement reflects our collective commitment to embedding sustainability into day-to-day operations and decision-making processes.



To ensure accountability across all levels, annual assessments are conducted to evaluate the effectiveness of the Board and Key Senior Management in advancing the Group's sustainability agenda. This includes reviewing progress against established sustainability targets, analysing key performance indicators ("**KPIs**"), and identifying areas requiring improvement. Where performance gaps or challenges are identified, targeted interventions are proposed for senior-level deliberation and decision-making.

SUSTAINABILITY STATEMENT (CONT'D)

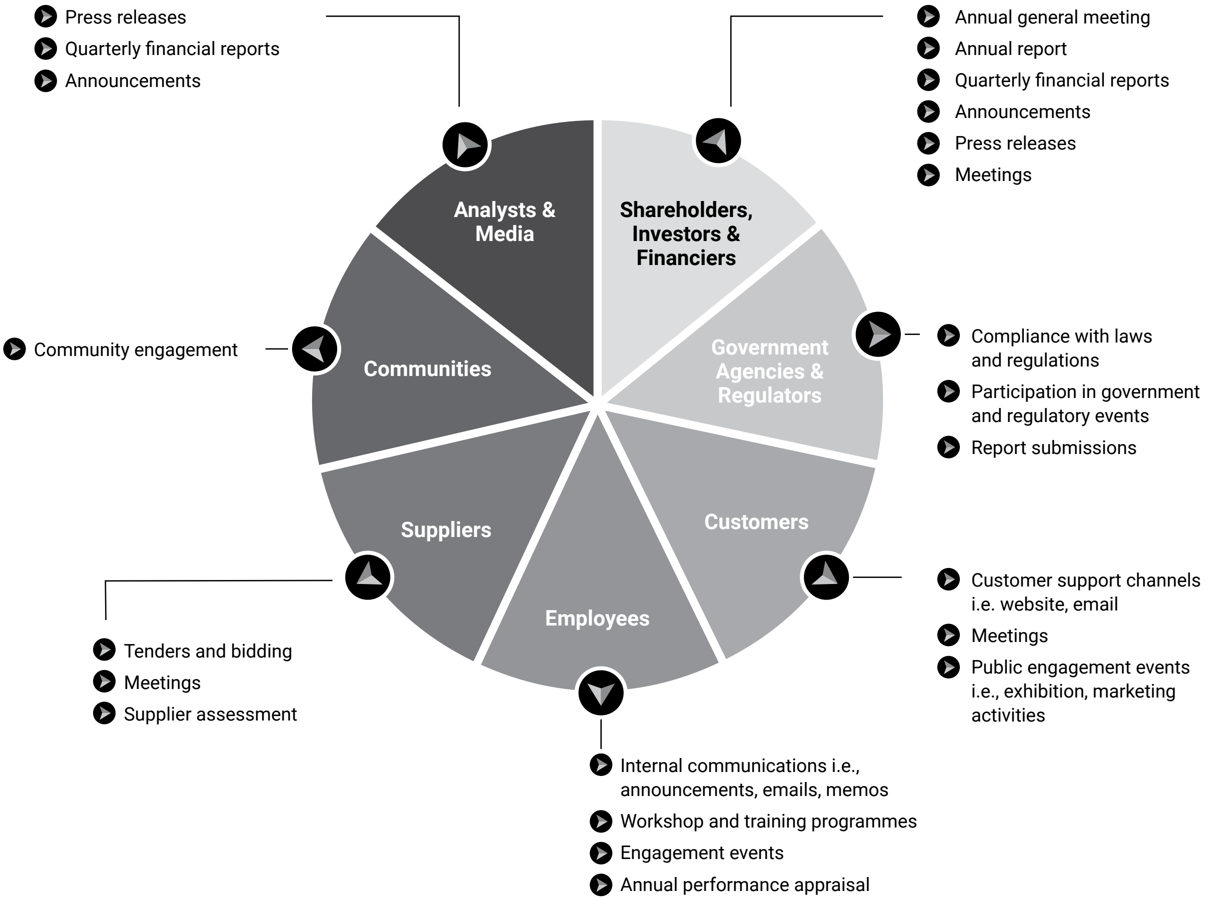
STAKEHOLDER ENGAGEMENT

Stakeholder engagement remains a fundamental component of SWS's sustainability strategy and business operations. By actively considering the perspectives, expectations, and concerns of its stakeholders, SWS ensures that its activities, performance, and value creation efforts are aligned with stakeholder priorities.

SWS is committed to building an inclusive organisation that proactively addresses the diverse needs of its stakeholders. We recognise that meaningful engagement is essential to achieving long-term, sustainable growth. In identifying stakeholders, SWS focuses on individuals or groups who are significantly affected by or have considerable influence over the Group's operations and presence. These stakeholders are recognised as key contributors in shaping material matters related to the Group's sustainability priorities.

Through consistent engagement, SWS has gained valuable insights into stakeholder concerns and expectations, fostering a deeper understanding of their needs. This ongoing dialogue conducted through both formal and informal channels continues to inform leadership decisions, influence business strategies, and enhance the Group's ability to deliver sustainable value.

Stakeholder feedback plays a vital role in identifying topics of material importance and clarifying stakeholder expectations. As there have been no changes to the Group's key stakeholder groups, the stakeholder engagement table presented for FYE 2025 is a continuation from the previous financial year.



STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholders	Areas of Interest	Our Response	Related Material Matters
Shareholders, Investors & Financiers	• Business strategies and future plans • Return on investment • Financial and operational performance • Strong management and corporate governance • Sustainability initiatives	• Provide timely updates on the Group's strategy and financial performance through official announcements • Uphold sound governance practices across the Group • Monitor and report sustainability performance and targets via Bursa Malaysia Environment, Social and Governance Reporting Platform	• Economic Performance • Customer Satisfaction • Anti-Corruption • Cybersecurity & Data Protection • Supply Chain Management • Policy & Regulatory Compliance • Climate Action • Human Rights • Health & Safety
Government Agencies & Regulators	• Regulatory compliance • Corporate governance practices	• Regularly review and monitor operations to ensure full compliance with applicable regulations in Malaysia and Indonesia • Adopt best practices in accordance with the Malaysian Code on Corporate Governance	• Economic Performance • Policy & Regulatory Compliance • Anti-Corruption • Climate Action • Waste Management • Human Rights • Health & Safety
Customers	• Customer satisfaction i.e. cost optimisation and high-quality products • Customer experience i.e. speed of customer service response, on-time delivery • Innovation in product quality and deliverables • Data privacy	• Deliver affordable and high-quality products • Maintain adherence to quality standards • Comply with the Personal Data Protection Act 2010 to safeguard customer information	• Customer Satisfaction • Anti-Corruption • Cybersecurity & Data Protection • Policy & Regulatory Compliance • Climate Action • Waste Management • Human Rights • Health & Safety

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholders	Areas of Interest	Our Response	Related Material Matters
Employees	• Business growth and strategic direction • Inclusive and supportive workplace • Remuneration and benefits • Career development and upskilling opportunities • Occupational safety and health	• Promote transparent and consistent communication across all levels • Provide equal employment opportunities and a non-discriminatory work environment • Offer competitive remuneration and benefits packages • Support career growth through relevant upskilling and training programmes • Ensure full compliance with the Occupational Safety and Health Act (OSHA)	• Human Rights • Health & Safety • Employee Management • Diversity, Equity & Inclusion • Economic Performance • Cybersecurity & Data Protection • Policy & Regulatory Compliance
Suppliers	• Transparency in procurement processes • Business growth opportunities • Timely payment	• Ensure transparent and fair procurement practices • Make timely payments in accordance with agreed credit terms	• Supply Chain Management • Anti-Corruption • Cybersecurity & Data Protection • Economic Performance
Communities	• Community welfare and long-term likelihood	• Invest in initiatives that enhance community well-being	• Climate Action • Water Management • Waste Management • Community Investment • Human Rights • Health & Safety
Analysts & Media	• Transparent communication of business performance and key initiatives	• Ensure clear and timely communication through official announcements and media engagement	• Economic Performance • Customer Satisfaction • Anti-Corruption • Cybersecurity & Data Protection • Supply Chain Management • Policy & Regulatory Compliance • Climate Action • Human Rights • Health & Safety

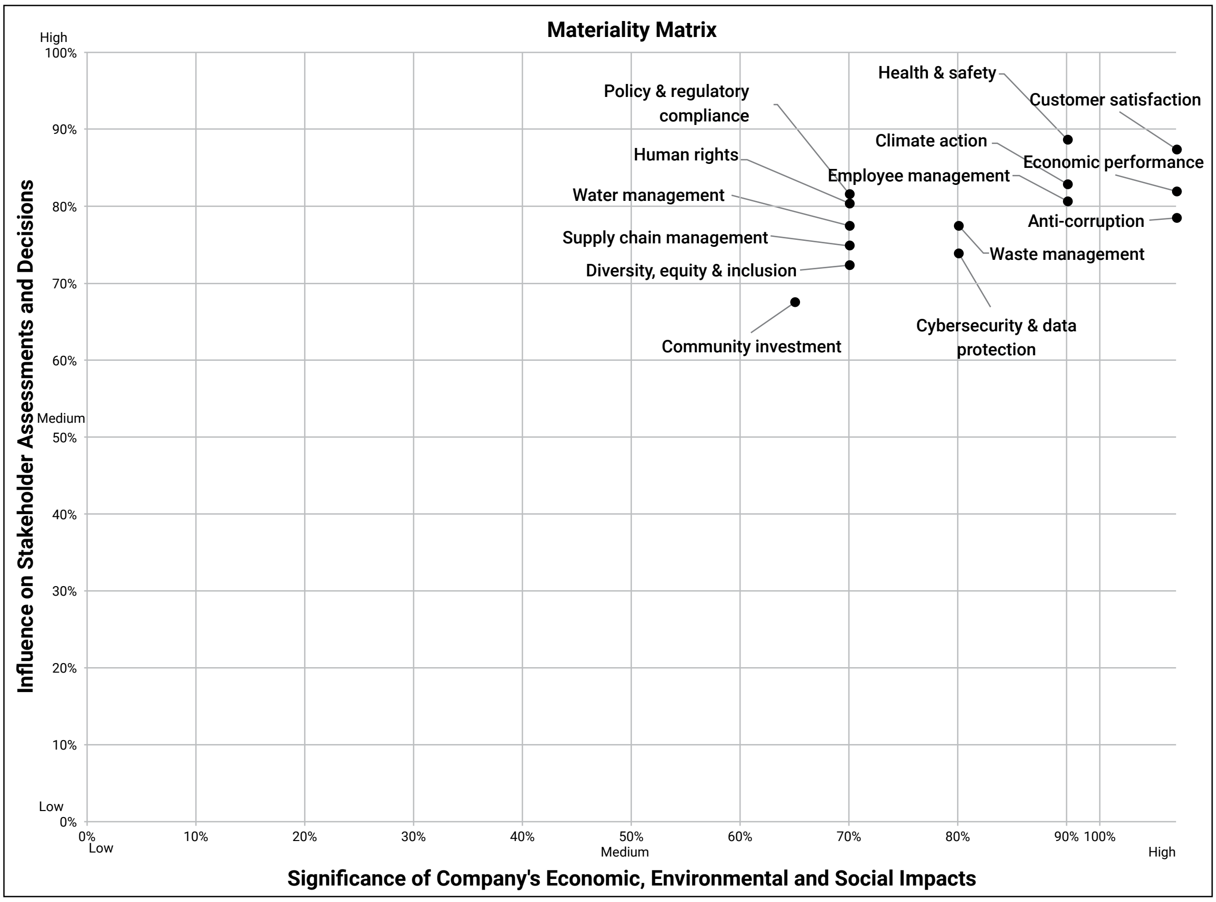
SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL MATTERS

Materiality assessment remains a core component of our sustainability agenda, enabling us to align business planning, strategic direction, and performance management with the Group's key sustainability priorities.

In FYE 2025, we conducted an internal review of our material matters, building on the limited-scale assessment completed in prior year. This review incorporated insights from key internal stakeholders who regularly engage with our primary stakeholder groups, helping us to better identify and prioritise the economic, environmental, social, and governance issues most relevant to our business and stakeholders. Notably, there were no changes to the top 14 material matters identified in FYE 2025.

Looking ahead, under the National Sustainability Reporting Framework ("NSRF"), all listed issuers and large non-listed companies will be required to adopt the International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards issued by the International Sustainability Standards Board ("ISSB"), namely IFRS S1 and IFRS S2. These standards are designed to improve the consistency and reliability of sustainability and climate-related disclosures, thereby enhancing investor confidence and Malaysia's global competitiveness. To ensure continued relevance and regulatory compliance, we will revisit and update our materiality matrix in FYE 2026 to align with the evolving disclosure requirements.



SUSTAINABILITY STATEMENT (CONT'D)

RISK MANAGEMENT

At SWS, our unwavering commitment to effective risk management is fundamental to ensuring long-term resilience, enhancing stakeholder confidence, and delivering sustainable value.

We have established a robust and comprehensive system of risk management and internal control that extends beyond financial oversight to encompass operational and compliance-related risks. This integrated approach is part of an ongoing and coordinated effort to manage, rather than eliminate, the risks that could impede the achievement of our business objectives. It also serves to minimise the potential for fraud, error, and other disruptions across the organisation.

The Group identifies and assesses sustainability-related risks and opportunities across short-term, medium-term and long-term time horizons, aligned with its strategic planning cycles. This assessment considers the potential impact on the Group's business model, operations, financial performance and long-term value creation.

- short-term (0-2 years)
- medium-term (3-5 years)
- long term (>5 years)

Short-term risks primarily relate to regulatory compliance and operational efficiency, while medium- to long-term risks include climate-related physical and transition risks, changing stakeholder expectations and evolving market demands. Correspondingly, the Group identifies opportunities to enhance operational resilience, develop sustainable offerings and strengthen its competitive position over time.

Material Matters	Time Horizon	Risks	Opportunities
Economic Performance	Short-term & Medium-term	Weak financial performance, declining consumer demand, rising operating costs, and sustained losses in underperforming business segments may adversely affect profitability and business sustainability.	Strategic business rationalisation, including the Board's decision to cease the Group's Furniture Division in 2025, enables the Group to streamline operations and reallocate resources towards strengthening the Plastic Wares Division. This supports improved operational efficiency, sustainable financial performance, and the pursuit of new growth opportunities in domestic and regional markets.
Customer Satisfaction	Short-term & Medium-term	Failure to meet customer expectations in product quality, safety standards, pricing competitiveness, delivery timelines, and after-sales support may lead to customer dissatisfaction, reduced repeat purchases, and reputational damage	Providing high-quality, safe, and competitively priced plastic wares, supported by efficient distribution channels and responsive customer service, strengthens long-term relationships with retailers, distributors, and industrial customers while reinforcing SWS's brand reputation.

SUSTAINABILITY STATEMENT (CONT'D)

RISK MANAGEMENT (CONT'D)

Material Matters	Time Horizon	Risks	Opportunities
Anti-Corruption	Short-term	Corruption can tarnish reputation, cause financial losses, and reduce competitiveness.	Strong governance to combat corruption enhances credibility and provides a competitive advantage.
Supply Chain Management	Short-term & Medium-term	Reliance on limited or single supplier increases risks of disruption, quality issues, and price volatility, exposing the organisation to market changes or supplier behaviour.	Building collaborative supplier relationships based on trust and transparency fosters innovation, cost savings, and competitive advantage.
Human Rights	Short-term	Violations such as labour exploitation, discrimination, or unsafe working conditions can damage the organisation's reputation, leading to loss of stakeholder trust, negative public perception, and legal liabilities.	Demonstrating commitment to human rights and ethical practices enhances reputation, builds stakeholder trust, and attracts socially conscious consumers, investors, and partners.
Health & Safety	Short-term	Failure to address hazards can cause workplace accidents, injuries, or fatalities, resulting in human suffering, legal liablities, and financial losses	Prioritising health and safety foster a culture of care, trust, and respect, boosting employee morale, motivation, and engagement
Employement Management	Medium-term	Difficulty attracting and retaining skilled employees can hinder growth and innovation, causing competitive disadvantages.	Engaged employees are more productive, committed, and loyal, leading to higher job satisfaction, rentation, and organisational success.
Diversity, Equity & Inclusion	Medium-term	Exclusionary practices can cause alienation and disengagement among underrepresented groups, limiting collaboration, innovation, and productivity.	Embracing diversity and equity creates an inclusive culture where employees contribute diverse perspectives, driving innovation and creativity.
Community Investment	Short-term	Failure to address social issues, economic disparities, and community grievances may lead to social unrest, protests, and opposition, causing operational disruptions, reputational damage, and regulatory scrutiny.	Strategic community investment initiatives, philanthropic donations, and social programmes enable the organisation to tackle social challenges, support underserved communities, and contribute positively to poverty alleviation, education, healthcare, and sustainable development goals.

SUSTAINABILITY STATEMENT (CONT'D)

RISK MANAGEMENT (CONT'D)

Material Matters	Time Horizon	Risks	Opportunities
Climate Action	Medium-term & Long-term	Increasing regulatory pressure to reduce greenhouse gas ("**GHG**") emissions and improve energy efficiency may require additional investments in energy-efficient machinery, low-carbon technologies, and enhanced monitoring systems. Climate-related events such as extreme weather, disruptions in raw material supply, or fluctuations in energy costs may also affect manufacturing operations, logistics, and supply chains, leading to increased operating costs and operational inefficiencies.	Enhancing energy efficiency, optimising manufacturing processes, and adopting environmentally responsible practices can reduce operational costs, lower emissions, and strengthen the Group's environmental performance. These initiatives also position the Group as a responsible manufacturer that supports sustainable industry practices and meets evolving stakeholder expectations.
Water Management	Medium-term & Long-term	Disruptions to water supply caused by droughts, climate change, or infrastructure issues may affect manufacturing activities that require water for cooling, cleaning, and processing, potentially leading to operational interruptions	Implementing water conservation initiatives and efficient water management practices can reduce water consumption, enhance operational efficiency, and support responsible resource management.
Waste Management	Medium-term & Long-term	Improper handling or disposal of plastic waste, scrap materials, packaging waste, or other industrial by-products may result in regulatory non-compliance, environmental harm, and reputational damage.	Adopting structured waste reduction, recycling, and responsible disposal practices can improve environmental performance, ensure compliance with environmental regulations, and support cost efficiencies through better resource utilisation.
Policy & Regulatory Compliance	Short-term	Non-compliance with policies and regulations can lead to legal penalties, fines, or lawsuits, significantly affecting financial stability and reputation.	Compliance with policies and regulations fosters trust and credibility among stakeholders, including customers, investors, employees, and regulators, strengthening long-term relationships and supporting business growth.

RISK MANAGEMENT (CONT'D)

Material Matters	Time Horizon	Risks	Opportunities
Cybersecurity & Data Protection	Short-term & Medium-term	Cyberattacks, phishing attempts, or system breaches may result in unauthorised access, data theft, or exposure of sensitive information, leading to financial loss, legal liabilities, regulatory penalties, and reputational damage.	Strengthening cybersecurity infrastructure and data protection protocols fosters trust among clients, investors, and business partners. Robust digital safeguards not only ensure regulatory compliance but also enhance brand reputation and support the secure delivery of digital advertising services.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

ECONOMIC SUSTAINABILITY

At SWS, we view long-term economic sustainability as essential to delivering value for our stakeholders and contributing to the broader development of the communities we serve. Our business success enables us to support employment, foster entrepreneurship, strengthen local supply chains, and contribute meaningfully to national and local tax revenues.

Material Matters :

- Economic Performance
- Customer Satisfaction
- Anti-Corruption
- Supply Chain Management

ECONOMIC PERFORMANCE

At SWS, our business success is driven by our commitment to generating lasting value for our stakeholders. Through financial growth, we create job opportunities, foster entrepreneurship, contribute to government revenues, and enhance local supply chains. We accomplish this by maintaining a strong presence in our key markets, leveraging cutting-edge technologies, tapping into the expertise of our employees to address changing consumer needs, and seeking new market expansion opportunities.

In FYE 2025, SWS reported a total revenue of RM 76.7 million. During the year, the Group also undertook a strategic business rationalisation exercise with the cessation of its Furniture Division, allowing the Group to streamline operations and focus on strengthening its Plastic Wares Division. This decision reflects the Group's commitment to improving operational efficiency and supporting long-term sustainable growth.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONT'D)

CUSTOMER SATISFACTION

Customer satisfaction is a key driver of SWS's long-term success. As a manufacturer and distributor of plastic wares for household, commercial, and industrial applications, the Group is committed to delivering high-quality, safe, and functional products that meet the evolving needs of customers and end-users.

Our approach emphasises product quality, reliability, competitive pricing, and efficient service. We strive to ensure that our products meet stringent safety and quality standards, while maintaining consistent supply and timely delivery to retailers, distributors, and industrial customers. By continuously enhancing product designs and expanding our product offerings, the Group aims to address changing consumer preferences and market trends.

Through a strong focus on customer-centric practices, product innovation, and responsive service, SWS seeks to build long-term relationships with its business partners and strengthen its reputation as a trusted supplier of plastic wares in both domestic and regional markets.

Product quality & safety

At SWS, product quality and safety are fundamental to our corporate values. Our success is built on consistently delivering reliable, high-quality products that earn the trust and confidence of our customers. To uphold these standards, we implement a comprehensive quality management approach across our entire value chain, from product design and manufacturing to distribution and delivery.


Certificate of Registration

This is to certify that the

QUALITY MANAGEMENT SYSTEM

of

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

for

Manufacture of Plastic Injection Moulded Products.

has been assessed and registered against the provisions of

ISO 9001:2015

International Standard

As part of our commitment to excellence, SWS has obtained ISO 9001:2015 certification for the manufacturing of plastic injection-moulded products. This certification, accredited by an independent third-party auditor, reflects our dedication to maintaining robust quality management systems and a culture of continuous improvement. By adhering to the ISO 9001:2015 framework, we ensure that our operational processes remain efficient, effective, and customer-focused.

Our commitment to quality and safety extends across all product categories:

- Household Plastic Wares

  Beyond aesthetic appeal and functionality, consumer safety remains a key priority. Most of our plastic wares products are labelled as Bisphenol A ("**BPA**")-free, reflecting our commitment to health-conscious manufacturing and responsible product design. Certain products made from polycarbonate ("**PC**") materials may contain trace amounts of BPA due to their material composition; however, all such products comply with relevant safety and regulatory standards.

- Industrial Plastic Products

  The Group also manufactures industrial pails widely used in the paint and lubricant industries, ensuring secure storage and transportation of industrial materials. In addition, SWS produces sharps bins designed for the safe disposal of medical waste in healthcare facilities. These products comply with stringent safety and regulatory requirements established by the Ministry of Health to ensure proper containment and handling of hazardous medical waste.


SIRIM QAS INTERNATIONAL SDN. BHD.

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

Dear Sir/Madam,

Product Certification Licence

Product : SHARP CONTAINERS
Standard : BS EN ISO 23907-1 : 2019

For enquiry, please contact

Thank you.

This is a computer generated document. No signature is required.

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONT'D)

CUSTOMER SATISFACTION (CONT'D)

Product quality & safety (Cont'd)

- Industrial Plastic Products

  Our commitment to product safety is further demonstrated through our BS EN ISO 23907:2012 certification awarded by SIRIM QAS International Sdn. Bhd., which recognises our capability in designing and manufacturing sharps containers that meet internationally recognised safety standards.

  Through rigorous quality assurance processes, internationally recognised certifications, and continuous product improvement initiatives, SWS remains committed to delivering safe, reliable, and high-quality products that meet the evolving needs and expectations of our customers.


LESEN PENSIJILAN BARANGAN
Product Certification Licence

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

EE-LIAN PLASTIC INDUSTRIES (M) SDN BHD

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

SHARP CONTAINERS

Please refer to detail in the SCHEDULE

sebagai mematuhi keperluan
as complying with

BS EN ISO 23907-1 : 2019


SCHEDULE

EE-LIAN PLASTIC INDUSTRIES (M) SDN BHD

Trade Mark	ELIANWARE
Model	MODEL = 2.5L
Type	YELLOW COVER, TRANSPARENT COVER
Size	CAPACITY = 2.5 LITRES
Trade Mark	ELIANWARE
Model	MODEL = 5L
Type	YELLOW COVER, TRANSPARENT COVER
Size	CAPACITY = 5 LITRES
Trade Mark	ELIANWARE
Model	MODEL = 10L
Type	YELLOW COVER, TRANSPARENT COVER
Size	CAPACITY = 10 LITRES
Trade Mark	ELIANWARE
Model	MODEL = 20L
Type	YELLOW COVER, TRANSPARENT COVER
Size	CAPACITY = 20 LITRES

End of page

  Innovation and Sustainable Materials

  Innovation is a key driver of SWS's long-term growth and competitiveness. It enables the Group to respond proactively to evolving consumer preferences, industry trends, and environmental considerations while enhancing the value and functionality of our products.

  SWS offers an extensive portfolio of more than 1,300 household plastic products, with continuous efforts to introduce innovative and visually appealing designs that meet the practical needs of everyday consumers. As a leading supplier of plastic containers and household products, we recognise that product design, functionality, and innovation are essential in strengthening consumer confidence and brand loyalty. By closely monitoring market trends and customer preferences, we aim to ensure our products remain relevant, practical, and reliable for daily use.

  In line with our commitment to sustainability, the Group continues to explore opportunities to incorporate environmentally responsible materials and processes in our manufacturing operations. Through collaborations with Milliken, a United States-based specialty chemicals manufacturer, and Lotte Chemical Titan, a Malaysia-based polymer producer, SWS utilises UL-certified materials that enable lower processing temperatures during production. This innovation contributes to approximately 10% annual energy savings, while also reducing carbon dioxide emissions associated with the manufacturing process.

  SWS is also proud to be the first Malaysian producer authorised to display the UL-certified Green Label for its plastic products. This certification signifies that our products meet recognised environmental standards and have undergone independent third-party verification.

  By integrating innovation with sustainable material solutions, SWS continues to enhance its manufacturing efficiency while supporting more environmentally responsible product development. These initiatives reflect the Group's ongoing commitment to responsible manufacturing, operational efficiency, and long-term environmental stewardship.

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONT'D)

ANTI-CORRUPTION

SWS upholds the highest standards of business ethics, transparency, and regulatory compliance across the Group. Our commitment to anti-corruption practices is central to safeguarding the long-term interests of the company and our stakeholders, while fostering trust and confidence in our business operations.

Governance and policy framework

Our Board and Management are committed to conducting business with integrity and in full compliance with applicable laws. This commitment is guided by:

- Code of Conduct ("**COC**") – which outlines ethical standards and expected behaviours for all employees and Board.
- Anti-Corruption & Bribery ("**ACB**") Policy – articulates our zero-tolerance stance towards bribery and corruption. This policy is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission (MACC) Act 2009 and best governance practices.
- Whistle Blowing Policy and Procedures – provides a secure and confidential channel for employees and external parties to report misconduct, unethical behaviour, or corruption-related concerns. Reports can be submitted directly to the Group Managing Director or Chairman of Audit Committee via email or post.

All three policies are publicly available on our corporate website, ensuring transparency and accessibility for all stakeholders.

Corruption-related training

We are proud to announce that we have achieved a 100% completion rate for our annual anti-corruption training at the Management, Executive and Non-executive/technical staff levels for 2025, marking another consecutive year of full completion following 2023 and 2024. This significant milestone underscores our steadfast commitment to nurturing a workplace culture characterised by transparency, integrity, and ethical conduct.

In addition, all employees, including the Board, are provided with a briefing on the Group's ACB Policy upon appointment, reinforcing awareness and accountability from the outset.

Employee Category	Completion Rate (%) 2025	Completion Rate (%) 2024	Completion Rate (%) 2023	Completion Target (%) 2025
Management	100%	100%	100%	100%
Executive	100%	100%	100%	100%
Non-executive/Technical staff	100%	100%	100%	100%

Corruption incidents

We are pleased to report that as of 31 December 2025, there were zero reported incidents of bribery or corruption within SWS's operations.

	2025	2024	2023	Target
Number of complaints of bribery or corruptions reported	Nil	Nil	Nil	Nil

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONT'D)

SUPPLY CHAIN MANAGEMENT

At SWS, we place strong emphasis on trust, transparency, and integrity in all supplier and subcontractor relationships. As a responsible business, we recognise our role in supporting a resilient and inclusive supply chain, particularly by empowering local small and medium-sized enterprises (SMEs), which are vital to Malaysia's economic recovery and long-term growth.

Ethical & responsible procurement

We are committed to fair and transparent procurement practices, working only with suppliers who operate with integrity and uphold strong ethical, social, and environmental values. Our procurement processes are designed to identify and engage the most qualified partners while promoting responsible business conduct.

Suppliers are expected to comply with our procurement requirements and demonstrate accountability across key areas, including labour practices, environmental compliance, and operational efficiency.

Prioritising local sourcing

In line with our commitment to supporting the local economy, SWS prioritises sourcing products and services from local suppliers wherever feasible. This approach not only reduces transport-related emissions, supporting our environmental goals, but also helps create jobs and foster economic resilience within the communities we serve.

In 2025, our business allocated 98% of our procurement budget to engaging local suppliers, an increase from 95% in 2024. This focus was placed on suppliers with a proven track record of reliability, high-quality service, and the ability to meet agreed-upon delivery schedules. This strategy not only supports local businesses but also ensures that we maintain the high standards of quality and service essential to our operations. Through these efforts, we continue to foster long-term, ethical partnerships that contribute to our success and support the broader economic recovery in the regions where we operate.

	2025	2024	2023	Target
Proportion of spending on local suppliers	98%	95%	95%	95%

ENVIRONMENTAL SUSTAINABILITY

Climate change remains one of the most critical global challenges, posing long-term risks to businesses across all industries. As a Group engaged in the manufacturing and trading of plastic wares and industrial plastic products, SWS recognises that its operations, including plastic injection moulding processes, material handling, and logistics activities, may contribute to environmental impacts that must be managed responsibly.

The Group is committed to reducing its environmental footprint while strengthening operational resilience and ensuring compliance with applicable environmental regulations. SWS continuously evaluates opportunities to improve environmental performance across its manufacturing operations and supply chain.

Our environmental initiatives focus on key areas such as energy efficiency, emissions management, responsible waste handling, and resource optimisation. Through improvements in production processes, the adoption of more energy-efficient technologies, and the responsible use of materials, the Group seeks to minimise environmental impact while maintaining operational efficiency.

Through these efforts, SWS aims to support the transition towards more sustainable manufacturing practices, while ensuring that its operations remain efficient, compliant, and aligned with long-term environmental sustainability goals.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONT'D)

ENVIRONMENTAL SUSTAINABILITY

Material Matters :

- Climate Action
- Waste Management
- Water Management

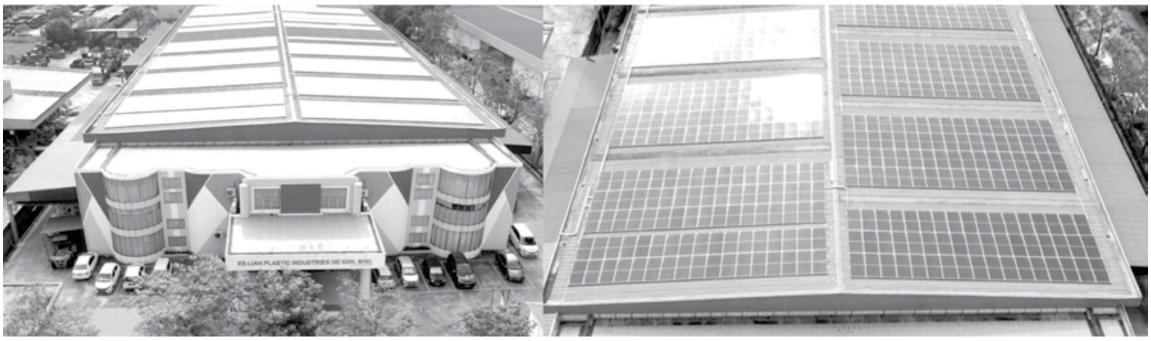
CLIMATE ACTION

The Group recognises the significant impact of our energy consumption and greenhouse gas emissions ("**GHG**") on climate change. As responsible corporate citizens, we are committed to minimizing our carbon footprint and actively embracing opportunities presented by the transition to a low-carbon economy.

Energy consumption

We are continuously enhancing our energy utilisation and efficiency through a range of initiatives, including:

- *Solar energy integration*: At one of our plastic manufacturing plants, we have installed solar panels to generate renewable energy, powering a significant portion of our facility's operations. Solar energy now contributes to 28% of the total energy usage, up from 11%, significantly reducing our reliance on non-renewable energy sources.



- *Energy-efficient equipment*: For new capital investments, energy efficiency will be a critical consideration when procuring machinery and equipment. We prioritise selecting equipment that minimises power consumption during manufacturing processes.

- *Logistics optimisation*: We are focused on optimizing our logistics and transportation operations to reduce the carbon footprint associated with product deliveries. This includes implementing route planning strategies and adopting fuel-efficient vehicles to minimise emissions.

- *Sustainable packaging*: To reduce waste in product transportation, we shift towards using recyclable and environmentally friendly packaging materials, supporting our commitment to reducing the environmental impact of our operations.

- *Energy-efficient office practices*: Within our offices, we are replacing traditional lighting systems with LED lights and transitioning to energy-efficient inverter-type air conditioners. We establish lighting schedules, install motion sensors to turn off lights in low-usage areas, and maintain regular checks on electrical equipment to ensure its optimal performance. Additionally, we continue to encourage employees to reduce electricity usage through awareness campaigns and regular reminders.

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONT'D)

CLIMATE ACTION (CONT'D)

Energy consumption (Cont'd)

This year, the total energy consumption recorded was 2,323,229 kWh with a significant reduction of 64% from FYE 2024 mainly due to cessation of Furniture Division.

	2025 kWh	2024 kWh	2023 kWh
Electricity usage	2,323,229	6,517,676	6,287,628

Carbon emissions

GHG emissions are categorised into three scopes - Scope 1, Scope 2, and Scope 3 - providing a comprehensive view of an organisation's carbon footprint. This classification helps businesses measure, manage, and mitigate their impact on climate change by identifying both direct and indirect emission sources.

- **Scope 1** emissions are direct emissions from owned or controlled sources, such as fuel combustion in company-operated vehicles, boilers, and manufacturing processes. These emissions result from on-site operations and energy use.
- **Scope 2** emissions refer to indirect emissions from purchased electricity, heat, or steam consumed by the organisation. Although these emissions occur at the facility where the energy is generated, they are attributed to the end-user's carbon footprint.
- **Scope 3** emissions include all other indirect emissions across the value chain, such as supply chain activities, transportation, employee commuting, product usage, and waste disposal. These emissions often represent the largest share of an organisation's total carbon footprint.

As part of our ongoing efforts to improve environmental sustainability, we have also begun tracking and monitoring GHG emissions. We are in the process of refining our emissions data across all operations and will establish a target once we have a clearer picture of our overall impact. This step is part of our long-term strategy to reduce our carbon footprint and contribute to the global effort to combat climate change.

Total Emissions by Scope (tCO_2-e)	2025	2024
Scope 1 - Direct emissions from sources owned by the Company	205	412
Scope 2 – Indirect emissions from the electricity consumption from the grid	1,231	4,497*
Scope 3 – Indirect emissions for business travel and employee commuting	209	318

* *Restated*

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONT'D)

WATER MANAGEMENT

The growing issue of water scarcity is a significant concern, driven by factors such as climate change, poor water management practices, and contamination. As water shortages and supply interruptions become more common, the Group is committed to mitigating the risk of water scarcity by implementing effective water management strategies throughout all our operations.

While our operations generally do not require heavy water usage compared to other industrial processes, water consumption can vary depending on the scale of operations and specific process requirements. However, we make concerted efforts to optimise water usage and minimise waste through recycling and efficient water management practices. Our commitment to water conservation extends to raising awareness among employees about the importance of responsible water management at all our premises. Key initiatives in this area include:

- *Water-efficient Equipment*: The use of water-saving machinery and processes, such as low-flow nozzles and water-efficient cleaning systems, has been prioritised to reduce consumption in both manufacturing and maintenance activities.

- *Rainwater Harvesting*: To supplement our water supply, rainwater harvesting systems have been installed at various facilities to capture and store rainwater for non-potable uses, such as landscape irrigation and equipment cooling

- *Leak Detection and Maintenance*: We conduct regular inspections to detect leaks in water systems, ensuring that any issues are addressed promptly to prevent wastage and inefficiency.

- *Employee Awareness and Training*: Ongoing employee education programs are in place to promote responsible water usage, emphasizing the importance of conservation and encouraging best practices.

In FYE 2025, the Group consumed 44,875 litres of water, representing a reduction of 33% against the FYE 2024 baseline mainly due to cessation of Furniture Division.

	2025 litres	2024 litres	2023 litres
Water usage	44,875	66,820	77,139

WASTE MANAGEMENT

At SWS, responsible waste management is an important component of our environmental stewardship. As a manufacturer of plastic wares and industrial plastic products, our operations generate various types of waste, including recyclable plastic materials, general waste, and certain scheduled wastes arising from machinery maintenance and production processes. Improper handling or disposal of these wastes may result in environmental harm, including soil contamination, air and water pollution, and potential health risks to employees and surrounding communities.

Recognising these risks, the Group is committed to implementing responsible waste management practices across its operations to minimise environmental impact and ensure compliance with applicable environmental regulations.

To enhance waste management and reinforce our sustainability efforts, the Group has implemented procedures aimed at maximising the reuse and recycling of plastic waste generated during production. At our manufacturing facilities in Bukit Minyak, Penang, dedicated recycling processes are in place to collect, sort, and reprocess plastic scraps generated from injection moulding and trimming activities. These recycled materials are then reintegrated into selected manufacturing processes where appropriate, reducing reliance on virgin plastic raw materials and promoting resource efficiency.