

**SPRING ART®**

**SPRING ART HOLDINGS BERHAD**

REGISTRATION NO.: 201801016143 (1278159-A)  
(Incorporated in Malaysia)

20  
25  
ANNUAL REPORT

*Furnishing your  
dream home*

# 8<sup>TH</sup>

## ANNUAL GENERAL MEETING

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**DATE** : 26 MAY 2026, TUESDAY

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**TIME** : 11:00 AM

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**VENUE** : **BEI BOUTIQUE HOTEL**  
Centro Meeting Hall,  
Level 3, 8-3,  
Jalan Abdul Rahman,  
84000 Muar, Johor.

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### SCAN ME

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view the report in digital format.



# WHAT'S INSIDE

<b>1</b> <b>OVERVIEW</b>	Corporate Profile	2
	Corporate Structure	4
	Corporate Information	5
	Key Financial Highlights	6
	Directors' Profile	8
	Key Management's Profile	13
<b>2</b> <b>BUSINESS REVIEW</b>	Management Discussion and Analysis Statement	16
	Sustainability Statement 2025	23
<b>3</b> <b>CORPORATE GOVERNANCE</b>	Corporate Governance Overview Statement	67
	Audit and Risk Management Committee Report	80
	Statement on Risk Management and Internal Control	85
	Additional Compliance Information	89
	Statement of Directors' Responsibility	92
<b>4</b> <b>FINANCIAL STATEMENTS</b>	Financial Statements	93
<b>5</b> <b>OTHERS</b>	List of Properties	160
	Analysis of Shareholdings	161
	Notice of Annual General Meeting	163
	Administrative Guide for the Eighth Annual General Meeting of Spring Art Holdings Berhad	168
	Form of Proxy	

# CORPORATE PROFILE

## SPRING ART HOLDINGS BERHAD

**(“SPRING ART HOLDINGS” OR THE “COMPANY”)** was incorporated in Malaysia on 25 April 2018 under the Companies Act 2016 as a public limited company. Spring Art Holdings was incorporated as a special purpose vehicle to facilitate the listing of its wholly-owned subsidiary, Spring Art Industries Sdn. Bhd. (“Spring Art”) on the ACE Market of Bursa Malaysia Securities Berhad (“ACE Market”). Currently, the issued share capital is RM54,755,173 and divided into 415,691,400 ordinary shares.



Spring Art Holdings through its wholly-owned subsidiary, Spring Art is principally involved in the manufacturing of ready-to-assemble furniture products, where it undertakes the design and development, manufacturing as well as marketing and sales of office furniture, bedroom furniture, living room furniture as well as other types of furniture with more than twenty (20) years of operating history in the furniture industry.

Its ready-to-assemble furniture is sold unassembled in flat pack format that include assembly instructions for the end consumer. Spring Art supplies its ready-to-assemble furniture products to distributors, furniture showroom retailers, home furnishing chain store and e-commerce companies from forty (40) countries such as India, United Arab Emirates (“UAE”), Saudi Arabia, Canada and Bahrain. The Company’s revenue was mainly derived from overseas market.

On 12 November 2020, the Company had incorporated a wholly-owned subsidiary, namely Elisa Home Sdn. Bhd. (“Elisa”). Elisa will cater the online sales to local market through the local online sales platforms and own website. This is the first time that the Company involved in conducting B2C e-commerce business and launch the new brand products to the Malaysia market. Building on this success, the Company has expanded its online business beyond

Malaysia by selling on international e-commerce platforms. This helps the Company reach more customers worldwide and make its brand more well-known. By using popular online marketplaces and digital marketing, the Company aims to grow its online presence, increase sales, and expand into new markets.

Spring Art Holdings and its wholly-owned subsidiaries (the “Group”) place great emphasis on manufacturing high quality furniture products by adhering to stringent quality controls and monitoring system. The Group also continuously investing substantial resources in its on-going Research and Development Program to seek, improve and develop quality, durable and trendy furniture products to meet the demands and expectations of customers.

The Group has only one (1) business segment, namely the design, development, manufacturing, marketing and sales of furniture products.



## CORPORATE PROFILE (CONT'D)

The Group's ready-to-assemble furniture products comprise:

### OFFICE FURNITURE



Furniture for office use such as office workstations, filing cabinets and pedestals.

### LIVING ROOM FURNITURE



Furniture for living room use such as computer desks, television consoles, sideboards, shoe cabinets, bookshelves and drawer chests.

### BEDROOM FURNITURE



Furniture for bedroom use such as beds, night stands, wardrobes, dressing tables, dressing stools and study desks.

### OTHER FURNITURE



Customised complementary furniture products manufactured as and when ordered by customers, such as dining tables and kitchen cabinets.

## CORE VALUES

Our activities are guided by a set of core values that form the basis of our corporate culture. These values set the standards and expectations for our conduct, as well as our responsibilities to our stakeholders. Supporting our core values is our commitment to the sustainability of our business and activities. This commitment is made at the very top of our organisation, beginning with the Board and filters all the way down to our day-to-day staff on the ground.

### OUR MISSION

Enhancing the lifestyle of people

### OUR VISION

To establish a strong brand as a leading furniture manufacturer

<b>P</b> EOPLE	We expect our people to approach everything with fire in their belly and never give up on doing what they believe is right.
<b>E</b> MPHASIS	We place high emphasis on products' quality to enhance customer satisfaction.
<b>R</b> ESPECT	We respect for and openness to cultures, views and opinions different from one's own.
<b>S</b> ENSITIVITY	We maintain a sensitivity to customers' needs to become more 'agile' and more responsive to customers.
<b>I</b> NNOVATION	We are committed to research, development, and innovation to understand customers and markets demand.
<b>S</b> AFETY	We stress on the safety in workplace to ensure the health safety and welfare at work of employees.
<b>T</b> ECHNOLOGY	We focus on technology development to drive towards Industry 4.0 Malaysia.
<b>E</b> FFICIENCY	We highlight on production efficiency to derive better cost management across all functions.
<b>N</b> OTABILITY	We build our company's identity and notability to catch attention of new customers.
<b>T</b> EAMWORK	We believe teamwork enables ordinary people to achieve extraordinary things.

# CORPORATE STRUCTURE



**SPRING ART HOLDINGS BERHAD**  
Registration No.: 201801016143 (1278159-A)

100%



**SPRING ART INDUSTRIES SDN. BHD.**  
Registration No.: 199601042802 (415155-P)

100%



**ELISA HOME SDN. BHD.**  
Registration No.: 202001036676 (1392997-V)



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### HAJI ISMAIL BIN TUNGGAK

*Independent Non-Executive Chairman*

### DATUK LIM KOK ENG

*Managing Director*

### DATIN KWAN CHIAN POH

*Executive Director*

### LAW SANG THIAM

*Senior Independent Non-Executive Director*

### TAN MENG LOON

*Independent Non-Executive Director*

#### AUDIT AND RISK MANAGEMENT COMMITTEE

Law Sang Thiam (Chairman)  
Haji Ismail Bin Tunggak (Member)  
Tan Meng Loon (Member)

#### NOMINATION COMMITTEE

Tan Meng Loon (Chairman)  
Law Sang Thiam (Member)  
Haji Ismail Bin Tunggak (Member)

#### REMUNERATION COMMITTEE

Haji Ismail Bin Tunggak (Chairman)  
Law Sang Thiam (Member)  
Tan Meng Loon (Member)

#### COMPANY SECRETARIES

Ng Mei Wan (MIA 28862)  
SSM Practicing Certificate No.:  
201908000801  
Tan Hui Khim (LS 0009936)  
SSM Practicing Certificate No.:  
201908000859

#### AUDITOR

Crowe Malaysia PLT  
201906000005  
(LLP0018817-LCA) & AF 1018  
Chartered Accountants  
8, Jalan Pesta 1/1,  
Taman Tun Dr. Ismail 1, Jalan Bakri,  
84000 Muar, Johor  
☎ +606-952 4328  
☎ +606-952 7328

#### REGISTERED OFFICE

No. 7 (1st Floor), Jalan Pesta 1/1,  
Taman Tun Dr. Ismail 1, Jalan Bakri,  
84000 Muar, Johor  
☎ +606-954 1705  
☎ +606-954 1707  
✉ [lsca-muar@lsca.com.my](mailto:lsca-muar@lsca.com.my)

#### HEAD/MANAGEMENT OFFICE

Lot PLO 49, Jalan Rami 4,  
Kawasan Perindustrian Bukit Pasir,  
84300 Bukit Pasir, Muar, Johor  
☎ +606-985 9971  
☎ +606-985 9972  
✉ [info@springart.com](mailto:info@springart.com)  
🌐 [www.springart.com](http://www.springart.com)

#### PRINCIPLE BANKERS

Bank of China (Malaysia) Berhad  
CIMB Islamic Bank Berhad  
Hong Leong Bank Berhad  
Hong Leong Islamic Bank Berhad  
Public Bank Berhad  
Public Islamic Bank Berhad  
United Overseas Bank (Malaysia)  
Berhad

#### STOCK EXCHANGE LISTING

ACE Market of the Bursa Malaysia  
Securities Berhad  
Stock Name: SPRING  
Stock Code: 0216

#### SOLICITOR

Alan Tan & Associates  
Advocates & Solicitors  
No. 9-9 A & 9-10 A,  
Lorong Haji Wan Ibrahim,  
Jalan Abdul Rahman,  
84000 Muar, Johor  
☎ +606-953 3500  
☎ +606-953 1376

#### SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn. Bhd.  
Unit 32-01, Level 32,  
Tower A Vertical Business Suite,  
Avenue 3 Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur  
☎ +603-2783 9299  
☎ +603-2783 9222  
✉ [is.enquiry@vistra.com](mailto:is.enquiry@vistra.com)

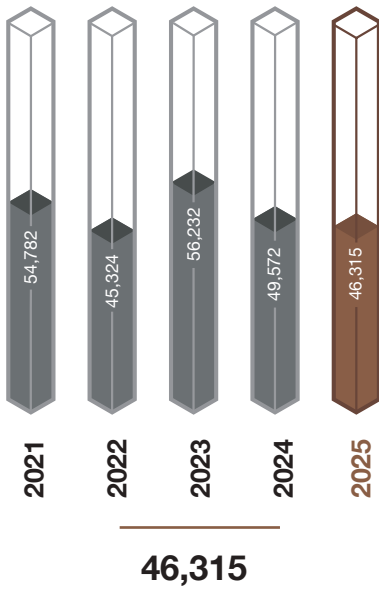
## KEY FINANCIAL HIGHLIGHTS

<b>FIVE YEARS FINANCIAL HIGHLIGHTS</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revenue (RM'000)</b>	54,782	45,324	56,232	49,572	<b>46,315</b>
<b>Profit/(Loss) Before Tax (RM'000)</b>	7,281	2,869	7,460	6,719	<b>(316)</b>
<b>Profit/(Loss) After Tax (RM'000)</b>	5,766	2,170	5,488	9,240	<b>(789)</b>
<b>Net Assets (RM'000)</b>	77,628	80,160	86,604	93,766	<b>90,067</b>
<b>Net Profit/(Loss) Attributable to Equity Holders (RM'000)</b>	5,766	2,170	5,488	9,240	<b>(789)</b>
<b>Weighted Average Number of Shares In Issue ('000)</b>	415,689	415,689	415,689	415,691	<b>415,691</b>
<b>Earnings/(Loss) Per Share ("EPS"/"LPS") (sen)</b>	1.39	0.52	1.32	2.22	<b>(0.19)</b>
<b>Net Assets Per Share (RM)</b>	0.19	0.19	0.21	0.23	<b>0.22</b>

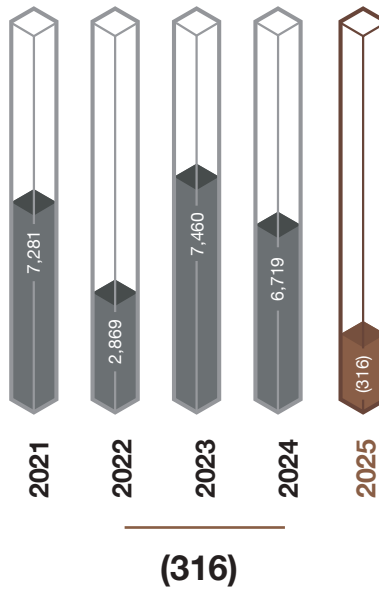


## KEY FINANCIAL HIGHLIGHTS (CONT'D)

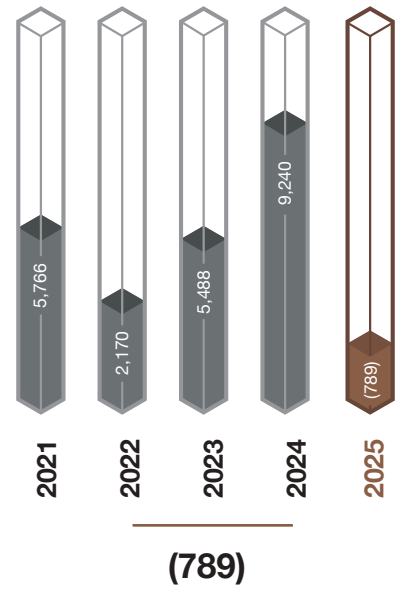
### REVENUE (RM'000)



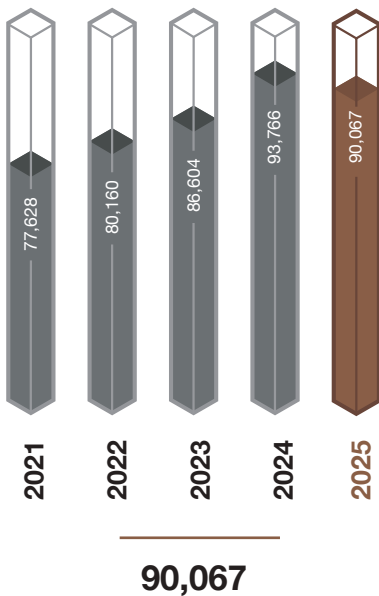
### PROFIT/(LOSS) BEFORE TAX (RM'000)



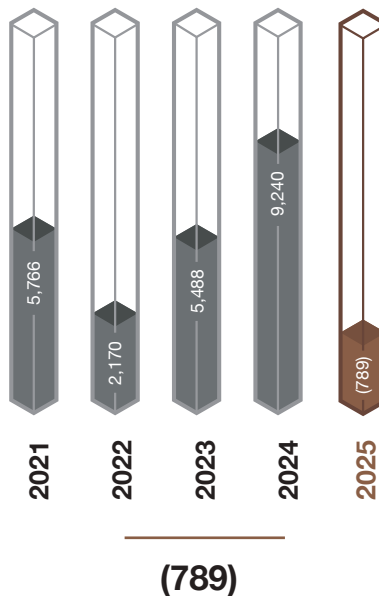
### PROFIT/(LOSS) AFTER TAX (RM'000)



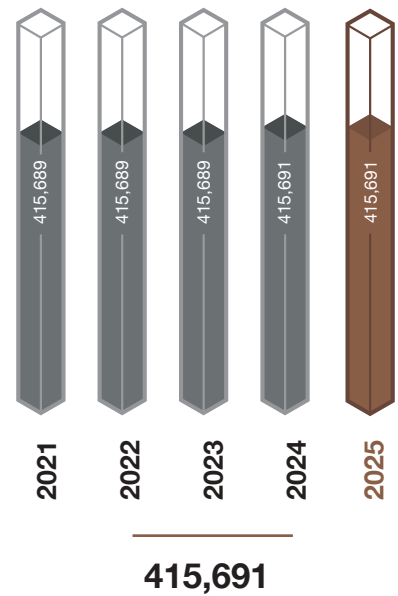
### NET ASSETS (RM'000)



### NET PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)



### WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE ('000)



## DIRECTORS' PROFILE



### HAJI ISMAIL BIN TUNGGAK\*

*Independent Non-Executive Chairman*

**Haji Ismail Bin Tunggak** completed High School Certificate in Sekolah Menengah Kebangsaan Tinggi Batu Pahat, Johor in 1970. He was appointed to our Board on 19 November 2018.

In 1970, he started working in his family's grocery business, where he worked as a helper. In 1972, he left his family's grocery business and joined the Johor Bahru branch of Postal Services Department (now known as POS Malaysia & Services Holdings Berhad) as a Cashier. In 1976, he was promoted to the Head of Branch in Bukit Tunggak. In 1976, he was transferred to Sungai Mati as Head of Branch. As Head of Branch, he was in-charge of overseeing the entire operations of these respective branches.

In 1987, he resigned from the Postal Services Department (now known as POS Malaysia & Services Holdings Berhad). He was subsequently appointed as the Penghulu of Mukim Sri Menanti from 1987 to 1997, the Penghulu of Mukim Tunggak from 1997 to 2000, and the Penghulu of Mukim Parit Bakar from 2000 to 2007. In addition, he was appointed as a committee member of the National Anti-Drug Agency from 2000 to 2005. Haji Ismail Bin Tunggak sat on the Board of SWS Capital Berhad as an Independent Non-Executive Director from 2003 to 2016.

Haji Ismail Bin Tunggak sat on the Board of Muar Ban Lee Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad as an Independent Non-Executive Director from 2009 to February 2019.

Save for our Group, he does not hold any directorships in any other public companies and listed corporations.

He presently holds directorship in a number of private limited companies.

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

#### PERSONAL DETAILS



Nationality  
**Malaysian**



Age  
**76**



Gender  
**Male**

#### Tenure of service

**7 Years 4 Months**

#### POSITION

Remuneration Committee  
Nomination Committee  
Audit and Risk Management Committee

**Chairman  
Member  
Member**

## DIRECTORS' PROFILE (CONT'D)

### DATUK LIM KOK ENG

*Managing Director*

**Datuk Lim Kok Eng** is responsible for our Group's strategic planning as well as overseeing the overall operations. He was appointed to our Board on 19 November 2018.

He graduated with Bachelor of Business Administration from Fu Jen Catholic University, Taipei, Taiwan in 1989. He has more than twenty (20) years of experience in the furniture industry encompassing design and development, manufacturing as well as marketing and sales of furniture products.

Upon graduation, he started his career in 1989 in Spring Circle Computer Inc, Taiwan as an Export Sales Coordinator where he was responsible for the sales of computers and computer hardware in the European and Asian markets. In 1991, he left Spring Circle Computer Inc, Taiwan and returned to Malaysia. In 1992, he incorporated Deltaspring Computer Sdn. Bhd. together with other shareholders to sell personal computers to retail customers. In addition to selling personal computers, he also sells computer desks. He disposed his equity stake in Deltaspring Computer Sdn. Bhd. in 1997 and ceased to be a shareholder.

In 1996, Datuk Lim Kok Eng together with his wife, Datin Kwan Chian Poh incorporated Spring Art Marketing Sdn. Bhd. to pursue opportunities in the furniture business. They started their business by way of trading and distributing ready-to-assemble computer desks in Muar, Johor. In 1999, Spring Art Marketing Sdn. Bhd.'s name was changed to Spring Art Industries Sdn. Bhd. to reflect its manufacturing activities.

Save for our Group, he does not hold any directorships in any other public companies and listed corporations.

He presently holds directorship in a number of private limited companies.



#### PERSONAL DETAILS



Nationality  
**Malaysian**



Age  
**60**



Gender  
**Male**

#### Tenure of service

**7 Years 4 Months**

## DIRECTORS' PROFILE (CONT'D)



### DATIN KWAN CHIAN POH

*Executive Director*

**Datin Kwan Chian Poh** is responsible for the purchasing, design, development and QC functions. She was appointed to our Board on 19 November 2018.

She completed Sijil Tinggi Persekolahan Malaysia in Institute Maharani, Muar in 1988. She has more than twenty (20) years of experience in the furniture industry encompassing design and development, manufacturing as well as marketing and sales of furniture products.

In 1989, Datin Kwan Chian Poh started her career in Customer Support in Zhang Tai Computer Sdn. Bhd. in the software department. She left Zhang Tai Computer Sdn. Bhd. in 1991. In 1992, she joined Panaaudio Industries Sdn. Bhd. as an Accounts Clerk where she was responsible for preparation of the accounts of the company. In 1995, she left Panaaudio Industries Sdn. Bhd. to set up Simple Software House, a sole proprietorship, to sell computers and computer parts to retail customers.

In 1996, Datin Kwan Chian Poh and her husband, Datuk Lim Kok Eng incorporated Spring Art Marketing Sdn. Bhd. to pursue opportunities in the furniture business. In 1999, Spring Art Marketing Sdn. Bhd.'s name was changed to Spring Art Industries Sdn. Bhd. to reflect its manufacturing activities.

Save for our Group, Datin Kwan Chian Poh does not hold any directorships in any other public companies and listed corporations.

She presently holds directorship in a number of private limited companies.

#### PERSONAL DETAILS



Nationality  
**Malaysian**



Age  
**58**



Gender  
**Female**

#### Tenure of service

**7 Years 4 Months**

## DIRECTORS' PROFILE (CONT'D)

### LAW SANG THIAM\*

*Senior Independent Non-Executive Director*

**Law Sang Thiam** graduated with Bachelor of Accounting from the University of Malaya in 2000. He is a member of Malaysian Institute of Accountants since 2003 and Malaysian Institute of Certified Public Accountants since 2004. He was appointed to our Board on 19 November 2018.

He began his career with Messrs Arthur Andersen & Co in 2000 as an Audit Assistant where he was responsible for audit assignments of the firm's clients. In 2002, he left Messrs Arthur Andersen & Co and joined Messrs Ernst & Young as an Audit Associate where he was involved in audit assignments of companies in various industries as well as facilitating clients in corporate exercises such as initial public offering, secondary listing and merger and acquisition in the capacity of reporting accountant for the aforementioned corporate exercises.

In 2016, he left Messrs Ernst & Young as an Audit Director and established an accounting firm, namely Messrs Ivan Law & Co where he is presently the Managing Partner. In 2017, he established a tax advisory firm, namely Messrs Taxavenue Advisory PLT where he is presently a Managing Partner.

He sits on the Board as Independent Non-Executive Director and Chairman of Audit and Risk Management Committee of MCE Holdings Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the Board as Independent Non-Executive Director and Chairman of Audit and Risk Management Committee of Ecoscience International Berhad and Icents Group Holdings Berhad, which both are listed on the ACE Market of Bursa Malaysia Securities Berhad.

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



#### PERSONAL DETAILS



Nationality  
**Malaysian**



Age  
**50**



Gender  
**Male**

#### Tenure of service

**7 Years 4 Months**

#### POSITION

Audit and Risk Management Committee  
Remuneration Committee  
Nomination Committee

**Chairman  
Member  
Member**

## DIRECTORS' PROFILE (CONT'D)



### TAN MENG LOON

*Independent Non-Executive Director*

**Tan Meng Loon** graduated with Bachelor of Law (Hons) from University of Liverpool, United Kingdom in 2007. He was admitted as an Advocate and Solicitor of High Court of Malaya in 2009. He was appointed to our Board on 19 November 2018.

In 2008, he chambered under Messrs Gooi & Azura and was retained as a litigation lawyer in the areas of civil and criminal litigation as well as conveyancing matters. In 2011, he left Messrs Gooi & Azura and joined Messrs K.H. Tan & Co as a partner where he handled various litigation and conveyancing matters.

In 2012, he left Messrs K.H. Tan & Co and established Messrs Alan Tan & Associates where he is presently the Managing Partner. Since the establishment of Messrs Alan Tan & Associates, he has been representing individual and corporate clients in the areas of litigation, conveyancing, employment and corporate governance.

Tan Meng Loon has been appointed as Director on the Board of Muar Lions Renal Centre on 28 January 2022.

He presently holds directorship in a number of private limited companies.

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

#### PERSONAL DETAILS



Nationality  
**Malaysian**



Age  
**41**



Gender  
**Male**

#### Tenure of service

**7 Years 4 Months**

#### POSITION

Nomination Committee  
Remuneration Committee  
Audit and Risk Management Committee

**Chairman  
Member  
Member**

#### ADDITIONAL INFORMATION

##### 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 offence.

\* Director who are standing for re-election.

# KEY MANAGEMENT'S PROFILE

## LIM YONG HONG

*Chief Business Development Officer*

### PERSONAL DETAILS



Nationality  
**Malaysian**



Age  
**27**



Gender  
**Male**

**Lim Yong Hong** was appointed as our Chief Business Development Officer on 1 August 2023. He is responsible for driving the company's business growth, expanding its market presence and overseeing strategic partnerships. He previously served as the Personal Assistant of our Managing Director.

Lim Yong Hong graduated with a Bachelor's degree in Business Management from Arizona State University in 2022. Upon graduation, he joined our Group, bringing fresh perspectives and a strong business acumen to the Group.

He plays a key role in shaping market expansion strategy, focusing on growing its presence on major e-commerce platforms. He has been instrumental in developing data-driven marketing strategies, enhancing customer engagement, and positioning the Group as a competitive brand in the ready-to-assemble panel furniture industry. His efforts have contributed to increasing sales, strengthening brand recognition and expanding the company's global reach.

He is actively involved in product development, supply chain optimization, logistics coordination and strategic sourcing, ensuring that the Group maintains high efficiency and competitiveness in the furniture manufacturing industry. With hands-on experience in marketing, product research and development and procurement, he has a comprehensive understanding of the furniture supply chain, from product design and manufacturing to distribution and sales. His expertise enables him to bridge the gap between production and market demand, ensuring that the Group remain at the forefront of industry trends.

Apart from his core responsibilities, he actively explores new business opportunities, strategic collaborations and emerging market trends, driving long-term growth and sustainability for the Group.

He is not a Director of any public companies and listed corporations.

He presently holds directorship in a private limited company.

He is son of Datuk Lim Kok Eng and Datin Kwan Chian Poh.

He is brother to Mr. Lim Yong Jian.

He has no conflict of interest with the Company and has not been convicted of any offence within the past five (5) years other than traffic offence.

## KEY MANAGEMENT'S PROFILE (CONT'D)

### LIM YONG JIAN

*Chief Production Officer*

#### PERSONAL DETAILS



Nationality  
**Malaysian**



Age  
**25**



Gender  
**Male**

**Lim Yong Jian** was appointed as our Chief Production Officer on 1 August 2023. He oversees the design, development and production processes.

He graduated with a Bachelor of Business (Honours) from Taylor's University in 2023. Upon graduation, Lim Yong Jian began his career as a Sales Coordinator and later appointed as Chief Production Officer, where he manages production coordination and ensuring seamless manufacturing processes.

With specialized training in overseas, he has developed expertise in operating and optimising professional equipment for high-precision production. His mastery of design software allows him to create detailed product designs that seamlessly integrate with advanced machinery.

As a key figure in driving operational excellence and innovation, he combines strong business acumen with analytical expertise to enhance production efficiency. Leading the implementation and operation of advanced equipment, he applies his technical knowledge to enhance productivity, precision and overall manufacturing performance.

Additionally, he has put in great effort to drive the company's transition toward smart automation and data-driven manufacturing. By integrating advanced technologies and digital workflows, he is transforming operations into a more intelligent, efficient, and future-ready production system, ensuring the company remains competitive in the modern manufacturing landscape.

He is not a Director of any public companies and listed corporations.

He presently holds directorship in a number of private limited companies.

He is son of Datuk Lim Kok Eng and Datin Kwan Chian Poh.

He is brother to Mr. Lim Yong Hong.

He has no conflict of interest with the Company and has not been convicted of any offence within the past five (5) years other than traffic offence.

## KEY MANAGEMENT'S PROFILE (CONT'D)

### GOH CHIA WEI

*Group Accountant*

#### PERSONAL DETAILS



Nationality  
**Malaysian**



Age  
**38**



Gender  
**Male**

**Goh Chia Wei** was appointed as our Group Accountant on 2 May 2023. He is responsible for managing our Group's account and finance, including financial reporting, audit, tax and banking related matters.

He graduated with Bachelor of Accounting from the Multimedia University in 2011. He has been a Chartered Accountant of Malaysian Institute of Accountants since 2017.

Upon graduation, he joined Messrs SC Lim, Ng & Co. in 2011 as an Audit Associate. During his tenure in Messrs SC Lim, Ng & Co, he was involved in audit assignments of companies in manufacturing and trading industries, assisting seniors with audit tasks for these sectors.

In 2013, he left Messrs SC Lim, Ng and Co and joined Messrs Crowe Malaysia PLT as a Senior Associates where he was responsible for leading, handling and conducting audit assignment.

In 2019, he left Messrs Crowe Malaysia PLT and joined Biofact Life Sdn. Bhd. as Account and Finance Manager. He was responsible for the managing and overseeing accounts, handling banking matters and financial analysis and reporting.

In April 2023, he left Biofact Life Sdn. Bhd. and joined our Group as Group Accountant in May 2023.

He does not hold any directorships in any public companies and listed corporations.

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

He has no conflict of interest with the Company and has not been convicted of any offence within the past five (5) years other than traffic offence.

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors (“Board”), it is our pleasure to present to you the Annual Report and the Audited Financial Statements of Spring Art Holdings Berhad and its subsidiaries (the “Group”) for the financial year ended 31 December 2025 (“FYE 2025”).





## MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

### OPERATING ENVIRONMENT

<sup>1</sup>According to the October 2025 World Economic Outlook released by the International Monetary Fund, global economic growth remains moderate and uneven. Global Gross Domestic Product (“GDP”) is projected to grow at around 3% in 2025 and 2026. This shows that the global economy is still resilient, but growth is slower compared to historical levels. Advanced economies are expected to grow at a softer pace due to tight financial conditions and weaker consumer demand, while emerging markets are likely to perform relatively better, although growth remains cautious.

Global inflation has eased from previous highs but remains above target level in certain major economies. Central banks continue to balance inflation control with the need to support economic growth, leading to a careful and cautious business and consumer environment. In addition, global trade growth has slowed due to geopolitical tensions and protectionist measures, which may affect cross-border manufacturing and export-oriented industries.

<sup>2</sup>As reported by The Edge Malaysia, the World Bank has slightly raised its 2026 global growth forecast to approximately 2.6%, reflecting stronger-than-expected resilience despite trade uncertainties. While this indicates a more stable global environment, overall growth remains below pre-pandemic levels.

The furniture industry is closely linked to economic conditions, particularly household income, consumer confidence, housing activity and commercial property development. In a moderate growth environment, spending on discretionary and semi-durable goods, including home furniture, is expected to remain stable but selective.

Demand in advanced markets may grow more slowly due to cautious consumer sentiment and tighter financing conditions. At the same time, emerging markets may offer gradual growth opportunities supported by urbanisation and rising income levels, although currency and inflation risks remain.

The slower pace of global trade may pose challenges for export-driven furniture manufacturers. Changes in trade policies, freight cost fluctuations and foreign exchange movements remain key risks. However, easing inflation and more stable supply chains may help improve cost control and gradually support profit margins across the industry.

Given the current economic outlook, the Group expects the global furniture market to remain stable but competitive in the coming financial year. Growth is likely to be moderate, with opportunities in markets that show stronger consumer resilience. Management will continue to focus on improving operational efficiency and strengthening cost control to protect margins. The Group will also diversify its market presence to reduce concentration risk, enhance supply chain flexibility through prudent procurement and inventory management, and continue to develop products that meet evolving customer needs and affordability expectations.

Overall, although global economic growth remains moderate and subject to uncertainties, the underlying resilience in demand provides a stable foundation for the furniture industry. The Group remains cautiously optimistic and will continue to adopt prudent financial and operational strategies to navigate the evolving market environment.

**Source:**

1. <https://www.imf.org/en/publications/weo/issues/2025/10/14/world-economic-outlook-october-2025>
2. <https://theedgemalaysia.com/node/741479>

### BUSINESS AND OPERATIONS OVERVIEW



**OFFICE FURNITURE**

such as office workstations, filing cabinets and pedestals.



**BEDROOM FURNITURE**

such as beds, night stands, wardrobes, dressing tables, dressing stools and study desks.



**LIVING ROOM FURNITURE**

such as computer desks, television consoles, sideboards, shoe cabinets, bookshelves and drawer chests.



**OTHER FURNITURE**

which includes customised complementary furniture products manufactured as and when ordered by customers, such as dining tables and kitchen cabinets.

## MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

The Group's revenue is mainly derived from sales of RTA furniture products to distributors, furniture showroom retailers, home furnishing chain stores and e-commerce companies. RTA furniture products have become increasingly popular as people will prefer online shopping to avoid crowded area. RTA furniture products are more suitable to online sales compared to assembled furniture products. Assembled furniture is bulky and it caused the storage cost and transportation cost is much higher if compared to RTA furniture products.

The Group's revenue is generated from local and overseas sales and the currency used in invoicing is RM, USD and SGD. Approximately 95.0% of our revenues were denominated in USD for FYE 2025 with the remainder denominated in RM and SGD.

The completion of Factory C marks a significant milestone for our Group, as the new facilities commenced operations

in the Fourth Quarter 2024. Designed to increase production capacity, improve efficiency, and deliver high-quality, innovative products, these facilities enabling us to meet rising market demand and strengthen our competitive edge.

The Group recognised that innovation and continuous improvement are pivotal to remain competitive in the furniture business. Thus, the Group will continue to focus on our design and development efforts to expand our product range.

The Group aim to expand the product range by releasing four (4) new collections annually, with a focus on living room furniture and bedroom furniture every year, to appeal to changing consumer preferences. With the design and development capabilities, we believe that our variety of choice in product range will contribute to increase sales for our Group.

### SALES REVENUE SOURCE



Distributors



Furniture showroom  
retailers



Home furnishing chain  
stores



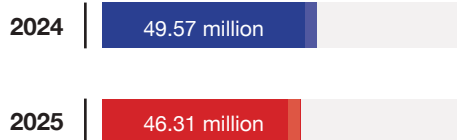
E-commerce  
companies

## FINANCIAL PERFORMANCE REVIEW

### 1. ANALYSIS OF FINANCIAL RESULTS AND FINANCIAL CONDITION

#### • REVENUE

OVERALL REVENUE (RM)



The Group's overall revenue decreased by 6.6% from RM49.57 million recorded in the financial year ended 2024 ("FYE 2024") to RM46.31 million recorded in FYE 2025. However, total sales volume for the financial year under review decreased by 2.6% was mainly due to the reduced demand from existing customers.

The revenue from bedroom furniture and living room furniture contributed 93.0% of the Group's revenue for the financial year under review and 92.2% of total sales volume. Sales volume for bedroom furniture increased by 1.5% and living

room increased by 6.1% while sales volume for office furniture decreased by 9.7%.

Sales volume decreased from 240,162 units in FYE 2024 to 234,002 units in FYE 2025, mainly due to decrease in office furniture from 13,499 units in FYE 2024 to 12,193 units in FYE 2025 and decrease in other furniture from 15,990 units in FYE 2024 to 6,022 units in FYE 2025.

In FYE 2025, we experienced sales growth in Europe by RM0.84 million or 43.7% mainly due to increase of demands from new customers.

The Group aims to further increase the group's presence in the North America and Europe markets to secure more orders.

## MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

### • COST OF SALES AND GROSS PROFIT

#### OVERALL GROSS PROFIT ("GP") (RM)



The Group's cost of sales increased by RM1.70 million or 4.7% from RM35.86 million in FYE 2024 to RM37.56 million in FYE 2025. The increase was mainly attributable to higher depreciation of property, plant and equipment, as well as the implementation of the statutory minimum wage adjustment during the financial year under review.

In FYE 2025, the Group's GP decreased by approximately RM4.97 million or 36.2% from RM13.72 million in FYE 2024 as compared to RM8.75 million in FYE 2025. The decrease was mainly attributable to lower overall revenue, higher labor costs following the implementation of the revised minimum wage of RM1,700 and higher depreciation of property, plant and equipment.

### • INVENTORIES

Our Group's inventories consist of raw materials, work-in-progress and finished goods.

We keep our inventories low as we manufacture on a 'made-to-order' basis. Our Group's inventory turnover period increased from 99 days in FYE 2024 to 102 days in FYE 2025.

Our Group's raw materials mainly consist of boards (particle boards and medium-density fibreboards ("MDF")), metal components (screws, nuts and mounting brackets), PVC edges as well as packaging materials (corrugated cartons and packing tapes). Our Group's goods in transit are those imported boards which have left the shipping dock of the board supplier, but not yet reached our warehouse.

Our Group practices first-in-first-out basis in computing the cost of inventories, work-in-progress, and finished goods. The costs of raw materials include invoices value of goods purchased and expenditure incurred in acquiring the inventories. The cost of finished goods and work-in-progress comprises raw materials, direct labor and an appropriate proportion of production overhead.

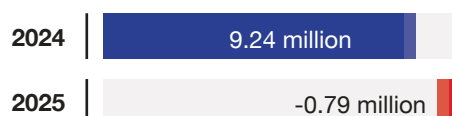
As at 31 December 2025, the inventories of our Group amounting to approximately RM9.59 million. From the total of RM9.59 million, 43.0% is comprised of raw material as heightened demand experienced in the last quarter and faster usage of raw materials. Meanwhile, another 35.4% is comprised of finished goods.

### • PROFIT/(LOSS) BEFORE TAX AND PROFIT/(LOSS) AFTER TAX

#### PROFIT/(LOSS) BEFORE TAX ("PBT"/"LBT") (RM)



#### PROFIT/(LOSS) AFTER TAX ("PAT"/"LAT") (RM)



The Group's PBT/(LBT) and PBT/(LBT) margin decreased from approximately RM6.72 million and 13.6% for FYE 2024 to approximately -RM0.32 million and -0.7% for FYE 2025. Correspondingly, the Group's PAT/(LAT) and PAT/(LAT) margin decreased from approximately RM9.24 million and 18.6% for FYE 2024 to approximately -RM0.79 million and -1.7% in FYE 2025.

The effective tax rate turned positive at 150.0% in FYE 2025 as compared with the effective tax rate to -37.5% in FYE 2024.

### • TRADE RECEIVABLES

As at 1 March 2026, approximately RM6.57 million or 99.8% of our Group's total trade receivables as at 31 December 2025 have been collected.

Our Group's normal trade terms are cash term to 90 days of credit. Our credit terms to customers are assessed and approved on a case-by-case basis taking into consideration various factors such as relationship with customers, customers' payment history, credit worthiness and quantum of amount owing. We use aging analysis to monitor the credit quality of our trade receivables. All of our outstanding debts are closely monitored by our management personnel.

Our Group has not encountered any major disputes with our debtors and hence no allowance for impairment was provided for as there were no doubtful receivables outstanding for FYE 2025.

### • TRADE PAYABLES

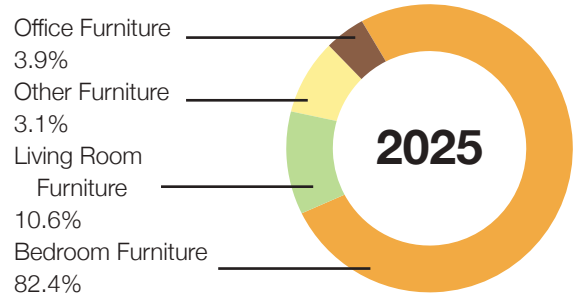
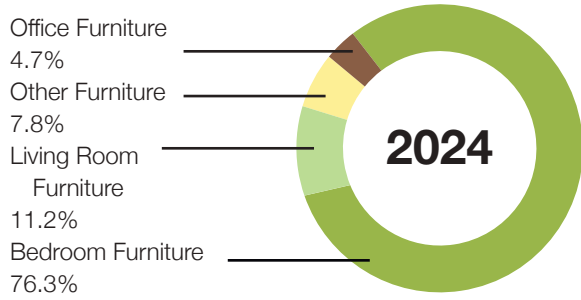
The normal trade terms granted to our Group by our suppliers are cash term to 90 days of credit.

As at 1 March 2026, approximately RM1.98 million or 99.20% of our Group's total trade payables as at 31 December 2025 have been paid.

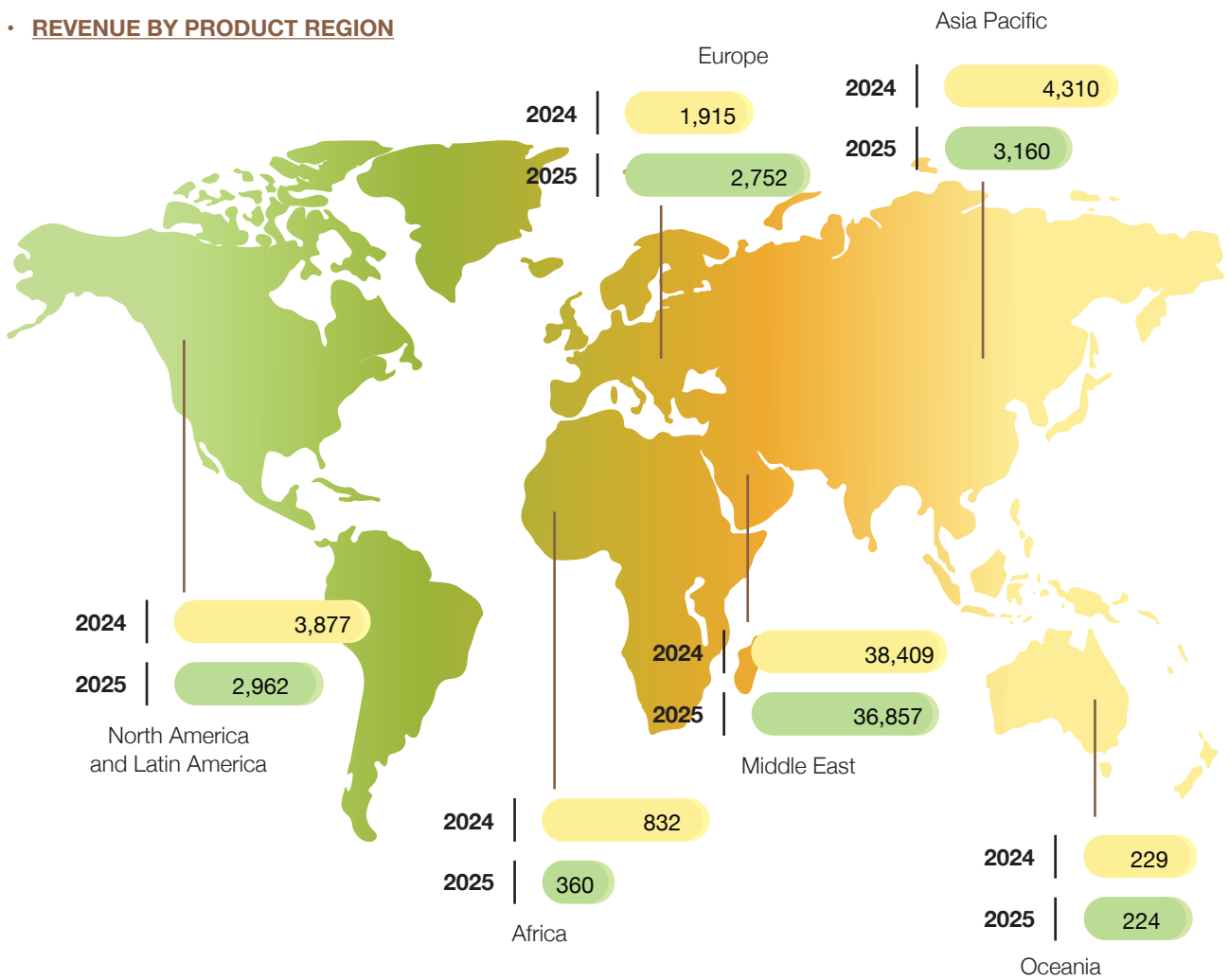
# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

## 2. REVIEW OF OPERATING ACTIVITIES

### REVENUE BY PRODUCT CATEGORY



### REVENUE BY PRODUCT REGION



## MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

PRODUCT	FYE 2024		FYE 2025	
	RM'000	%	RM'000	%
Office Furniture	2,347	4.7	1,783	3.9
Bedroom Furniture	37,802	76.3	38,171	82.4
Living Room Furniture	5,562	11.2	4,919	10.6
Other Furniture	3,861	7.8	1,442	3.1
<b>Total</b>	<b>49,572</b>	<b>100.0</b>	<b>46,315</b>	<b>100.0</b>

REGION	FYE 2024		FYE 2025	
	RM'000	%	RM'000	%
Middle East	38,409	77.5	36,857	79.6
Asia Pacific	4,310	8.7	3,160	6.8
North America and Latin America	3,877	7.8	2,962	6.4
Europe	1,915	3.8	2,752	5.9
Africa	832	1.7	360	0.8
Oceania	229	0.5	224	0.5
<b>Total</b>	<b>49,572</b>	<b>100.0</b>	<b>46,315</b>	<b>100.0</b>

### RISKS OVERVIEW

#### • FLUCTUATIONS IN FOREIGN EXCHANGE RATES

Our revenue is denominated in USD, SGD and RM as our furniture products are mostly exported to foreign markets. Our export market comprises among others, UAE, India, Japan, Bahrain, Canada, Saudi Arabia and Singapore. Any significant change in foreign exchange rates may affect our Group's financial results.

We maintain foreign currency accounts arising from our sales to settle our purchases in foreign currency. Additionally, we also enter into foreign currency forward exchange contracts with banking institutions to sell the USD received from our customers at agreed exchange rates for fixed periods of time to reduce the exposure of our receivables.

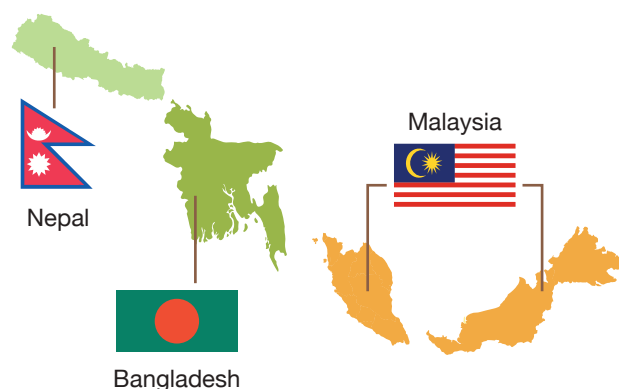
#### • VOLATILITY IN PRICES OF RAW MATERIALS

The prices of certain raw materials used in our manufacturing processes such as particle boards and MDF may fluctuate due to demand and supply conditions. As such, any shortage or disruption in the supply of raw materials which results in fluctuation in the prices of raw materials may adversely affect both our Group's operations and financial performance.

With that in mind, we source our raw materials from multiple suppliers and our purchases are made upon receipt of confirmed orders from our customers. In this way, we would be able to minimize the impact of any material adverse price fluctuations.

#### • SUPPLY CHAIN DISRUPTIONS

Ensuring the punctual delivery of our furniture products is vital for sustained profitability. However, any interruptions in our supply chain, whether due to shipping delays, adverse weather conditions, or unforeseen accidents, could result in missed deadlines and an excess of inventory. This, in turn, may lead to significant expenses for storage and disposal.



#### • DEPENDENCE ON FOREIGN PRODUCTION WORKERS

We rely on foreign workers in our operations. Our foreign workers are primarily from Bangladesh and Nepal. As the standard of living in Malaysia improves over time, we have found it increasingly difficult to hire local production workers for our manufacturing operations. In addition, the costs of foreign labor may continue to increase in the future.

Hence, we make continuous efforts to ensure that we carefully optimize our workforce at both administrative and production levels. To reduce the dependence on foreign production workers, our Group has implemented automation to our production processes where feasible.

To manage this risk, we are cultivating strong relationships with suppliers fosters open communication channels and allows for better collaboration in addressing potential challenges. Regular communication ensures that any issues affecting the supply chain can be promptly addressed and resolved.

## MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

### FUTURE PLANS AND PROSPECTS

The global furniture industry is expected to experience slower growth in the near term, mainly due to cautious consumer spending, higher interest rates and ongoing uncertainties in the global economic environment. In addition, geopolitical tensions in the Middle East may continue to add uncertainty to global trade flows, energy prices and overall market sentiment, which could directly or indirectly affect operating costs and demand conditions. While demand from housing development and home improvement activities continues to provide some support, overall market conditions are expected to remain soft.

The industry is also undergoing changes in consumer preferences, with increasing demand for multifunctional, space-saving, and affordable furniture, especially in urban areas. In addition, the continued growth of e-commerce platforms is reshaping traditional distribution channels and intensifying competition across both domestic and international markets.

### DIVIDEND POLICY

The Company presently does not have any formal dividend policy. Any declaration of interim dividends and recommendation of final dividends are at the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Notwithstanding the above, the Group would like to express its sincere appreciation to its valued shareholders for their continued support. As a gesture of appreciation, the Company declared a first interim single-tier dividend of 0.7 sen per ordinary share in respect of the financial year ended 31 December 2025 ("FYE 2025"). The ex-date for the said interim dividend was 6 May 2025, and the payment date was 5 June 2025. The total dividend payout for FYE 2025 amounted to RM2,909,839.80.

Upon listing, the Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to share in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds are available for our future growth.

### CORPORATE GOVERNANCE

The Board of the Company takes seriously on to values such as integrity, transparency and dedication, among others, high on our list of priorities. We also place much emphasis on corporate governance and are at all times looking to create the utmost value for our shareholders. The measures implemented are outlined further in our Corporate Governance Overview Statement, the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control found further in this Annual Report.

At the same time, the industry continues to face several challenges, including fluctuations in raw material prices, rising labour and operating costs and demand uncertainty due to economic conditions and property market trends. Competitive pressures from regional manufacturers, particularly in price-sensitive segments, also remain a key concern.

Moving forward, the Group will continue to focus on improving operational efficiency, strengthening its supply chain management, and enhancing its production capabilities to remain competitive. The Group is also actively exploring opportunities to diversify its revenue streams beyond the furniture segment by leveraging its existing expertise and resources to venture into related or new business areas. This is aimed at reducing reliance on any one segment and improving long-term business sustainability.

The Group will also continue to strengthen its presence in e-commerce channels, maintain close relationships with customers in key export markets and focus on higher value-added products through improved design and product development.

### CORPORATE SOCIAL RESPONSIBILITY

The Group is mindful of the impact its operations have on society. The Group's key corporate social responsibility platforms continue to be in the areas of employees, stakeholders, the environment as well as the communities at large. We will continue to identify activities where our support can make a real difference.

### APPRECIATION

In closing, I wish to extend my heartfelt gratitude to all my fellow Board Members who have contributed to the Group with their invaluable expertise and experience. My deepest gratitude also goes to the management and staff for their commitment and dedication throughout the years and to all the shareholders for their steadfast support and confidence in the Group. My sincere appreciation also goes to the business partners, clients, bankers and other associates for their continued support for the Group.

**Datuk Lim Kok Eng**  
Managing Director

# SUSTAINABILITY STATEMENT 2025

## 1. Our Path to a Sustainable Future

Spring Art Holdings Berhad (“Spring Art” or “the Group”) presents this Sustainability Statement (“SS”) for the financial year ended 31 December 2025 (“FY2025”). This statement highlights how the Group manages sustainability-related risks and opportunities, and how these considerations are embedded into its operations and long-term business strategy. It should be read in conjunction with the Group’s Financial Statements for FY2025.



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 1. Our Path to a Sustainable Future (Cont'd)

As a manufacturer and trader of ready-to-assemble (“RTA”) furniture, Spring Art operates within a value chain that is closely linked to resource utilisation, production efficiency and supply chain practices. The Group recognises its responsibility to minimise environmental impact while ensuring safe and responsible operations for its workforce and stakeholders.

Sustainability remains an integral part of the Group’s operational approach. Key focus areas include responsible sourcing of materials, efficient use of energy and resources, waste management and maintaining high standards of occupational health and safety. These priorities enable the Group to balance operational performance with environmental and social responsibilities.

In FY2025, Spring Art continued to enhance its sustainability disclosures, providing clearer insights into how ESG considerations are integrated into daily operations and decision-making processes. The Group remains committed to progressively strengthening its sustainability practices in line with regulatory expectations and evolving industry standards.

#### Our Principal Business Activities

Spring Art is principally engaged in the manufacturing and trading of ready-to-assemble furniture products, serving both domestic and export markets. Its operations are primarily based in Muar, Johor, Malaysia, a key hub for the furniture manufacturing industry.

The Group operates through its main subsidiaries:

Company Name	Principal Activities	Location
Spring Art Industries Sdn. Bhd.	Manufacturing of RTA furniture	Malaysia
Elisa Home Sdn. Bhd.	Trading and distribution of RTA furniture	Malaysia

Through these entities, the Group manages both production and distribution functions, enabling greater control over product quality, operational efficiency and customer satisfaction.

Given the nature of its business, Spring Art prioritises quality assurance, efficient manufacturing processes, regulatory compliance and responsible business practices, while continuously managing the environmental and social impacts associated with its operations.

#### Our Value Chain and ESG Focus

Spring Art’s operations span across a structured value chain, from sourcing of raw materials to manufacturing and distribution of finished furniture products.

The Group has assessed its value chain to identify areas where sustainability-related risks and impacts are most significant. This includes upstream material sourcing, operational processes within manufacturing facilities, and downstream logistics and product delivery.

This assessment enables the Group to:

- Understand key ESG risks across its operations;
- Improve visibility over environmental impacts such as energy use and waste generation;
- Strengthen internal controls within manufacturing processes; and
- Promote responsible practices across its supply chain.



# SUSTAINABILITY STATEMENT 2025 (CONT'D)

## 1. Our Path to a Sustainable Future (Cont'd)

### Our Value Chain and ESG Focus (Cont'd)

These insights support the Group's overall risk management approach and guide its sustainability disclosures, in line with the National Sustainability Reporting Framework ("NSRF") and IFRS Sustainability Disclosure Standards.

#### Value Chain Overview

Value Chain Stage	Key Activities	Key ESG Considerations
Upstream	Sourcing of raw materials and supplier engagement	Sustainable sourcing, supplier standards, environmental footprint
Core Operations	Manufacturing, assembly, and packaging	Energy efficiency, emissions, waste management, workplace safety
Downstream	Distribution and delivery of products	Logistics efficiency, packaging impact, customer satisfaction

### Driving Our Sustainability Priorities

Spring Art continuously evaluates sustainability-related risks and opportunities across its operations. Climate-related factors, particularly energy consumption and emissions from manufacturing processes, have been identified as key areas of focus and are disclosed in alignment with IFRS S2 requirements.

In addition, the Group monitors other material ESG aspects such as employee safety, regulatory compliance and supply chain practices. These are disclosed on a voluntary basis, taking into consideration Bursa Malaysia's sustainability reporting guidelines and the NSRF.

The Group's assessment process considers operational activities, regulatory requirements and stakeholder expectations, allowing it to better understand potential impacts on cost efficiency, operational performance and long-term growth.

To address identified risks, Spring Art continues to enhance its operational practices, including improving resource efficiency, reinforcing workplace safety measures and strengthening supplier engagement.

The voluntary disclosures presented in this statement complement the Group's mandatory disclosures under the IFRS Sustainability Disclosure Standards for the reporting period.



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 1. Our Path to a Sustainable Future (Cont'd)

#### ENVIRONMENTAL

##### Energy Cost Volatility

Spring Art's manufacturing operations rely on electricity to power machinery and production processes, exposing the Group to fluctuations in energy prices. Increases in electricity tariffs may impact production costs and operating margins.

To address this, the Group monitors energy consumption and implements efficiency measures across its facilities. The installation of rooftop solar photovoltaic systems supports renewable energy usage, reduces reliance on grid electricity and improves long-term cost stability.

These initiatives contribute to United Nations Sustainable Development Goal ("UNSDG") 7 (Affordable and Clean Energy) by promoting the use of cleaner energy sources, and UNSDG 13 (Climate Action) through efforts to reduce emissions and improve energy efficiency.

##### Carbon Pricing Exposure

Evolving environmental regulations, including potential carbon pricing mechanisms, may increase compliance requirements and operational costs. Manufacturing activities may be subject to stricter emissions monitoring and reporting obligations.

The Group strengthens its environmental practices through emissions monitoring, dust control systems and proper management of scheduled waste in accordance with regulatory requirements. It also monitors regulatory developments to enhance readiness for future compliance requirements.

These efforts align with UNSDG 12 (Responsible Consumption and Production) by promoting responsible resource and waste management, as well as UNSDG 13 (Climate Action) through improved emissions management and regulatory readiness.

##### Climate Physical Risk (Flooding)

Physical climate risks such as flooding may disrupt manufacturing operations, affecting production continuity and delivery timelines.

To mitigate these risks, the Group conducts site-level assessments and implements preventive measures, including drainage improvements and contingency planning. These efforts enhance operational resilience and reduce disruption risks.

Such measures contribute to UNSDG 13 (Climate Action) by strengthening the Group's ability to adapt to climate-related risks and enhance resilience.

##### Pollution From Manufacturing

Manufacturing activities may generate dust, air emissions, solid waste and scheduled waste, which, if not properly controlled, may result in regulatory non-compliance, operational disruption and reputational damage.

The Group manages these risks through operational controls, including dust collection systems, proper handling and disposal of scheduled waste through licensed contractors, and routine monitoring of pollution-control measures to minimise environmental impact and support regulatory compliance.

These measures are intended to minimise environmental impact, support regulatory compliance and promote responsible production practices in alignment with UNSDG 12 (Responsible Consumption and Production). Where relevant, such measures may also contribute indirectly to UNSDG 13 (Climate Action).





# SUSTAINABILITY STATEMENT 2025 (CONT'D)

## 1. Our Path to a Sustainable Future (Cont'd)

### SOCIAL

#### Talent Retention

A stable workforce is essential for maintaining operational efficiency and consistent production output. High employee turnover may lead to increased costs and operational disruptions.

The Group adopts structured remuneration practices based on experience, skills and market benchmarks, supported by employee engagement initiatives such as festive events and internal activities. These efforts foster a positive working environment and enhance employee retention.

This supports UNSDG 8 (Decent Work and Economic Growth) by promoting fair employment practices and workforce stability.

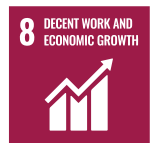


#### Skills Gap

Manufacturing operations require employees with relevant technical skills and competencies. A lack of skills may affect productivity, efficiency and product quality.

To address this, the Group implements structured training programmes, including on-the-job training, technical development and continuous upskilling initiatives. The introduction of new machinery further enhances productivity and supports workforce capability development.

These efforts align with UNSDG 4 (Quality Education) through continuous learning, and UNSDG 8 (Decent Work and Economic Growth) by improving workforce productivity.

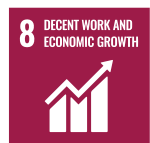


#### Workplace Safety

Manufacturing environments involve operational risks that may result in workplace incidents if not properly managed. Such incidents may affect employee wellbeing and operational continuity.

The Group implements safety practices aligned with regulatory requirements, including safety inductions, toolbox briefings, workplace inspections and specialised training such as first aid and emergency response. These measures promote a strong safety culture and minimise incident risks.

This supports UNSDG 3 (Good Health and Well-being) and UNSDG 8 (Decent Work and Economic Growth) by ensuring safe and healthy working conditions.



#### Employee Wellbeing

Employee wellbeing plays a key role in maintaining productivity, engagement and overall workforce performance.

The Group promotes wellbeing through employee engagement initiatives, including celebrations and social events, as well as fostering a supportive workplace culture. These efforts contribute to improved morale and a more engaged workforce.

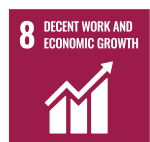
These initiatives align with UNSDG 3 (Good Health and Well-being) by supporting employee health and wellbeing.



#### Human Rights in Operations

The Group is committed to upholding fair labour practices and ethical standards across its operations. Non-compliance may result in reputational and operational risks.

Policies and practices are in place to promote fair treatment, non-discrimination and ethical conduct within the workplace. These measures support a respectful and inclusive working environment.



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 1. Our Path to a Sustainable Future (Cont'd)

#### SOCIAL (Cont'd)

##### Human Rights in Operations (Cont'd)

This aligns with UNSDG 8 (Decent Work and Economic Growth) and UNSDG 16 (Peace, Justice and Strong Institutions).



#### GOVERNANCE

##### Cybersecurity

The Group's reliance on digital systems exposes it to cybersecurity risks that may affect operations and data integrity.

To mitigate these risks, the Group implements system controls, monitoring mechanisms and access management practices to safeguard information and ensure operational continuity.

These measures contribute to UNSDG 9 (Industry, Innovation and Infrastructure) and UNSDG 16 (Peace, Justice and Strong Institutions).



##### Data Privacy Compliance

Compliance with data protection regulations is essential to safeguarding employee and business information.

The Group establishes internal policies and promotes awareness to ensure responsible data handling and regulatory compliance. Continuous improvements in data governance practices strengthen protection of sensitive information.

This supports UNSDG 16 (Peace, Justice and Strong Institutions).



##### Anti-Bribery Exposure

Exposure to bribery and unethical practices may lead to legal and reputational risks.

The Group promotes ethical conduct through policies, internal controls and awareness initiatives to ensure transparency and accountability in its operations.

These efforts align with UNSDG 16 (Peace, Justice and Strong Institutions).



##### Board Oversight of Sustainability

Strong governance oversight is essential for effective management of sustainability-related risks and opportunities.

The Board of Directors, supported by relevant committees, oversees sustainability strategies, risk management processes and performance monitoring, ensuring accountability and alignment with business objectives.

This supports UNSDG 16 (Peace, Justice and Strong Institutions).



##### Supply Chain Integrity

The Group relies on suppliers for materials and services, making supply chain governance critical to operational performance.



# SUSTAINABILITY STATEMENT 2025 (CONT'D)

## 1. Our Path to a Sustainable Future (Cont'd)

### GOVERNANCE (Cont'd)

#### Supply Chain Integrity (Cont'd)

Structured supplier selection, monitoring and due diligence practices are implemented to ensure compliance, quality and reliability, strengthening overall supply chain resilience.

These efforts align with UNSDG 8 (Decent Work and Economic Growth) and UNSDG 12 (Responsible Consumption and Production).



## 2. Basis of Preparation

This SS of Spring Art has been prepared for FY2025. It outlines the Group's approach to sustainability-related disclosures and should be read together with the Group's Financial Statements for FY2025.

The SS is prepared in accordance with the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board ("ISSB"), namely IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, as adopted in Malaysia under the NSRF.

FY2025 represents the Group's first year of adoption of the IFRS Sustainability Disclosure Standards. In applying the transition provisions, the Group has adopted a climate-focused approach, prioritising disclosures on climate-related risks and opportunities associated with its manufacturing and operational activities, in line with IFRS S2 requirements.

Additional ESG disclosures are provided on a voluntary basis, taking into consideration Bursa Malaysia's Listing Requirements and the Common Sustainability Matters under the NSRF. These disclosures complement, but do not form part of, the Group's mandatory IFRS S1 and IFRS S2 reporting for the financial year.

The reporting boundary of this SS is consistent with the Group's consolidated Financial Statements, prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the Companies Act 2016. It encompasses the Group's core manufacturing and trading operations in Malaysia.

#### First-time Adoption of IFRS Sustainability Disclosure Standards

This SS marks Spring Art's initial application of the IFRS Sustainability Disclosure Standards.

In line with the available transition reliefs, comparative sustainability information has not been presented where prior period data was not prepared in accordance with IFRS S1 and S2.

Where appropriate, selected historical information has been included to provide context on operational trends. Such information is presented for reference purposes only and may not be directly comparable, as it was not prepared under IFRS requirements.

#### Structure of the Statement

The Group adopts an integrated approach to sustainability management, with governance, risk management and operational practices embedded across its business processes.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 2. Basis of Preparation (Cont'd)

#### Structure of the Statement (Cont'd)

This SS is structured in accordance with the IFRS Sustainability Disclosure framework, comprising:

Topic	Description	Reference
<b>Governance</b>	Oversight of sustainability matters by the Board and Management	Section 6
<b>Strategy</b>	Identification of key sustainability-related risks and opportunities and the Group's response	Section 7
<b>Risk Management</b>	Processes to identify, assess and manage sustainability risks, including integration with the Group's Enterprise Risk Management ("ERM") framework	Section 8
<b>Metrics and Targets</b>	Performance indicators used to monitor and manage sustainability outcomes	Section 9

#### Directors' Responsibility Statement

The Board of Directors ("Board") retains overall responsibility for the oversight of the Group's sustainability reporting, including ensuring the adequacy of governance structures, internal controls and reporting processes.

This SS has been reviewed and approved by the Board in accordance with the Group's governance framework and Bursa Malaysia's Listing Requirements.

#### GHG Emissions Boundary

##### Organisational Boundary

The Group adopts the equity share approach in determining its organisational boundary for GHG emissions. Under this approach, emissions are accounted for based on the Group's proportionate ownership interest in its subsidiaries and related entities, reflecting its economic exposure to sustainability-related risks.

##### Operational Boundary

For FY2025, the Group's GHG inventory includes selected Scope 3 emissions, namely employee commuting and business travel, based on their relevance and the availability of reliable data.

Other Scope 3 categories, including emissions associated with purchased materials and upstream supply chain activities, are currently excluded due to data limitations. The Group recognises the importance of these emission sources and intends to progressively expand its disclosures as data availability improves.

As this is the first year of reporting under IFRS S1 and IFRS S2, there have been no changes to the methodologies, assumptions or estimation techniques applied in defining the Group's GHG boundaries.

### 3. Materiality Assessment

Spring Art undertakes a structured materiality assessment to identify sustainability-related risks and opportunities that are most relevant to its business and financial performance.

As a manufacturer and trader of ready-to-assemble furniture, the Group operates within a value chain that is dependent on raw material inputs, production efficiency and supply chain reliability. Sustainability-related factors may therefore influence cost structures, operational performance, regulatory compliance and long-term value creation.



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 3. Materiality Assessment (Cont'd)

In preparing this SS, the Group applied a financial materiality lens, in accordance with IFRS S1. Under this approach, sustainability matters are considered material where they could reasonably be expected to affect the Group's cash flows, access to finance, cost of capital or asset values.

The assessment enables the Group to focus its disclosures and management efforts on sustainability matters that have the greatest potential to influence financial outcomes and business resilience. Key areas identified include resource and energy management, supply chain stability, environmental compliance, product quality and workforce capability.

The results of the assessment are incorporated into the Group's broader risk management and strategic planning processes, supporting informed decision-making and long-term operational sustainability.

#### Assessment Process

The materiality assessment was conducted through an internal evaluation process involving senior management and relevant operational functions.

Sustainability-related risks and opportunities were identified across the Group's value chain, covering:

- Procurement of raw materials and supplier engagement;
- Manufacturing and operational processes; and
- Distribution and customer delivery activities.

Each matter was assessed using a consistent set of criteria, including:

Financial Impact	Likelihood	Time Horizon	Operational Dependency
Potential effect on revenue, cost structure, margins and cash flow.	Probability of occurrence based on operational experience and industry conditions.	Expected timeframe of impact (short, medium or long term).	Reliance on key inputs such as materials, labour and supply chain performance.

This structured approach allows the Group to evaluate how sustainability-related matters may affect its financial position and operational continuity, while ensuring alignment with its ERM framework.

#### Use of Judgement and Information Sources

The assessment process requires the application of management judgement in determining the relative significance of identified sustainability matters.

In forming these judgements, the Group considered a combination of internal performance data and external developments.

Internal sources included manufacturing and operational data, energy and resource usage records, safety performance indicators, supplier assessments and internal risk registers. These provided insight into operational exposures and performance trends.

External considerations included regulatory requirements, industry developments within the furniture sector, raw material cost trends and evolving stakeholder expectations.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 3. Materiality Assessment (Cont'd)

#### Use of Judgement and Information Sources (Cont'd)

The Group also considered its interactions with key stakeholder groups—namely employees, customers, suppliers, regulators and local communities—in assessing potential risks and opportunities that may influence business performance.

Notwithstanding these considerations, the determination of material matters is ultimately based on their potential financial impact, consistent with the principles of financial materiality under IFRS S1.

#### Governance and Oversight

The outcomes of the materiality assessment are reviewed by senior management and presented to the Audit and Risk Management Committee (“ARMC”) for oversight.

The ARMC evaluates whether identified sustainability-related risks and opportunities are appropriately addressed within the Group’s risk management and internal control systems. Where relevant, significant matters are escalated to the Board of Directors, which retains ultimate accountability for sustainability governance and disclosures.

The materiality assessment is subject to periodic review to ensure it remains relevant in light of changes in operational activities, regulatory expectations and market conditions. This ongoing process supports the Group’s commitment to providing decision-useful disclosures in line with IFRS Sustainability Disclosure Standards, the NSRF and Bursa Malaysia requirements.

### 4. Judgement and Measurement Uncertainty

#### Significant Judgements

The preparation of this SS involves the application of management judgement in determining reporting boundaries, selecting methodologies and applying assumptions in the measurement of sustainability-related information.

These judgements, excluding those related to materiality as disclosed in Section 3, may affect the recognition, measurement and presentation of sustainability disclosures.

Key areas requiring significant judgement are set out below.

<b>Scope 3 GHG Emissions</b>	<p>For FY2025, the Group has adopted a progressive approach to Scope 3 GHG emissions disclosure, limited to employee commuting and business travel.</p> <p>In defining the scope, the Group considered the relevance of emission sources, data availability and reliability of information. Emissions arising from purchased materials, upstream manufacturing processes and logistics are acknowledged as potentially significant within the Group’s value chain. However, these are currently excluded due to limited access to consistent and verifiable third-party data.</p> <p>The Group will expand its Scope 3 disclosures over time as data collection capabilities and supplier engagement improve.</p>
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## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 4. Judgement and Measurement Uncertainty (Cont'd)

#### Significant Judgements (Cont'd)

Key areas requiring significant judgement are set out below. (cont'd)

<b>GHG Reporting Boundaries</b>	<p>Judgement is applied in defining both the organisational and operational boundaries of the Group's GHG inventory.</p> <p>The Group applies the equity share approach, whereby emissions are recognised based on its proportional ownership in subsidiaries and related entities.</p> <p>In determining the operational boundary, the Group evaluates the extent of control over manufacturing facilities, production processes and energy consumption. Emissions from activities outside the Group's direct control, including those of suppliers and external service providers, are excluded from Scope 1 and Scope 2 and may be incorporated under Scope 3 in future reporting periods.</p>
<b>Value Chain Determination</b>	<p>The definition of the Group's value chain involves judgement in identifying the stages where sustainability-related risks and opportunities are most relevant.</p> <p>The Group's value chain encompasses raw material sourcing, manufacturing operations and product distribution. Focus is placed on areas with direct impact on operational performance, including resource utilisation, production efficiency, regulatory compliance and supply chain reliability.</p>

#### Measurement Uncertainty

Measurement uncertainty arises where sustainability-related data are derived using assumptions, estimates or standardised emission factors rather than direct measurement.

<b>Scope 3 Emissions Estimation</b>	<p>Scope 3 emissions for employee commuting and business travel are subject to estimation uncertainty due to reliance on assumptions relating to travel behaviour, transport modes, and emission factors.</p> <p>Accordingly, reported figures represent estimates and may be subject to refinement as more accurate and granular data becomes available.</p>
<b>Climate-Related Financial Effects</b>	<p>The assessment of climate-related financial impacts involves forward-looking assumptions, including those relating to cost trends, regulatory developments and operational responses.</p> <p>Given the inherent uncertainty associated with these assumptions, actual outcomes may differ from current estimates.</p>
<b>Data Availability across the Value Chain</b>	<p>The Group's reliance on external suppliers and service providers presents limitations in obtaining complete and consistent sustainability data, particularly for upstream activities.</p> <p>Emissions associated with raw material production and third-party logistics are not currently included in the Group's GHG inventory due to data constraints. The Group is taking steps to improve data visibility through enhanced supplier engagement and gradual integration of sustainability requirements into procurement processes.</p>
<b>Continuous Enhancement</b>	<p>As this represents the Group's first year of reporting under the IFRS Sustainability Disclosure Standards, certain disclosures are based on available data and evolving methodologies.</p> <p>The Group will continue to enhance its reporting practices by improving data collection systems, refining estimation methodologies and strengthening internal controls. These efforts are expected to reduce measurement uncertainty and improve the accuracy and reliability of future disclosures.</p>

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 5. Sustainability-Related Risks and Opportunities

Spring Art recognises that sustainability-related factors are increasingly shaping the operating landscape of the furniture manufacturing industry. These factors influence cost structures, operational efficiency, regulatory compliance and long-term competitiveness.

In preparing this SS, the Group has identified key sustainability-related risks and opportunities across its value chain, covering upstream sourcing, manufacturing operations and downstream distribution. These have been assessed in line with the Group's ERM framework, taking into consideration financial impact, likelihood and time horizon.

Climate-related risks and opportunities are disclosed in accordance with IFRS S2, while other ESG matters are included to provide a comprehensive view of the Group's sustainability profile. The identified matters also support the development of the Group's sustainability strategy and ongoing operational improvements.

#### Sustainability-Related Risks

The Group recognises that sustainability-related risks may influence its financial performance, cost efficiency and operational resilience. These risks arise from its manufacturing operations, supply chain reliance, regulatory landscape and increasing expectations for responsible business conduct.

To ensure effective management, the Group assesses these risks based on their financial implications, likelihood of occurrence and time horizon, and integrates them within its ERM framework.

### ENVIRONMENTAL RISKS

#### Energy Cost Volatility

The Group's production activities rely significantly on electricity to power machinery, equipment and facility operations. Volatility in energy prices, particularly increases in electricity tariffs, may lead to higher production costs and affect overall profitability.

In addition, increasing emphasis on energy efficiency and emissions reduction from regulators and stakeholders may require the Group to invest in energy monitoring systems and efficiency improvements. Failure to manage energy consumption effectively may result in cost inefficiencies and heightened exposure to regulatory and reputational risks.

#### Carbon Pricing Exposure

The transition towards a lower-carbon economy may introduce carbon pricing mechanisms, such as taxes or regulatory requirements on emissions. These developments may increase the Group's cost of operations, particularly where energy consumption is a key component of manufacturing activities.

Furthermore, the need to measure, manage and disclose emissions may increase administrative and compliance burdens. Delays in adapting to such requirements may result in increased costs, reduced competitiveness and potential challenges in meeting customer expectations in sustainability-conscious markets.

#### Climate Physical Risk (Flooding)

The Group's manufacturing facilities and logistics networks may be exposed to physical climate risks, including flooding. Such events may disrupt production activities, damage infrastructure and interrupt supply chain operations.

These disruptions may lead to delays in order fulfilment, increased repair and maintenance costs, and potential loss of revenue. In addition, recurring climate events may require further investment in resilience measures and may impact insurance coverage and costs.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 5. Sustainability-Related Risks and Opportunities (Cont'd)

#### ENVIRONMENTAL RISKS (Cont'd)

##### Pollution From Manufacturing

Manufacturing processes may give rise to dust, air emissions, solid waste and scheduled waste. Inadequate control of these impacts may expose the Group to regulatory penalties, remediation costs, operational disruption and reputational risk.

Increasing regulatory scrutiny and stakeholder expectations regarding environmental compliance may also require the Group to strengthen monitoring, maintenance and documentation of pollution-control measures. Failure to manage pollution effectively may increase operating costs and affect the Group's licence to operate.

#### SOCIAL RISKS

##### Talent Retention

The Group's ability to maintain stable operations depends on retaining a skilled and experienced workforce. High employee turnover may lead to increased recruitment and onboarding costs, as well as disruptions to production processes.

Loss of experienced personnel may also affect operational efficiency, knowledge continuity and product quality, ultimately impacting the Group's ability to meet customer expectations.

##### Skills Gap

As manufacturing processes evolve, the demand for technical and specialised skills continues to increase. A shortage of skilled workers may limit productivity and affect the Group's ability to optimise its operations.

Insufficient workforce capabilities may also result in operational inefficiencies, higher defect rates and reduced competitiveness in a dynamic market environment.

##### Workplace Safety

Manufacturing environments involve inherent operational risks, including machinery-related hazards. Workplace incidents may result in injuries, operational disruptions and potential regulatory consequences.

Poor safety performance may also lead to increased insurance costs, reduced employee morale and reputational risks, particularly where safety standards are not consistently maintained.

##### Employee Wellbeing

Employee wellbeing is a key factor in maintaining productivity and workforce engagement. High levels of fatigue, stress or burnout may lead to absenteeism and reduced performance.

Failure to support employee wellbeing may also result in higher turnover rates and challenges in attracting and retaining talent.

##### Human Rights in Operations

The Group may face risks related to labour practices within its operations and supply chain. Non-compliance with labour standards or unethical practices may result in reputational damage and operational disruptions.

As stakeholder expectations on responsible sourcing increase, the Group may also face heightened scrutiny over its labour practices and supply chain management.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 5. Sustainability-Related Risks and Opportunities (Cont'd)

#### GOVERNANCE RISKS

##### Cybersecurity

The increasing reliance on digital systems exposes the Group to cybersecurity risks. Cyber incidents may disrupt operations, compromise sensitive data and result in financial losses.

Such events may also affect customer confidence and damage the Group's reputation, particularly in cases involving data breaches.

##### Data Privacy Compliance

The Group is subject to data protection regulations governing the handling of personal and business information. Non-compliance may result in legal penalties and reputational harm.

As data governance requirements evolve, maintaining robust systems and processes is critical to ensuring compliance and safeguarding stakeholder information.

##### Anti-Bribery Exposure

Exposure to bribery and corruption risks may result in regulatory sanctions, financial losses and reputational damage. These risks may arise in both internal operations and external business dealings.

Failure to uphold ethical standards may undermine stakeholder trust and affect long-term business relationships.

##### Board Oversight of Sustainability

Effective oversight of sustainability-related matters is essential for managing emerging risks and opportunities. Weak governance structures may result in inadequate monitoring and response to sustainability issues.

This may affect the Group's ability to align its sustainability strategy with business objectives and regulatory expectations.

##### Supply Chain Integrity

The Group's operations depend on reliable suppliers for raw materials and services. Disruptions, quality issues or non-compliance within the supply chain may impact production and delivery performance.

Supplier-related risks may also expose the Group to reputational concerns, particularly where sustainability standards are not met.

#### Sustainability-Related Opportunities

Spring Art recognises that sustainability-related opportunities can support value creation, operational resilience and long-term competitiveness. These opportunities arise from advancements in efficiency, innovation, workforce development and governance practices.

The Group evaluates these opportunities based on their potential financial contribution, implementation feasibility and time horizon, and embeds them into its strategic and operational decision-making processes.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 5. Sustainability-Related Risks and Opportunities (Cont'd)

#### ENVIRONMENTAL OPPORTUNITIES

##### Energy Cost Volatility

Investing in energy-efficient technologies and optimising energy usage may reduce the Group's exposure to rising energy costs. Improved energy management may also enhance operational efficiency and cost predictability.

The adoption of renewable energy solutions may further support long-term cost savings while strengthening the Group's environmental performance and resilience.

##### Carbon Pricing Exposure

Proactively adopting low-carbon practices may position the Group ahead of regulatory developments and reduce future compliance costs. This includes improving energy efficiency and exploring lower-emission production methods.

Such initiatives may also enhance the Group's competitiveness, particularly in markets where sustainability considerations influence purchasing decisions.

##### Climate Physical Risk (Flooding)

Enhancing facility resilience and implementing preventive measures may reduce the impact of climate-related disruptions. This includes infrastructure improvements and risk mitigation planning.

Improved resilience may support business continuity, protect assets and strengthen the Group's ability to manage operational risks.

##### Pollution From Manufacturing

Improving pollution prevention and environmental control practices may reduce compliance risk, strengthen operational discipline and enhance the Group's overall environmental performance. Measures such as better dust control, improved waste segregation and handling, and cleaner production practices may also support more efficient operations.

A stronger approach to pollution management may improve stakeholder confidence, reinforce customer trust and strengthen the Group's long-term competitiveness in markets where environmental performance is increasingly scrutinised.

#### SOCIAL OPPORTUNITIES

##### Talent Retention

Strengthening employee engagement and career development initiatives may improve retention and reduce recruitment costs. A stable workforce supports consistent operational performance.

Building a strong employer brand may also enhance the Group's ability to attract talent and support long-term growth.

##### Skills Gap

Investing in training and development programmes may enhance workforce capabilities and improve productivity. Upskilling initiatives support operational excellence and product quality.

A skilled workforce also enables the Group to adapt to technological advancements and evolving industry requirements.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 5. Sustainability-Related Risks and Opportunities (Cont'd)

#### SOCIAL OPPORTUNITIES (Cont'd)

##### Workplace Safety

Strengthening safety practices and systems may reduce incidents and improve operational continuity. A safe working environment contributes to higher employee morale and productivity.

Strong safety performance may also enhance the Group's reputation and reduce costs associated with workplace incidents.

##### Employee Wellbeing

Promoting employee wellbeing may improve engagement, reduce absenteeism and enhance overall performance. A supportive work environment contributes to workforce stability.

Wellbeing initiatives may also strengthen employee satisfaction and retention.

##### Human Rights in Operations

Implementing responsible labour practices may enhance stakeholder trust and strengthen the Group's reputation. Ethical operations support long-term sustainability.

Strong human rights practices may also improve relationships with customers, investors and business partners.

#### GOVERNANCE OPPORTUNITIES

##### Cybersecurity

Enhancing cybersecurity capabilities may reduce operational risks and protect sensitive information. Strong systems improve resilience against cyber threats.

Improved cybersecurity may also strengthen stakeholder confidence and support business continuity.

##### Data Privacy Compliance

Robust data governance frameworks may ensure compliance with regulatory requirements and protect stakeholder information. This supports operational integrity.

Effective data management may also enhance customer trust and business credibility.

##### Anti-Bribery Exposure

Strengthening anti-bribery controls and ethical standards may enhance transparency and accountability. This supports regulatory compliance and reduces risk exposure.

Strong governance practices may also improve investor confidence and business reputation.

##### Board Oversight of Sustainability

Enhancing Board oversight may improve governance effectiveness and strategic alignment. This supports better decision-making on sustainability-related matters.

Stronger oversight may also ensure that sustainability considerations are embedded into business planning and operations.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 5. Sustainability-Related Risks and Opportunities (Cont'd)

#### GOVERNANCE OPPORTUNITIES (Cont'd)

##### Supply Chain Integrity

Strengthening supplier engagement and due diligence may improve supply chain reliability and resilience. This supports consistent production and delivery performance.

Responsible sourcing practices may also enhance product quality and reinforce the Group's commitment to sustainability.

##### Time Horizon of Sustainability-Related Risks and Opportunities

Spring Art assesses sustainability-related risks and opportunities based on the expected timeframe over which these matters may influence its operations, financial performance and strategic direction. Understanding the timing of these impacts enables the Group to align its response measures with business planning and investment decisions.

The time horizons adopted are consistent with the Group's internal planning cycles and risk management practices, ensuring that sustainability considerations are embedded within its operational and strategic decision-making processes.

For reporting purposes, the Group categorises sustainability-related risks and opportunities into three (3) time horizons:

Short Term	Medium Term	Long Term
<ul style="list-style-type: none"> <li>Refers to matters that may impact the Group's operations within the current financial year or normal operating cycle (0-12 months).</li> </ul>	<ul style="list-style-type: none"> <li>Refers to matters that may arise over the medium-term planning horizon, typically spanning two (2) to five (5) years.</li> </ul>	<ul style="list-style-type: none"> <li>Refers to matters that may affect the Group's long-term strategy, resilience and sustainability performance beyond five (5) years.</li> </ul>

These classifications reflect the Group's operational and investment planning horizons. Accordingly, the interpretation of short-, medium- and long-term risks and opportunities throughout this Statement should be considered within this context.

##### Approach to Assessing Likelihood of Sustainability-Related Events

The Group adopts a structured approach to assess the likelihood of sustainability-related risks and opportunities, considering both their probability of occurrence and potential financial implications. This enables the Group to prioritise key sustainability matters and support effective risk management and decision-making.

The assessment incorporates environmental, social and governance considerations, taking into account both internal operational factors and external developments relevant to the manufacturing sector. This ensures a consistent and comprehensive evaluation across all identified risks and opportunities.

The likelihood of occurrence is determined based on management judgement, supported by various inputs, including:

- Historical performance data and operational experience;
- Industry trends and emerging developments within the furniture manufacturing sector;
- Applicable regulatory requirements and anticipated policy changes;
- Operational conditions, including facility-specific and environmental factors;
- Supplier performance and supply chain reliability; and
- Economic and market conditions that may influence demand and cost structures.

This assessment is integrated into the Group's ERM framework, ensuring that sustainability-related risks and opportunities are evaluated alongside other business risks. Each matter is assessed based on its likelihood and potential impact to determine its relative significance.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 5. Sustainability-Related Risks and Opportunities (Cont'd)

#### Approach to Assessing Likelihood of Sustainability-Related Events (Cont'd)

To ensure consistency, the Group applies a qualitative scale when assessing likelihood:

Likelihood Level	Description	Definition
Very High	Expected to occur	Occurs frequently or under most operating conditions.
High	Likely to occur	Expected to occur under normal operating conditions.
Moderate	Possible	May occur under certain conditions.
Low	Unlikely	Not expected under normal conditions but remains possible.
Very Low	Rare	Occurs only under exceptional circumstances.

Through this approach, the Group is able to systematically evaluate sustainability-related risks and opportunities, prioritise areas of focus and integrate sustainability considerations into its operational management and long-term strategy, in line with IFRS Sustainability Disclosure Standards.

### 6. Governance



Spring Art embeds sustainability as an integral component of its business operations, supported by a structured governance framework that ensures effective oversight, accountability and execution of sustainability-related initiatives.

The Group's governance framework is led by the Board, which plays a central role in guiding sustainability priorities, overseeing risk management and ensuring that ESG considerations are integrated into strategic planning and business decisions. Supporting the Board are its committees, which provide focused oversight on governance, risk, remuneration and leadership matters, ensuring that sustainability-related risks and opportunities are effectively managed.

To strengthen its sustainability efforts, the Group has established a dedicated ESG Committee responsible for driving the implementation of sustainability strategies, policies and initiatives across the organisation. This is further supported by operational teams that translate strategic direction into actionable initiatives within day-to-day business activities. Together, this governance structure enables a coordinated and systematic approach to managing sustainability matters across the Group.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 6. Governance (Cont'd)

<b>Board of Directors</b>	<p>The Board of Directors retains overall responsibility for the Group's sustainability agenda and ensures that ESG considerations are embedded into its strategic direction and decision-making processes.</p> <p>In fulfilling its role, the Board:</p> <ul style="list-style-type: none"> <li>• Provides oversight on sustainability-related risks and opportunities that may impact financial performance and long-term resilience;</li> <li>• Reviews and approves sustainability strategies, policies and disclosures;</li> <li>• Monitors the effectiveness of internal controls and risk management systems; and</li> <li>• Ensures compliance with applicable regulatory requirements and Bursa Malaysia Listing Requirements.</li> </ul>
<b>Audit and Risk Management Committee ("ARMC")</b>	<p>The ARMC supports the Board in overseeing the effectiveness of the Group's risk management framework and internal control systems, including sustainability-related risks.</p> <p>The ARMC:</p> <ul style="list-style-type: none"> <li>• Reviews the adequacy and effectiveness of the ERM framework;</li> <li>• Monitors sustainability-related risk exposures and mitigation measures;</li> <li>• Assesses internal controls supporting sustainability processes and reporting; and</li> <li>• Escalates significant risks and governance matters to the Board.</li> </ul>
<b>Nomination Committee ("NC")</b>	<p>The NC ensures that the Board and senior management possess the appropriate mix of skills, experience and independence to support the Group's strategic and sustainability objectives.</p> <p>The NC:</p> <ul style="list-style-type: none"> <li>• Oversees Board appointments, succession planning and performance evaluations; and</li> <li>• Ensures that competencies in governance, risk management and sustainability are appropriately represented at the Board level.</li> </ul>
<b>Remuneration Committee ("RC")</b>	<p>The RC oversees the development and review of remuneration policies for the Board and senior management.</p> <p>The RC:</p> <ul style="list-style-type: none"> <li>• Ensures that remuneration structures are fair, competitive and aligned with long-term performance; and</li> <li>• Incorporates, where appropriate, sustainability-related considerations to support accountability and responsible business practices.</li> </ul>
<b>ESG Committee</b>	<p>The ESG Committee plays a key role in driving the Group's sustainability agenda and supporting the Board in the oversight of sustainability-related matters.</p> <p>The Committee is responsible for:</p> <ul style="list-style-type: none"> <li>• Developing and implementing sustainability strategies, policies and initiatives;</li> <li>• Identifying and assessing sustainability-related risks and opportunities;</li> <li>• Monitoring performance against sustainability targets and key initiatives; and</li> <li>• Facilitating coordination across departments to ensure consistent implementation of sustainability practices.</li> </ul>

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 6. Governance (Cont'd)

<b>Department Sustainability Team</b>	<p>The Department Sustainability Team supports the ESG Committee by executing sustainability initiatives at the operational level.</p> <p>The team:</p> <ul style="list-style-type: none"> <li>• Implements environmentally responsible practices and optimises resource usage across operations;</li> <li>• Identifies opportunities to reduce environmental impact and improve efficiency;</li> <li>• Monitors sustainability performance and collaborates across departments; and</li> <li>• Prepares regular reports to track progress and support decision-making.</li> </ul>
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#### Integration with Risk Management and Strategy

Spring Art integrates sustainability-related considerations into its core risk management and strategic planning processes to ensure a holistic and forward-looking approach to decision-making.

Sustainability-related risks and opportunities are assessed alongside principal business risks within the Group's ERM framework. This enables the Group to evaluate their potential financial implications, operational impact and relevance to long-term business objectives in a consistent and structured manner.

The insights derived from these assessments are incorporated into key business processes, including operational planning, capital allocation and performance monitoring. This ensures that sustainability considerations are embedded into day-to-day operations as well as longer-term strategic initiatives.

Regular monitoring and reporting mechanisms are established to track sustainability performance and risk exposure. Key developments and significant matters are reported to the ESG Committee and the ARMC, with critical issues escalated to the Board of Directors for oversight and strategic guidance.

Through this integrated approach, the Group enhances its ability to manage emerging risks, capture sustainability-related opportunities and strengthen overall business resilience while supporting long-term value creation.

### 7. Strategy

Spring Art's sustainability strategies are developed to address the key sustainability-related risks and opportunities identified in Section 5. The Group adopts a targeted and risk-based approach, ensuring that each strategic response is aligned with specific ESG issue areas across its operations.

These strategies focus on enhancing resource efficiency, strengthening operational controls and improving resilience, while supporting regulatory compliance and long-term value creation.

#### Environmental Strategy

Spring Art adopts a structured and risk-based approach in developing its environmental strategies, aligned with the key sustainability-related risks and opportunities identified in Section 5. Each strategy corresponds to specific ESG issue areas to ensure a clear linkage between risk identification, management actions and operational outcomes.

The Group's environmental strategies focus on improving resource efficiency, strengthening environmental controls and ensuring regulatory compliance, while enhancing operational resilience and supporting long-term value creation.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Environmental Strategy (Cont'd)

##### Energy Cost Volatility

The Group manages exposure to rising energy costs by promoting efficient energy usage across its manufacturing operations. Electricity consumption is regularly monitored to identify inefficiencies and support continuous improvement in energy performance.

To reduce reliance on grid electricity and mitigate cost volatility, the Group has installed rooftop solar photovoltaic ("PV") panels at its main plant. This initiative supports renewable energy generation, reduces greenhouse gas emissions and enhances long-term cost stability. Periodic energy reviews are also conducted to optimise consumption and improve operational efficiency.

##### Carbon Pricing Exposure

The Group adopts a proactive approach in managing emissions and responding to evolving environmental regulations, including potential carbon pricing mechanisms. Efforts are focused on improving energy efficiency, strengthening emissions monitoring practices and ensuring compliance with applicable regulatory requirements.

In addition, the Group manages air emissions from manufacturing processes through the implementation and regular monitoring of dust collection systems, supported by competent personnel and periodic third-party inspections. Scheduled waste is also handled and disposed of in accordance with regulatory requirements through licensed contractors. The Group continues to monitor policy developments and assess opportunities to adopt lower-carbon technologies, enhancing readiness for a transitioning regulatory environment.

##### Climate Physical Risk (Flooding)

The Group implements site-level measures to mitigate the impact of physical climate risks, including flooding. Risk assessments are conducted to identify vulnerable areas, supported by improvements in drainage systems and facility planning.

These measures are designed to minimise disruptions to manufacturing operations and protect critical assets. Strengthening operational resilience enables the Group to maintain production continuity and reduce the potential financial impact arising from climate-related events.

##### Pollution From Manufacturing

The Group adopts a preventive approach to managing pollution arising from manufacturing activities. This includes maintaining pollution-control systems, monitoring relevant emissions and waste streams, and ensuring scheduled waste is handled, stored and disposed of in accordance with regulatory requirements.

The Group also strengthens operational discipline through housekeeping practices, staff awareness and periodic review of environmental controls to minimise pollution risks and support ongoing compliance. These efforts help reduce environmental impact, support operational stability and enhance regulatory readiness.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Environmental Strategy (Cont'd)

##### Current and Anticipated Financial Effects and Effects on Strategy

Environmental and climate-related factors may have financial implications for the Group, primarily through their impact on operating costs, regulatory compliance and operational stability.

In the near to medium term, energy price fluctuations may influence production costs, while emerging regulatory requirements, including potential carbon-related policies, may introduce additional compliance and reporting obligations. Physical risks such as flooding may also result in operational disruptions, leading to potential delays and increased maintenance or recovery costs.

To address these challenges, the Group continues to prioritise efficiency-driven initiatives, strengthen environmental management systems and enhance operational resilience. These strategies are expected to mitigate cost pressures, reduce the likelihood of disruptions and support more consistent operational performance.

As at the reporting period, no material financial impact from environmental or climate-related risks and opportunities has been identified. The Group will continue to monitor relevant developments and refine its strategies to respond to changing conditions.

##### Strategic Outlook

Looking ahead, Spring Art will continue to enhance its environmental management approach by strengthening data-driven decision-making and improving visibility over resource consumption and environmental performance.

The Group will focus on advancing its monitoring capabilities, evaluating opportunities for more efficient technologies and maintaining compliance with evolving environmental regulations. At the same time, it will continue to embed sustainability considerations into its operational processes to support long-term resilience and business sustainability.

Through these efforts, the Group aims to build a more efficient, resilient and environmentally responsible operation, positioning itself to respond effectively to future environmental challenges and stakeholder expectations.



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Climate-Related Risks and Opportunities Summary

Risk/Opportunity	Type	Likelihood & Time Horizon	Potential Impact on Business Model and Value Chain	Current Financial Effect	Our Response	Anticipated Financial Effects After Considering Our Response
Increased energy costs due to climate transition policies	Transition risk (market & regulatory)	Likely – Short to medium term	Higher electricity costs may increase production expenses and affect operating margins	No material impact recognised	Monitoring energy consumption and implementing energy-efficient practices, including solar PV adoption	Gradual cost stabilisation and improved energy efficiency over time
Introduction of carbon pricing or stricter environmental regulations	Transition risk (regulatory)	Possible – Medium to long term	Increased compliance, monitoring and reporting costs; potential need for operational adjustments	No material impact recognised	Strengthening environmental monitoring, emissions management and regulatory compliance practices	Improved compliance readiness and reduced long-term regulatory cost exposure
Extreme weather events (e.g. flooding) affecting manufacturing facilities	Physical risk (acute)	Possible – Medium term	Disruption to production, delays in delivery and increased maintenance or recovery costs	No material impact recognised	Conducting site-level risk assessments and implementing drainage and preventive measures	Enhanced operational resilience and reduced disruption-related costs
Pollution from manufacturing activities	Physical risk (acute) & Transition Risk (Compliance and operational risk)	Possible – Medium term	Dust, air emissions, solid waste and scheduled waste arising from manufacturing activities may lead to regulatory non-compliance, operational disruption and reputational damage if not properly managed	No material financial effect has been recognised	Operational controls include dust collection systems, proper scheduled waste handling and disposal through licensed contractors, and routine monitoring of pollution-control measures	Lower risk of compliance breaches, operational interruptions and related costs over time
Improving operational efficiency through resource management	Opportunity (operational efficiency)	Likely – Short to medium term	Lower operating costs and improved production efficiency through better resource utilisation	No material capital investment recognised	Enhancing energy and resource efficiency practices, including process optimisation and monitoring	Gradual improvement in cost efficiency and operational performance
Strengthening environmental practices and compliance standards	Opportunity (strategic / compliance)	Likely – Medium to long term	Improved regulatory compliance, enhanced stakeholder confidence and reduced risk exposure	No material impact recognised	Strengthening environmental controls, emissions management and waste handling practices	Enhanced long-term competitiveness and reduced regulatory risk

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Overall Financial Implications

Climate-related developments may affect the Group's financial performance through changes in operating costs, regulatory requirements and potential operational disruptions.

In particular, fluctuations in energy prices may increase production costs, while evolving environmental regulations may introduce additional compliance, monitoring and reporting expenses. In addition, pollution arising from manufacturing activities, including dust, air emissions, solid waste and scheduled waste, may expose the Group to regulatory non-compliance, operational disruption, remediation costs and reputational damage if not effectively controlled.

Although no material financial impact has been recognised during the reporting period, the Group acknowledges that these factors may have financial implications over time. To mitigate such risks, the Group continues to enhance operational efficiency, strengthen environmental management practices and improve monitoring processes.

These measures are expected to support cost management, reduce operational disruptions and enhance overall financial resilience.

#### Resilience of Climate Strategy – Scenario Analysis

The Group has assessed the resilience of its strategy against climate-related risks and opportunities using a qualitative scenario-based approach.

Given the current stage of sustainability data development and the nature of the Group's manufacturing operations, quantitative climate modelling has not been undertaken. Instead, the Group evaluates potential impacts by considering different climate-related scenarios and assessing how these may affect operational performance, cost structures and supply chain stability.

Under a transition risk scenario, increasing regulatory requirements and stakeholder expectations may lead to higher compliance costs and necessitate improvements in environmental practices and resource efficiency.

Under a physical risk scenario, extreme weather events such as flooding may disrupt operations, delay production and increase operational costs. Separately, pollution from manufacturing activities, including dust, air emissions, solid waste and scheduled waste, may expose the Group to regulatory non-compliance, operational disruption and additional remediation or compliance-related costs if not properly managed.

To address these risks, the Group implements operational controls such as environmental monitoring, site-level risk assessments and preventive maintenance practices. These measures support business continuity and enhance resilience against climate-related disruptions.

The Group will continue to refine its climate risk assessment approach as data availability improves and regulatory expectations evolve.

#### Scenario Analysis Approach

The Group adopts a qualitative scenario analysis approach to evaluate the resilience of its strategy under different climate-related conditions.



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Scenario Analysis Approach (Cont'd)

Scenario Type	Application Status	Explanation
1.5°C Paris-aligned scenario	Not applied	Quantitative modelling has not been conducted due to current data limitations
2°C scenario	Not applied	Quantitative modelling has not been conducted
>2°C high warming scenario	Not applied	Quantitative modelling has not been conducted
Qualitative climate scenario analysis	Applied	Management assesses potential operational, financial and supply chain impacts under different climate conditions

This approach enables the Group to evaluate potential risks and opportunities across short-, medium- and long-term horizons, while maintaining flexibility as its sustainability data and analytical capabilities continue to develop.

#### Social Strategy

Spring Art adopts a structured approach in managing social-related risks and opportunities, with a focus on workforce capability, employee wellbeing and workplace safety. The Group's social strategies are aligned with the key sustainability-related risks and opportunities identified in Section 5, ensuring a clear linkage between workforce management and business performance.

The Group recognises that a skilled, engaged and safe workforce is critical to operational efficiency and long-term sustainability. Accordingly, its strategies focus on talent development, employee engagement and maintaining a safe working environment across its operations.

#### Talent Retention

The Group adopts structured human resource practices to attract and retain talent, including a remuneration framework that considers experience, tenure, qualifications and market benchmarks. This ensures that compensation remains fair, competitive and aligned with industry standards.

In addition, employee engagement initiatives such as festive celebrations, appreciation events and internal activities are organised to foster a positive working environment and strengthen employee morale. These initiatives support workforce stability and enhance employee satisfaction.

#### Skills Gap

The Group places strong emphasis on workforce capability development to address evolving operational requirements and technological advancements. A structured approach is adopted to identify skill gaps and align training initiatives with business needs and operational priorities.

Training programmes include on-the-job learning, technical skill development and continuous professional education to enhance employee competencies. During the financial year, employees participated in a range of training initiatives covering operational safety, technical knowledge, regulatory compliance and professional development. These included programmes such as OSH Train-the-Trainer certification, forklift safety training, fire safety seminars, sustainability and ESG-related sessions, as well as financial reporting, taxation and audit-focused courses.

These initiatives support the development of a skilled and adaptable workforce, enabling the Group to improve productivity, enhance operational efficiency and maintain product quality, particularly in line with the adoption of new machinery and evolving business requirements.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Social Strategy (Cont'd)

##### Workplace Safety

The Group is committed to maintaining a safe and healthy working environment through the implementation of safety policies and procedures aligned with Malaysian regulatory requirements, including OSHA 2022.

Safety practices include employee induction programmes, toolbox briefings, workplace inspections and safety awareness initiatives. In addition, specific training such as first aid, CPR, chemical handling and personal protective equipment ("PPE") usage is conducted to enhance safety awareness and preparedness across the workforce.

##### Employee Wellbeing

The Group recognises the importance of employee wellbeing in supporting productivity and workforce engagement. Various initiatives are implemented to promote a positive and inclusive workplace culture.

These include employee engagement activities such as festive celebrations, social events and recognition programmes, which contribute to improved morale and stronger team cohesion. A supportive work environment enables employees to perform effectively and remain engaged with the organisation.



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Social Strategy (Cont'd)

##### Human Rights in Operations

The Group is committed to upholding fair labour practices and complying with applicable employment laws and regulations. Policies and procedures are established to ensure that employees are treated fairly and with respect.

Through structured management practices and internal controls, the Group promotes ethical conduct, non-discrimination and responsible employment practices. This supports a positive workplace environment and strengthens stakeholder confidence.

#### Current and Anticipated Financial Effects and Effects on Strategy

Social-related factors may influence the Group's financial performance through their impact on workforce productivity, operational efficiency and cost management.

In the short to medium term, investments in training, employee engagement and safety initiatives may result in additional operating costs. However, these investments are expected to enhance workforce capability, reduce turnover and improve productivity, thereby contributing to more efficient operations.

The introduction of new machinery is also expected to improve productivity and reduce reliance on manual labour, supporting cost optimisation over time. In addition, effective safety management may reduce the likelihood of workplace incidents, thereby minimising potential costs associated with disruptions, compensation and regulatory penalties.

As at the reporting period, no material financial impact from social-related risks and opportunities has been recognised. Nevertheless, the Group expects that its ongoing investments in workforce development and wellbeing will contribute positively to long-term financial performance and operational stability.

#### Strategic Outlook

Moving forward, Spring Art will continue to strengthen its workforce management practices by enhancing training programmes, improving employee engagement and maintaining a safe working environment.

The Group will focus on developing a more skilled and adaptable workforce, supported by continuous training and the adoption of improved operational practices. In addition, it will continue to enhance its safety management systems and employee wellbeing initiatives to support long-term workforce sustainability.

Through these efforts, the Group aims to improve productivity, strengthen employee retention and build a resilient workforce that supports sustainable business growth.

#### Governance Strategy

Spring Art adopts a structured governance framework to ensure accountability, transparency and effective oversight of sustainability-related risks and opportunities. The Group's governance strategies are aligned with its key ESG priorities, supporting regulatory compliance, ethical business conduct and long-term value creation.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Governance Strategy (Cont'd)

The Group continues to strengthen its governance practices through clear policies, robust internal controls and active participation in industry bodies, including the Malaysian Furniture Council (“MFC”), Chinese Chamber of Commerce Muar (“CCCM”) and Muar Furniture Association (“MFA”). These engagements support industry alignment, knowledge sharing and continuous improvement in governance standards.

#### Cybersecurity

The Group recognises the importance of protecting its digital infrastructure against cybersecurity threats that may disrupt operations or compromise sensitive information.

To safeguard its systems, the Group has implemented multiple layers of security controls, including firewall protection and endpoint security solutions such as Fortigate firewall systems and ESET Endpoint Antivirus. Access rights are strictly managed to prevent unauthorised access, while system configurations are regularly reviewed and strengthened.

In addition, the Group has established a Disaster Recovery Plan (“DRP”) to ensure business continuity in the event of system disruptions. These measures enhance resilience against cyber threats and support secure and reliable operations.

#### Data Privacy Compliance

The Group is committed to ensuring the proper handling and protection of personal and business data in accordance with applicable data protection requirements.

Internal controls and processes are implemented to govern data access, usage and storage, supported by system-level security measures. Continuous improvements in data governance practices are undertaken to enhance compliance and safeguard sensitive information, reinforcing stakeholder confidence.

#### Anti-Bribery Exposure

The Group upholds high standards of integrity and ethical conduct across its operations. Policies and internal controls are in place to prevent bribery, corruption and unethical practices.

Employees are expected to adhere to the Group’s code of conduct, with governance practices reinforced through awareness and management oversight. These measures support transparency, accountability and responsible business practices across all levels of the organisation.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Governance Strategy (Cont'd)

##### Board Oversight of Sustainability

The Board, supported by the ARMC and other Board Committees, provides oversight on governance, risk management and sustainability-related matters.

The Group has also demonstrated its commitment to strong governance and operational excellence through external recognitions and certifications, including ISO 9001:2015 for Quality Management Systems and the completion of a SMETA audit in FY2025. In addition, the Group was recognised as a Top Performer in the ACE Market category at The Edge Malaysia ESG Awards 2025.

These recognitions reflect the Group's ongoing efforts to strengthen governance practices, improve operational standards and align with stakeholder expectations.



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 7. Strategy (Cont'd)

#### Governance Strategy (Cont'd)

##### Supply Chain Integrity

The Group adopts a structured and disciplined approach to supplier selection and management to ensure reliability, quality and ethical compliance across its supply chain.

Suppliers are evaluated based on defined criteria, including quality standards, cost competitiveness, reliability, financial strength and business track record. Due diligence processes are conducted prior to engagement, and ongoing evaluations are performed to ensure continued compliance with the Group's requirements.

To enhance supply chain resilience, the Group maintains a diversified sourcing strategy, including both local and international suppliers from countries such as China, Thailand and others. This multi-supplier approach reduces dependency on any single source and enables the Group to respond effectively to market changes and potential disruptions.

Through continuous monitoring, transparent communication and collaborative engagement with suppliers, the Group strengthens supply chain stability, ensures consistent quality and mitigates operational risks.

#### Current and Anticipated Financial Effects and Effects on Strategy

Governance-related initiatives may influence the Group's financial performance through investments in systems, controls and compliance processes.

In the short to medium term, expenditures related to cybersecurity infrastructure, system enhancements, certifications and supplier due diligence may increase operating costs. However, these investments are expected to reduce the likelihood of financial losses arising from cyber incidents, supply chain disruptions, regulatory non-compliance and unethical practices.

Strong governance practices also support improved stakeholder confidence, enhance business credibility and contribute to long-term value creation. As at the reporting period, no material financial impact from governance-related risks and opportunities has been recognised.

#### Strategic Outlook

Moving forward, the Group will continue to enhance its governance framework by strengthening internal controls, improving data governance practices and reinforcing cybersecurity capabilities.

The Group will also continue to engage with industry associations and adopt recognised standards to improve governance practices and operational excellence. In addition, ongoing enhancements in supplier management processes and due diligence practices will further strengthen supply chain resilience.

Through these efforts, Spring Art aims to maintain high standards of governance, support regulatory compliance and position itself for sustainable long-term growth.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 8. Risk Management

This section outlines Spring Art approach to managing sustainability-related risks and opportunities, and how these are incorporated into the Group's ERM framework.

The Group adopts a holistic approach to risk management, integrating sustainability-related considerations into its broader risk governance and business planning processes. This ensures that ESG factors are evaluated consistently alongside other principal risks, supporting informed decision-making and long-term business resilience.

#### Risk Management Framework

The Board holds ultimate responsibility for the oversight of the Group's risk management framework, including sustainability-related risks and opportunities. The Board ensures that appropriate governance structures, policies and internal controls are in place to effectively identify, assess and manage risks.

The ARMC supports the Board by reviewing the adequacy and effectiveness of the ERM framework and internal control systems. The ARMC also monitors risk exposures, including sustainability-related risks, and ensures that mitigation measures are appropriately implemented.

At the operational level, risk ownership is assigned to relevant management personnel, supported by the ESG Committee and functional teams. These parties are responsible for implementing risk mitigation actions, monitoring risk developments and ensuring that controls remain effective.

#### Risk Identification and Assessment

Sustainability-related risks and opportunities are identified and assessed as part of the Group's ERM processes. This includes evaluating ESG factors across key operational areas such as manufacturing activities, workforce management and supply chain operations.

Each identified risk is assessed using a structured methodology, taking into account:

- Potential financial and operational impact;
- Likelihood of occurrence; and
- Relevance to the Group's business activities and strategic objectives.

Both qualitative assessments and available data are used in the evaluation process, supported by management judgement where necessary. This approach ensures consistency in the prioritisation of risks across the organisation.

#### Integration of Sustainability Considerations

Sustainability-related risks and opportunities are integrated into the Group's business planning and decision-making processes. This ensures that ESG considerations are reflected in operational planning, resource allocation and performance monitoring.

The Group also considers external factors such as regulatory developments, market trends and stakeholder expectations, alongside internal operational data. Where relevant, climate-related considerations are incorporated to assess potential impacts on energy costs, resource availability and operational continuity.

Opportunities are evaluated alongside risks and may arise from improvements in efficiency, workforce development, governance practices and resource management. These are assessed based on feasibility and alignment with the Group's strategic priorities before being incorporated into business initiatives.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 8. Risk Management (Cont'd)

#### Monitoring and Reporting

The Group maintains ongoing monitoring of sustainability-related risks and opportunities through its ERM processes. Risk exposures and mitigation measures are reviewed periodically to ensure continued effectiveness.

Regular reporting is provided to the ARMC, with significant sustainability-related matters escalated to the Board of Directors for oversight and strategic consideration.

Through this structured approach, the Group ensures that sustainability-related risks and opportunities are effectively managed, supporting operational resilience, regulatory compliance and long-term value creation.

### 9. Metrics and Targets

Spring Art tracks its sustainability performance through a defined set of metrics and targets, aligned with its key sustainability-related risks and opportunities.

In accordance with the climate-first approach under IFRS S1 and the NSRF, disclosures for FY2025 are primarily focused on climate-related indicators. Other ESG metrics are monitored internally to support operational oversight and continuous improvement.

These metrics enable the Group to assess performance, identify areas for improvement and support effective management of sustainability-related risks and opportunities across its operations.

#### Climate Metrics

##### Greenhouse Gases Emissions

The Group quantifies its GHG emissions in accordance with the Greenhouse Gas Protocol, to the extent aligned with IFRS Sustainability Disclosure Standards.

Emissions are primarily driven by electricity consumption at manufacturing facilities and fuel usage for company vehicles and equipment. Measurement methodologies are based on available activity data and recognised emission factors.

##### **Scope 1 Emissions (tCO<sub>2</sub>e)**

Scope 1 emissions comprise direct emissions from fuel consumption in company-controlled sources, including vehicles and generators.

Emissions are calculated using a fuel-based methodology, applying government-published emission factors to fuel consumption data. Fugitive emissions are currently excluded as they are assessed to be insignificant.

The Group will continue to refine its data collection processes to enhance the completeness and accuracy of its emissions inventory.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 9. Metrics and Targets (Cont'd)

#### Scope 1 Emissions (tCO<sub>2</sub>e) (Cont'd)

	Measurement Unit	2025
Diesel (machineries, generators, and vehicles)	Metric tonnes	84.78
Fuel (company vehicles)	Metric tonnes	33.84
<b>Total Scope 1 emissions</b>	<b>Metric tonnes</b>	<b>118.62</b>

Category	Emission source	Measurement methodology	Activity data	Emissions factor source
Mobile combustion	Petrol (company vehicles)	Fuel-based method	Litres consumed × emission factor	Department for Energy Security & Net Zero by fuel type (UK)
	Diesel (vehicles & machineries)	Fuel-based method	Litres consumed × emission factor	Department for Energy Security & Net Zero by fuel type (UK)
	Hybrid vehicles <sup>1</sup>	Fuel-based method (fuel component only)	Litres consumed × emission factor	Department for Energy Security & Net Zero by fuel type (UK)
Stationary combustion	Diesel (generators, if applicable)	Fuel-based method	Litres consumed × emission factor	Department for Energy Security & Net Zero by fuel type (UK)
Fugitive emission	Refrigerants (e.g. air-conditioning systems)	Mass-balance method (preferred) or estimation method	(Opening refrigerant stock + purchases – closing stock – recovered refrigerant) OR top-up quantities	Department for Energy Security & Net Zero by fuel type (UK)

<sup>1</sup> For hybrid vehicles, only fuel combustion is included in Scope 1. Electricity usage is reported under Scope 2 where applicable.

#### Scope 2 emission (tCO<sub>2</sub>e)

Scope 2 emissions relate to indirect emissions from purchased electricity consumed across the Group's operations. These are calculated using the location-based method, based on electricity consumption and Malaysian grid emission factors.

The Group has incorporated renewable energy into its operations through the installation of rooftop solar systems. This contributes to reducing reliance on grid electricity and lowering overall emissions intensity.

	Measurement Unit	2025
Electrical	Metric tonnes	1,712.35
<b>Total Scope 2 emissions</b>	<b>Metric tonnes</b>	<b>1,712.35</b>

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 9. Metrics and Targets (Cont'd)

#### Scope 2 emission (tCO<sub>2</sub>e) (Cont'd)

Category	Emission Source	Measurement Methodology	Activity Data	Emissions Factor Source
Purchased electricity	Electricity consumption	Location-based method	Meter readings (kWh) × grid emission factor	Malaysian grid emission factor (government published)

#### Scope 3 emission (tCO<sub>2</sub>e)

In line with transitional provisions under IFRS S2, the Group currently discloses selected Scope 3 emissions, namely business travel and employee commuting.

Other categories, including emissions from purchased materials and upstream activities, are not currently included due to data limitations. The Group intends to progressively expand its Scope 3 disclosures as data collection capabilities improve.

	Measurement Unit	2025
Business travel	Metric tonnes	6.43
<b>Total Scope 3 emissions</b>	<b>Metric tonnes</b>	<b>6.43</b>

Category	Emission Source	Measurement Methodology	Activity Data	Emissions Factor Source
Business travel	Air travel	Distance-based method	Distance travelled (km)	Department for Energy Security & Net Zero by fuel type (UK)
	Car/rail travel	Distance-based method	Distance travelled (km)	Department for Energy Security & Net Zero by fuel type (UK)
Employee commuting	Commuting travel	Distance-based method	Employee survey (distance & mode)	Department for Energy Security & Net Zero by fuel type (UK)

#### Organisational Boundary

The Group adopts the equity share approach in defining its emissions boundary, recognising emissions based on its ownership interest in subsidiaries and related entities.

Emissions from third-party activities, including suppliers and contractors, are excluded from Scope 1 and Scope 2 and may be incorporated under Scope 3 in future as data availability improves.

#### Climate Targets

The Group has established internal targets to support emissions reduction and operational efficiency improvements over time.



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 9. Metrics and Targets (Cont'd)

#### Scope 3 emission (tCO2e) (Cont'd)

##### Climate Targets Overview

Information	Target 1	Target 2
Metric	Total Scope 1, 2, and 3 emissions	Scope 2 emissions (electricity)
Objective	Improve overall emissions performance and operational efficiency	Reduce electricity-related emissions
Coverage	Group-wide operations	
Target Period	5 years	
Target Level	15% reduction	10% reduction
Base Year	2025	
Third-party Validation	No	
Carbon Credits Usage	Not planned	
Process for reviewing target	Reviewed annually by the Board as part of sustainability reporting	

These targets apply across the Group's operations and are reviewed annually by management and the Board. Progress is supported by initiatives such as energy efficiency improvements, increased use of renewable energy and enhanced monitoring of resource consumption.

No third-party validation or carbon credit mechanisms are currently applied. The Group will continue to assess these options as its sustainability practices evolve.

##### Climate-Related Transition Risks

The Group is exposed to transition risks arising from changes in environmental regulations, industry standards and stakeholder expectations.

These may result in increased compliance costs, additional reporting requirements and the need for operational adjustments. The Group mitigates these risks through continuous monitoring of regulatory developments and strengthening of environmental management practices.

##### Climate-Related Physical Risks

Physical climate risks, including extreme weather events such as flooding, may affect operational continuity and supply chain performance.

These risks are managed through site-level risk assessments and the implementation of preventive measures to minimise disruptions and maintain production stability.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 9. Metrics and Targets (Cont'd)

#### *Scope 3 emission (tCO<sub>2</sub>e) (Cont'd)*

##### **Climate-Related Opportunities**

Climate-related developments present opportunities to enhance efficiency and strengthen sustainability performance.

Key opportunities include improving energy efficiency, expanding the use of renewable energy and optimising resource utilisation. These initiatives support cost management, improve operational performance and position the Group for long-term sustainability.

**SUSTAINABILITY STATEMENT 2025 (CONT'D)**

**9. Metrics and Targets (Cont'd)**

**ESG Metrics**

*\*to be replaced with CSI tables*

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Environmental	Total energy consumption	Megawatt-hours	2,313.99	-	No assurance
Environmental	Scope 1 emissions in tonnes of CO2e	Metric tonnes	118.62	-	No assurance
Environmental	Scope 2 emissions in tonnes of CO2e	Metric tonnes	1,712.35	-	No assurance
Environmental	Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	6.43	-	No assurance
Environmental	Total volume of water used	Megalitres	28.51	-	No assurance
Social	Age Group – Management Under 30	Percentage	18.00	-	No assurance
Social	Age Group – Management Between 30-50	Percentage	55.00	-	No assurance
Social	Age Group – Management Above 50	Percentage	27.00	-	No assurance
Social	Age Group – Executive Under 30	Percentage	75.00	-	No assurance
Social	Age Group – Executive Between 30-50	Percentage	25.00	-	No assurance
Social	Age Group – Executive Above 50	Percentage	0.00	-	No assurance
Social	Age Group – Non-executive/Technical Staff Under 30	Percentage	54.00	-	No assurance
Social	Age Group – Non-executive/Technical Staff Between 30-50	Percentage	32.00	-	No assurance
Social	Age Group – Non-executive/Technical Staff Above 50	Percentage	14.00	-	No assurance
Social	Age Group – General Workers Under 30	Percentage	60.00	-	No assurance
Social	Age Group – General Workers Between 30-50	Percentage	40.00	-	No assurance
Social	Age Group – General Workers Above 50	Percentage	0.00	-	No assurance
Social	Gender Group – Management Male	Percentage	82.00	-	No assurance
Social	Gender Group – Management Female	Percentage	18.00	-	No assurance
Social	Gender Group – Executive Male	Percentage	33.00	-	No assurance
Social	Gender Group – Executive Female	Percentage	67.00	-	No assurance
Social	Gender Group – Non-executive/Technical Staff Male	Percentage	43.00	-	No assurance
Social	Gender Group – Non-executive/Technical Staff Female	Percentage	57.00	-	No assurance
Social	Gender Group – General Workers Male	Percentage	99.00	-	No assurance
Social	Gender Group – General Workers Female	Percentage	1.00	-	No assurance
Social	Male Directors	Percentage	80.00	-	No assurance

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 9. Metrics and Targets (Cont'd)

#### ESG Metrics (Cont'd)

\*to be replaced with CSI tables (cont'd)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Social	Female Directors	Percentage	20.00	-	No assurance
Social	Directors Under 30	Percentage	0.00	-	No assurance
Social	Directors Between 30-50	Percentage	40.00	-	No assurance
Social	Directors Above 50	Percentage	60.00	-	No assurance
Social	Number of work-related fatalities	Number	0	-	No assurance
Social	Lost time incident rate ("LTIR")	Rate	0	-	No assurance
Social	Number of employees trained on health and safety standards	Number	58	-	No assurance
Social	Management Training Hours	Hours	163	-	No assurance
Social	Executive Training Hours	Hours	27	-	No assurance
Social	Non-executive/Technical Staff Training Hours	Hours	132	-	No assurance
Social	General Workers Training Hours	Hours	747	-	No assurance
Social	Percentage of employees that are contractors or temporary staff	Percentage	0.00	-	No assurance
Social	Total number of employee turnover – Management	Number	1	-	No assurance
Social	Total number of employee turnover – Executive	Number	2	-	No assurance
Social	Total number of employee turnover – Non-executive/Technical Staff	Number	12	-	No assurance
Social	Total number of employee turnover – General Workers	Number	24	-	No assurance
Social	Number of substantiated complaints concerning human rights violations	Number	0	-	No assurance
Social	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	22,250.00	-	No assurance
Social	Total number of beneficiaries of the investment in communities	Number	7	-	No assurance
Governance	Percentage of Management who have received training on anti-corruption by employee category	Percentage	100.00	-	No assurance
Governance	Percentage of Executive who have received training on anti-corruption by employee category	Percentage	100.00	-	No assurance
Governance	Percentage of Non-executive/Technical Staff who have received training on anti-corruption by employee category	Percentage	100.00	-	No assurance



## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 9. Metrics and Targets (Cont'd)

#### ESG Metrics (Cont'd)

\*to be replaced with CSI tables (cont'd)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Governance	Percentage of General Workers who have received training on anti-corruption by employee category	Percentage	100.00	-	No assurance
Governance	Percentage of operations assessed for corruption-related risks	Percentage	100.00	-	No assurance
Governance	Confirmed incidents of corruption and action taken	Number	0	-	No assurance
Governance	Proportion of spending on local suppliers	Percentage	60.00	-	No assurance
Governance	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	-	No assurance

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### 10. External Assurance

For FY2025, Spring Art engaged ASAP Advisory PLT ("ASAP") to perform a limited assurance engagement on selected sustainability information disclosed in this SS.

The engagement was conducted in accordance with ISAE 3000 (Revised) at a limited assurance level. Details of the scope, procedures and conclusion are provided in the Independent Assurance Report included in this SS.

ASAP operates independently of the Group's management and internal audit functions, with independence maintained in line with the IESBA Code of Ethics.

The Group will continue to enhance the quality and reliability of its sustainability disclosures over time.

### 11. Events After the Reporting Period

The Group has considered events occurring after the reporting period up to the date of approval of this Sustainability Statement.

Based on this review, there are no known events or circumstances that would materially affect the disclosures presented in this SS.

### 12. Stakeholder Feedback

Spring Art recognises the importance of stakeholder engagement in supporting continuous improvement in its sustainability journey.

Stakeholder feedback provides valuable insights that assist the Group in enhancing its sustainability practices, refining its disclosures and ensuring alignment with evolving expectations. Feedback is reviewed by management and, where relevant, escalated to the ARMC for further evaluation and action.

Stakeholders are encouraged to share their feedback, enquiries or suggestions via the following contact: [info@springart.com](mailto:info@springart.com)

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### INDEPENDENT LIMITED ASSURANCE STATEMENT

Independent Limited Assurance Statement to the Directors of Spring Art Holdings Berhad ("Spring Art") on Sustainability Metrics within the Sustainability Report 2025.

#### Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter as presented in Spring Art's Sustainability Statement 2025 have not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.

#### Scope of Work

ASAP Advisory PLT ("ASAP" or "we") was engaged by Spring Art to perform a 'limited assurance engagement,' as defined by the International Standard on Assurance Engagements ("ISAE") 3000 Revised, Assurance Engagement other than Audits or Review of Historical Financial Information, on selected subject matters ("Subject Matter") included in Spring Art's 2025 Sustainability Statement ("SS 2025") for the financial year ended 31st December 2025.

#### Subject Matter

Our limited assurance engagement was performed for the Subject Matter listed in the table below, as presented in the SS 2025:

Material Matters	Subject Matter	Scope
Climate Change	Total energy consumption	Operations assessed: Malaysia
	Scope 1 emissions in tonnes of CO <sub>2</sub> e	
	Scope 2 emissions in tonnes of CO <sub>2</sub> e	
	Scope 3 emissions in tonnes of CO <sub>2</sub> e	

The scope of our work was limited to the Subject Matter presented in the SS 2025 and did not include coverage of data sets or information unrelated to the data and information underlying the Subject Matter and related disclosures; nor did it include information reported outside of the SS 2025, comparisons against historical data, or management's forward-looking statements.

#### Criteria Applied by Spring Art

In preparing the Subject Matter mentioned above, Spring Art applied the following criteria:

- IFRS Foundations - International Integrated Reporting Framework and Integrated Thinking Principles Task Force on Climate related Financial Disclosures ("TCFD").
- Spring Art's relevant policies and procedures.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### INDEPENDENT LIMITED ASSURANCE STATEMENT (Cont'd)

#### ***Spring Art's Responsibilities***

Spring Art's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

#### ***ASAP's Responsibilities***

Our responsibility is to express our conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter and related disclosures as presented in the SS 2025 are not prepared, in all material respects, in accordance with the Criteria.

We have performed our limited assurance engagement in accordance with the terms of reference for this engagement agreed with Spring Art, including performing the engagement in accordance with the ISAE 3000, issued by the International Auditing and Assurance Standards Board. This Standard requires that we plan and perform our engagement to obtain limited assurance about whether the Subject Matter and related disclosures as presented in the SS 2025 are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Spring Art's use of the criteria specified as the basis of preparation used for the selected Subject Matter and related disclosures presented in the SS 2025, assessing the risks of material misstatement thereof, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter and related disclosures in the SS 2025. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

#### ***Our Independence and Quality Control***

This assurance has been conducted at a limited level according to Global Internal Audit Standards from the IIA2, at a minimum the internal audit function should provide the following assurance over ESG reporting;

- 1) Review reporting metrics for relevancy, accuracy, timeliness and consistency;
- 2) Review reporting for consistency with formal financial disclosure filings;
- 3) Conduct materiality or risk assessments on ESG reporting;

including the Principles of the IFRS Foundation – International Integrated Reporting Council (“IIRC”), the TCFD, and IFRS Sustainability Disclosure Standards S1 and S2.

#### ***Statement of Independence and Competence***

ASAP provides a range of services, including internal audit, internal control review, risk management, and environmental, social, and ethical auditing and training. Additionally, we offer assurance services for environmental, social, sustainability, and ESG reports.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### INDEPENDENT LIMITED ASSURANCE STATEMENT (Cont'd)

#### *Statement of Independence and Competence (Cont'd)*

We affirm our independence from Spring Art, ensuring objectivity, freedom from bias, and the absence of conflicts of interest with the organisation, its subsidiaries, and stakeholders. For this assurance engagement, a specialised team was carefully assembled based on their expertise, experience, and relevant qualifications, ensuring a thorough and credible review.

ASAP's role and independence were assessed in accordance with professional ethical requirements, and adequate safeguards were implemented to preserve assurance integrity.

#### *Description of Procedures Performed*

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Gaining an understanding of Spring Art's business, internal processes and approach to sustainability.
- Conducting interviews with key personnel and collating evidence to understand Spring Art's process for reporting performance indicators and disclosures, including inquiring regarding risks of misstatement and quality controls to address risks.
- Conducting limited assurance procedures over the selected Subject Matter and disclosures, including:
  - Undertaking analytical procedures to support the reasonableness of the data;
  - Checking that the calculation Criteria have been applied in accordance with the methodologies for the Subject Matter within the Statement;
  - Identifying and testing assumptions supporting calculations;
  - Testing, on a sample basis, underlying source information to check accuracy of the data;
  - Performing recalculations of performance indicators using input data;
  - Checking that measurements made at the end of the reporting period are timely entered in the records and the sustainability statement; and
  - Obtaining appropriate representations from management, in the form of a management representation letter addressed to us to confirm that the management believes that it has fulfilled its responsibilities.

We also performed such other procedures as we considered necessary in the circumstances.

## SUSTAINABILITY STATEMENT 2025 (CONT'D)

### INDEPENDENT LIMITED ASSURANCE STATEMENT (Cont'd)

#### ***Inherent Limitations***

Inherent limitations of assurance engagements include use of judgement and selective testing of data, which means that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement. Accordingly, there is some risk that a material misstatement may remain undetected. Further, our limited assurance engagement is not designed to detect fraud or error that is immaterial.

There are additional inherent risks associated with assurance engagements performed for non-financial information given the characteristics of the subject matter and associated with the compilation of source data using definitions and methods for determining, calculating, and estimating such information that are developed internally by management. The absence of a significant body of established practice on which to draw, allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

#### ***Other Matters***

Information relating to prior reporting periods has not been subject to assurance procedures. Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the SS 2025. The maintenance and integrity of Spring Art's website is the responsibility of Spring Art's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to the Subject Matter and related disclosures, the SS 2025 or to our independent limited assurance report that may have occurred since the initial date of presentation on Spring Art's website.

#### ***Restriction of Use***

Our work has been undertaken to enable us to express a limited assurance conclusion on the matters stated above in our report provided to the directors of Spring Art in accordance with the terms of our engagement, and for no other purpose.

Our report is intended solely for the directors of Spring Art and should not be used by any other parties. To the fullest extent permitted by the law, we do not accept or assume liability to any party other than the directors of Spring Art, for our work, for this report, or for the conclusion we have reached.

We agree to the publication of this assurance report in Spring Art's SS 2025 for the financial year ended 31<sup>st</sup> December 2025, provided it is clearly understood by recipients of the SS 2025 that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of this report.

#### **ASAP Advisory PLT**

201804000474 (LLP0014854-LGN)

Johor Bahru, Malaysia

14 April 2026

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) of Spring Art Holdings Berhad (“Spring Art Holdings” or the “Company”) is pleased to present the Corporate Governance (“CG”) Overview Statement for the financial year ended 31 December 2025.

This CG Overview Statement provides an overview of the CG framework, approach, key focus areas and practices of Spring Art Holdings and its subsidiaries (collectively referred to as the “Group”) during the financial year under the leadership of the Board.

This CG Overview Statement is to be read together with the CG Report, which articulates the Company's application of each Practice enunciated by the Malaysian Code on Corporate Governance (“MCCG”). The CG Report is made available on the Company's website at [www.springart.com](http://www.springart.com) as well as via an announcement made on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”). The disclosures in the CG Overview Statement and CG Report are made pursuant to Rule 15.25 of the ACE Market Listing Requirements (“AMLR”) of Bursa Securities with additional guidance derived from Guidance Note II of AMLR of Bursa Securities and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities.

In order to achieve a granular understanding of the Group's governance framework and practices, this CG Overview Statement should also be read in tandem with other statements in this Annual Report, namely the Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report, Sustainability Statement 2025 and Management Discussion and Analysis Statement.

## SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Group recognises the importance of providing instructive corporate governance disclosures to secure the confidence of stakeholders in the vision, mission and the overall strategic direction of the Group. As a testament to the Group's commitment towards promoting a sound corporate governance culture, the Company has benchmarked its practices against the relevant promulgations as well as other better practices.

Spring Art Holdings has provided comprehensive and forthcoming disclosure in the CG Report on the extent of its applications of the Practices encapsulated in the MCCG. A detailed narrative on the application of individual Practices of MCCG is available in the CG Report.

In accordance with Guidance Note II of AMLR of Bursa Securities, a summary of Spring Art Holdings's corporate governance practices with reference to the MCCG is outlined below.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### 1. Roles and Responsibilities of the Board

#### a. Board Charter and Board Committees

Spring Art Holdings is led by an experienced and dedicated Board of Directors that has put much effort in ensuring the smooth management of the Company. The Board possesses a wide range of expertise to provide the Group with both strategic and operational direction in an ultra-competitive operating environment. The Board has overall responsibility for the strategic direction of the Group. The Board meets regularly to review corporate strategies, operations and performance of business units within the Group. All Board members bring their independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary duties and leadership functions. The Board has defined its Board Charter by setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as key matters reserved for the Board's approval. The Board Charter is made available on the Company's website at [www.springart.com](http://www.springart.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 1. Roles and Responsibilities of the Board (Cont'd)

##### a. Board Charter and Board Committees (Cont'd)

In order to assist the Board in its oversight function on specific responsibility areas, the Board has established three (3) Board Committees, namely Audit and Risk Management Committee (“ARMC”), Nomination Committee (“NC”), Remuneration Committee (“RC”). Governed by their respective Terms of References, the Committees report to the Board on their meeting proceedings and deliberations as well as make recommendations to the Board on the matters under their purview.

During the financial year, the respective committees have carried out their duties and activities as announced in their respective Terms of References. The details of Terms of References for the respective committees are available for reference on the Company's website at [www.springart.com](http://www.springart.com).

The roles of the Chairman and Managing Director (“MD”) are clearly separated and the positions were held by different individuals. This duty segregation between the Chairman and MD ensures an appropriate balance of role, responsibility and accountability at the Board level. The Chairman is responsible for providing leadership to the Board in overseeing management and the Group's overall strategic functions, whereas the day-to-day management of the Group's business affairs is delegated to the MD of the Company, who is further supported by the Executive Director (“ED”) and key management team. The Board nevertheless reserves the decision-making authority on significant matters of the Group as encapsulated in the Board Charter. The Board Charter serves as an authoritative document that governs the conduct of the Board, Board Committees and individual Directors.

The Board reviews and updates its Charter and the respective committees' Terms of References 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.

##### b. Meeting Convened and Company Secretaries

Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Chairman before accepting any new directorship. Any Director is, while holding office, at liberty to accept other Board appointment in other companies as 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) PLCs (as prescribed in Rule 15.06 of AMLR of Bursa Securities).

The Board ordinarily schedules five (5) meetings in a year. Board and Board Committee meetings are scheduled well in advance. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. 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.

To facilitate the Directors' time planning, an annual meeting calendar will be prepared and circulated to them before the beginning of each year. It will provide the scheduled dates for meetings of the Board and Board Committees, the Annual General Meeting (“AGM”), major briefings to be conducted by the Company, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.

There are five (5) Board meeting, five (5) ARMC meeting, one (1) NC meeting and one (1) RC meeting were scheduled during the financial year under review.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 1. Roles and Responsibilities of the Board (Cont'd)

##### b. Meeting Convened and Company Secretaries (Cont'd)

As at the date of this Statement, the attendance record of the Directors at Board of Directors and Board Committee meetings as set out as follows:

Name	AGM	Board	ARMC	NC	RC
Haji Ismail Bin Tunggak	1/1	<sup>^</sup> 5/5	5/5	1/1	<sup>^</sup> 1/1
Datuk Lim Kok Eng	<sup>^</sup> 1/1	5/5	-	-	-
Datin Kwan Chian Poh	1/1	5/5	-	-	-
Law Sang Thiam	0/1	4/5	<sup>^</sup> 4/5	1/1	1/1
Tan Meng Loon	1/1	5/5	5/5	<sup>^</sup> 1/1	1/1

<sup>^</sup> Chairman/Chairperson of the Board or Board Committee

In undertaking its duties, the Board is supported by two (2) competent and suitable qualified Company Secretaries. The Company Secretaries serve as counsels to the Board on matters relating to corporate governance. The Company Secretaries seek to ensure the Board's adherence to regulatory promulgations as well as the observance of internal policies and procedures. In addition to facilitating the flow of information between the Board and Management, the Company Secretaries also attend Board and Board Committee meetings whereby they are tasked to accurately record meeting proceedings and decisions taken by the Board and Board Committees.

##### c. Uphold Integrity in Financial Reporting

The Board is responsible to ensure the preparation of the financial statements for each financial year, gives a true and fair view of the state of affairs of the Group. In preparing the financial statements, the Directors also ensure that the Group has:

- (i) adopted appropriate accounting policies and applied them consistently;
- (ii) made judgements and estimates that are reasonable and prudent;
- (iii) prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- (iv) ensured applicable accounting standards have been complied, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements comply with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia. The Directors have overall responsibilities for taking reasonable steps to safeguard the assets of the Group so as to prevent and detect fraud and other irregularities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 1. Roles and Responsibilities of the Board (Cont'd)

##### c. Uphold Integrity in Financial Reporting (Cont'd)

The Directors confirm that they have complied with these requirements and having a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements. The Board has also entrusted the ARMC to review the Group's financial reports to ensure conformity with applicable MFRSs, IFRSs and the requirements of the Companies Act, 2016 in Malaysia before the financial statements are recommended to the Board for consideration and approval for release to the public.

##### d. Code of Conducts, Anti-Bribery and Corruption Policy

The Board acknowledges its role in propagating ethical standards and values across the different levels of the Group and thus, has taken the initiative to formalise a Code of Conducts. The aforementioned document serves as a reference for both Directors and employees in their day-to-day professional conduct and decision-making process. The Code of Conducts is an extensive document that provides guidance on matters ranging from conflict-of-interest situations to corruption and money-laundering.

In addition, the Anti-Bribery and Corruption Policy already adopted on 1 June 2020 that outlines the Group's commitment to conduct business ethically as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments made by the relevant authority from time to time. In this respect, the Anti-Corruption and Bribery Policy provides principles, guidance and requirements to Directors, employees and Associated Third Party on how to recognise and deal with bribery and corrupt practices that may arise in the course of daily business and operation activities within Spring Art Holdings. The Group emphasises its position in taking a zero-tolerance approach to bribery and corruption, and the Group is committed to conducting all of its business in an honest and ethical manner.

The Code of Conducts and Anti-Bribery and Corruption Policy are available on the Company's website at [www.springart.com](http://www.springart.com).

##### e. Whistleblowing Policy and Procedures

As an additional measure to safeguard the integrity of the Group, the Board has continually adopted a Whistleblowing Policy and Procedures to encourage employees and other stakeholders to report legitimate ethical concerns. The Group's Whistleblowing Policy and Procedures outlines the reporting channels available to stakeholders including reporting directly to employees' immediate superior/designated recipients and via a whistleblowing email managed by an independent third party. The details of the Whistleblowing Policy and Procedures are available for references on the Company's website at [www.springart.com](http://www.springart.com).

##### f. 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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### 1. Roles and Responsibilities of the Board (Cont'd)

#### f. Access to Information and Advice (Cont'd)

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. Key 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 Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through continuous training. The removal of the Company Secretaries is a matter for the Board, as a whole to decide.

The Directors are also notified of any corporate announcement released to Bursa Securities and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly financial results.

### 2. Board Composition

In an economic landscape that is constantly evolving, boards are expected to be more vigilant and proactive to respond to shifting opportunities and the varying risk manifestations. In this respect, it is imperative for the Board to have an optimum mix of skills, qualifications and experience that can support the Group's quest to deliver value for its stakeholders. The NC is delegated with the responsibility of ensuring the Board's size and composition continues to be effective and relevant to the needs of the Group. The selection of candidates for directorships and recommendation for the re-election of Directors are premised on the individuals' character, skills, knowledge, expertise, experience, professionalism, competencies and integrity. Candidates for directorships and Directors are also assessed based on their willingness to devote adequate time and commitment to attend to their duties. Directors are required to notify the Chairman before accepting any new directorships and to indicate the time commitment that they are expected to expand on the slated appointments.

As at the date of this statement, the Board consists of five (5) members comprising one (1) Independent Non-Executive Chairman, one (1) MD, one (1) ED, one (1) Senior Independent Non-Executive Director and one (1) Independent Non-Executive Director. Presently, one (1) out of five (5) members of the Board is woman Director. The current Board composition complies with Rule 15.02 of AMLR of Bursa Securities that requires at least one-third (1/3) of the Board to be Independent Directors and at least one (1) Director is a woman. The profile of each Director is set out on pages 8 to 12 of this Annual Report. The Directors, with their diverse backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as entrepreneurship; finance; taxation; accounting and audit; legal as well as economics.

The presence of Independent Directors though not forming a majority is sufficient to prove the necessary check and balance on the decision-making process of the Board. They possess integrity and extensive experience to provide unbiased and independent views to the Board. They constantly express their views to the Board in an effective and constructive manner and therefore are able to function as check and balance and bring in unbiased and independent views and advices to the Board. Nevertheless, the Board recognises the value of having a majority Independent Directors on the Board in promoting objectivity during boardroom deliberations and impartiality in the decision-making process.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 3. NC

The NC was established by the Board on 20 November 2018, as the Board recognises the importance of the role the NC plays not only in the selection and assessment of Directors but also in other aspects of CG of which NC can assist the Board to discharge its fiduciary and leadership functions. The NC comprises exclusively of three (3) Non-Executive Directors, with all of them being Independent Directors which is in line with Rule 15.08A(1) of AMLR of Bursa Securities.

The primary function of the NC is to assist the Board in identifying and recommending candidates for directorships of the Company along with the membership of the Board's various committees. The NC also undertakes in assessing on annual basis, the effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Director and also the independence of the Independent Directors.

During the FYE 2025, the NC has carried out their duties enunciated in its Terms of Reference, which is published on the Company's website and undertaken the following activities.

#### a. Appointment and Re-Election of Directors

The NC is guided by the Terms of Reference 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.

Since the screening and evaluation process for potential candidates to be nominated as Directors are delegated to the NC, the process involves the NC's consideration and submission to the Board its recommendation of suitable candidates for the proposed appointment as Directors of the Company.

The NC may also obtain and rely upon independent sources such as a directors' registry, open advertisement or use of independent search firms in furtherance of their duties at the Company's expense, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved. If the selection of candidates was solely based on the recommendations made by the Management, the existing Board member(s) or major shareholder(s), the NC will explain why other sources were not used.

The NC's 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 NC 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 NC includes experience, skills, competence, race, gender, culture and nationality, to facilitate optimal decision-making by harnessing different insights and perspectives.

#### b. Annual Assessment

The NC carried out the annual assessment exercise on performance and effectiveness of the Board and the Board Committees annually. The Company Secretaries will facilitate the NC 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 shareholders' value. The Board, through the Questionnaires and recommendation from the NC, will examine the Board Committees, including their respective Chairman, to ascertain whether their functions and duties are effectively discharged in accordance with their respective Terms of Reference.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 3. NC (Cont'd)

##### b. Annual Assessment (Cont'd)

As a post-evaluation process, the Company Secretaries summarised the results of evaluation and reported to each Board and Board Committee member by providing with individual results on each area of assessment. Thus, allowing the Directors to know their standing and the Board to take actions on the outcome of evaluation by recommending remedial measures on areas that need improvements, if any.

From the annual assessment and review conducted, the NC was satisfied that all the Executive, Non-Executive and Independent Directors on the Board including those seeking re-election possess sufficient qualification to remain on the Board. Only those with satisfactory evaluation are recommended to the Board for re-election. Save for the NC 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 NC 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.

As for the Board evaluation, the NC agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively.

In relation to the Independent Directors, the NC concluded that the Board and Board Committees were functioning effectively as a whole with a high level of compliance and integrity.

The Board through NC shall review the term of office and performance of the ARMC and each of its members at annually to determine whether the ARMC and its members have carried out their duties in accordance with its Terms of Reference.

##### c. Gender Diversity Policy

Insofar as board diversity is concerned, the Board does not have any specific policy on targets for female candidates in the Group. The Board believes that the on-boarding process of Directors should not be based on any gender discrimination. As such, the evaluation of suitable candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, as the case may be.

##### d. Policy of Independent Director's Tenure

The Board has implemented a nine (9) year policy for Independent Non-Executive Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event such Director was to be retained as an Independent Director, the Board would have to justify in the notice convening the AGM and seek shareholders' approval through a two-tier voting process at every AGM.

##### e. Diverse Board and Senior Management Team

Appointment of Board and Senior Management is based on objective criteria, merit and besides gender diversity, due regard is placed for diversity in skills, experience, age and cultural background. Please refer to the Board of Directors' Profile and the Key Management's Profile of this Annual Report on pages 8 to 15 for further information.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 3. NC (Cont'd)

##### f. Directors' Training – Continuing Education Programme

The Board, through the NC 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, newly appointed, 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.

The details of the relevant training sessions attended by each Director during the financial year under review are as follows:

Name	Training Programmes	Date
Haji Ismail Bin Tunggak	<ul style="list-style-type: none"> <li>- Enhancing Sustainability Readiness for ACE Market</li> <li>- AOB Conversation with Audit Committee</li> </ul>	3 November 2025 25 November 2025
Datuk Lim Kok Eng	<ul style="list-style-type: none"> <li>- Enhancing Sustainability Readiness for ACE Market</li> <li>- CSI Platform Onboarding Session</li> </ul>	3 November 2025 19 December 2025
Datin Kwan Chian Poh	<ul style="list-style-type: none"> <li>- Enhancing Sustainability Readiness for ACE Market</li> </ul>	3 November 2025
Law Sang Thiam	<ul style="list-style-type: none"> <li>- Latest Tax Implications on Digital Transactions in Malaysia</li> <li>- MFRS Updates You Need to Know</li> <li>- Navigating Stamp Duty Shift: Focus on Employment, Services &amp; Rental Contracts</li> <li>- Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026)</li> <li>- Accounting for Substantial Investment Interests and Business Combinations under MPERS - Updated for ED 80 MPERS and IFRS for SMEs 3rd Edition</li> <li>- Practical Guide in Applying ISA540 Auditing Accounting Estimates and Related Disclosures to Recognise Revenue under MFRS 15 Revenue from Contracts with Customers</li> <li>- 2026 Budget Seminar</li> </ul>	10 July 2025 14 August 2025 10 September 2025 14 October 2025 24 October 2025 27 October 2025 19 November 2025
Tan Meng Loon	<ul style="list-style-type: none"> <li>- Enhancing Sustainability Readiness for ACE Market</li> <li>- AOB Conversation with Audit Committee</li> </ul>	3 November 2025 25 November 2025

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

#### 4. RC

The RC was established by the Board on 20 November 2018 to assist the Board in the adoption of fair remuneration practices to attract, retain and motivate Executive Directors. The RC composition is in line with Guidance 7.2 of MCGG comprising exclusively of three (3) Independent Non-Executive Directors. During the financial year, the RC has carried out their duties and activities as announced in its Terms of Reference which is made available on the Company's website.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 4. RC (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 RC 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 RC also takes into consideration the remuneration of Directors of other public listed companies ("PLCs") in order to ensure competitive remuneration policies that reflect the prevailing market rate.

In 2025 the Board approved the RC's recommendation on remuneration of the ED and MD, remuneration of the Non-Executive Directors, and Directors' fees for FYE 2025 for the approval of the shareholders at the Company's Seventh 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, including that of the MD and ED, is set out in the Financial Statements of this Annual Report.

Directors' remuneration in aggregate, with categorisation into appropriate components, distinguishing between Executive and Non-Executive Directors during the financial year under review, is as follows:

	Fees (RM)	Salaries and Other Emoluments (RM)	Defined Contribution Plan (RM)	Total (RM)
<b>Executive Directors</b>				
Datuk Lim Kok Eng	Nil	536,892	104,000	640,892
Datin Kwan Chian Poh	Nil	456,393	91,000	547,393
<b>Non-Executive Directors</b>				
Haji Ismail Bin Tunggak	39,600	1,800	Nil	41,400
Law Sang Thiam	45,600	2,000	Nil	47,600
Tan Meng Loon	39,600	1,800	Nil	41,400

The number of Directors of the Company, whose total remuneration during the financial year under review fell within the following successive bands of RM100,000 is as follows:

Range of Remuneration	Numbers of Directors
<b>Executive Directors:</b>	
RM100,000 to RM1,000,000	2
<b>Non-Executive Directors:</b>	
Below RM100,000	3

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 4. RC (Cont'd)

In respect of the non-disclosure of detailed remuneration of each Director, the Board views that the transparency in respect of the Directors' remuneration has been appropriately dealt with by the 'band disclosure' presented in this Statement.

No disclosure of the top five (5) key senior management's remuneration component on named basis is made herein due to confidentiality and sensitivity of each remuneration package.

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 1. ARMC and External Audit

In relation to the Step Up 9.4 of the MCCG, the Board has a long-standing practice of having the ARMC comprising exclusively of Independent Directors. The independence of the ARMC enables it to exercise robust and impartial oversight combined with a healthy degree of professional skepticism over the Group's financial reporting and audit processes. The Chairman of the ARMC is distinct from the Chairman of the Board so as to promote unfettered objectivity during the Board's review of the ARMC's findings and recommendations. The present composition of the ARMC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the financial matters of the Group as well as an understanding of the latest developments in financial reporting, accounting and auditing standards.

The Board has put in place a Policy on External Auditors to facilitate a formal and transparent relationship with the external auditors. The Policy on External Auditors governs the selection, appointment and assessment of the external auditors as well as the provision of non-audit services by the external audit firm, amongst others. The ARMC has unbridled access to both the internal and external auditors, who in turn report directly to the ARMC on their activities, findings and recommendations. For the FYE 2025, the external auditors have provided written assurance to the Board that its personnel are and have been independent throughout the conduct of their audit, in accordance to the terms of relevant professional and regulatory requirements.

Full details of the ARMC's duties and responsibilities are stated in its Terms of Reference which is made available on the Company's website at [www.springart.com](http://www.springart.com) and detailed disclosure on the role and activities undertaken by the ARMC during the financial year is provided in the ARMC Report on pages 80 to 84 of this Annual Report.

#### 2. Risk Management and Internal Control Framework

##### a. Sound framework to manage risks

The Board is updated on the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. On-going reviews are performed throughout the year on a quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Company's Management Team as well as the Group's independent and sufficiently resourced internal audit function. The findings of the internal audit function are regularly reported to the ARMC. Details of the main features of the Company's risk management and internal controls framework are further elaborated in the ARMC Report and the Statement on Risk Management and Internal Control of this Annual Report on pages 80 to 84 and pages 85 to 88 respectively.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

#### 2. Risk Management and Internal Control Framework (Cont'd)

##### b. Implementation of mitigating measures

The responsibilities of identifying and managing risks are delegated to the Head of Department. The ARMC is 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 ARMC will assist the Board in implementing and 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.

##### c. Internal audit function

The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility to the ARMC for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud. On-going reviews will be performed by ARMC throughout the year to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The Company also outsources the internal audit function to an independent assurance provider ("Internal Auditors") to provide an independent appraisal over the system of internal control of the Group to the ARMC.

##### d. Competency of Internal Auditors

To ensure that the responsibilities of Internal Auditors are fully discharged, the ARMC shall review the adequacy of the scope, functions and resources of the internal audit function as well as the competency i.e. qualification and experience of the Internal Auditors on a yearly basis.

The Internal Auditors, Atrium Advisory PLT which are led by the Engagement Director Mr. Soon Zee Yi, who holds a Bachelor's degree in accounting and is a professional member with the Malaysian Institute of Accountants ("MIA") and associate member of The Institute of Internal Auditors of Malaysia ("IIAM"). The Internal Auditors carry out the internal audit reviews independently in accordance with a recognised framework. Prior to the commencement of internal audit assignments, the Internal Auditors also seek written assurance from those involved, confirming that they do not have any relationships or conflict of interest with the Company, which could impair their independence and objectivity throughout the conduct of the audit engagement. The Internal Auditors provide such declaration in their annual audit plan presented to the ARMC prior to the commencement of internal audit assignment for the ensuing year. Premised on such declaration, feedback from the Management Team as well as performance assessment conducted by the ARMC, the ARMC considers on whether to continuously outsource the internal audit function to Internal Auditors in providing an independent appraisal on the adequacy, efficiency and effectiveness of the Group's internal control system.

An overview of the state of internal controls function within the Group, which includes the risk and key internal control structures, are set out in the ARMC Report and the Statement on Risk Management and Internal Control of this Annual Report on pages 80 to 84 and pages 85 to 88 respectively.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### PART I – COMMUNICATION WITH STAKEHOLDERS

##### 1. Continuous Communication between Company and Stakeholders

###### a. Effective, transparent and regular communication with its stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the AMLR of Bursa Securities. The annual reports, press releases, quarterly results, Annual Audited Financial Statements and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The MD is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board. The Group maintains a corporate website: [www.springart.com](http://www.springart.com) for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance, Frequently-Asked Questions (FAQs) and updates on its various sponsorships and promotions. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Group's corporate website. The corporate website will also post all press releases made by the Group together with latest news on the Group and the industry.

###### b. Integrated reporting

The Company has provided concise information in relation to its strategy, performance, governance and prospects through the Management Discussion and Analysis Statement and Sustainability Statement 2025 in this Annual Report on pages 16 to 22 and pages 23 to 66 respectively. This is to ensure that the stakeholders are well informed of the business and performance of the Company and to promote transparency and accountability of the Company.

#### PART II – CONDUCT OF GENERAL MEETINGS

##### 2. Strengthen Relationship Between the Company and Shareholders

###### a. Encourage shareholder participation at general meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. At every AGM, the Board sets out the progress and performance of the Group since the last meeting held. Shareholders are encouraged to participate in the subsequent Question & Answer ("Q&A") session wherein the Directors, Company Secretaries, Head of Department as well as the Group's external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder. Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.

The Company dispatched its notice of AGM to shareholders at least twenty-eight (28) days before the AGM. The Board believes that this would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney together with the Notice of AGM, which provides information to shareholders with regard to, among others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

#### PART II – CONDUCT OF GENERAL MEETINGS (Cont'd)

##### 2. Strengthen Relationship Between the Company and Shareholders (Cont'd)

###### a. Encourage shareholder participation at general meetings (Cont'd)

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights in voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of proxy votes received, both for and against each separate resolution where appropriate. The outcome of a general meeting will be announced to Bursa Securities on the same meeting day.

###### b. Effective communication and proactive engagements

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 AGM.

Before the commencement of AGM, the Directors and Management will join the shareholders together with a dedicated team of employees to assist the shareholders on the queries they may have. The proceedings of the Eighth AGM will include the chairman's briefing on the Company's overall performance for FYE 2025, the presentation of the external auditors' unqualified report to the shareholders, and Q&A session during which the chairman will invite shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting before putting a resolution to vote. The Chairman will share the Company's responses to questions posed by the Minority Shareholders Watchdog Group, if any before engaging the shareholders on Q&A session.

###### c. Facilitate greater shareholder participation at general meetings

Under Rule 8.31A(1) of the AMLR of Bursa Securities, 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 forthcoming AGM.

The Company will always make sure that its general meeting is to be held at an accessible location but not in remote areas in order to encourage shareholders to attend and participate in the meeting. Having considered that the shareholder base of the Company is not that large, the Board is of the view that there is no immediate need for the Company to leverage on technology to facilitate electronic poll voting and remote shareholder participation at this juncture of time.

The Board will consider leveraging on technology to facilitate voting in absentia from time to time, to more fairly reflect shareholders' views and to ensure accurate and efficient outcomes of the voting process.

### COMPLIANCE STATEMENT

The Board shall continue to strive for highest possible standards of corporate governance throughout the Group. The Board considers and is satisfied that save and except for Practices 1.4, 4.5, 5.9, 5.10, 8.2 & 8.3 of MCOG which are departed and/or not adopted as disclosed herein and in the CG Report, the Company has in all material aspects satisfactorily complied with the principles and recommendations of the Code, the relevant chapters of MCOG and all applicable laws and regulations throughout FYE 2025.

This Statement was approved by the Board on 14 April 2026.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (the “Board”) of Spring Art Holdings Berhad (“Spring Art Holdings” or the “Company”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report for the financial year ended 31 December 2025.

The ARMC was established on 20 November 2018 by the Board as the prime body to ensure a high standard of corporate responsibility, integrity and accountability to shareholders.

## 1. ARMC Members

The Committee members, of whom all are Independent Non-Executive Directors (and their respective designations) who have served during the financial year under review are as follows: -

Name	Designation	Directorate
Law Sang Thiam	Chairman	Senior Independent Non-Executive Director
Haji Ismail Bin Tunggak	Member	Independent Non-Executive Chairman
Tan Meng Loon	Member	Independent Non-Executive Director

The principal objective of the ARMC is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the ARMC shall also oversee compliance with laws and regulations and observance of a proper code of conduct.

The ARMC is formally constituted with written Terms of Reference. All members of the ARMC have a working experience with basic finance and accounting practices, and one (1) of its members i.e. Mr Law Sang Thiam, is a member of the Malaysian Institute of Accountants.

## 2. Composition Compliance

The Committee shall be appointed by the Board from amongst the Directors and shall consist no fewer than three (3) members, all of them must be Non-Executive Directors, with a majority of them being Independent Directors. The member of the ARMC shall elect a chairman from among their members who shall be an Independent Director. An alternate Director must not be appointed as a member of the ARMC.

At least one (1) member of the Committee:

- Must be a member of the Malaysian Institute of Accountants; or
- If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and;
  - o He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1976; or
  - o He must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act 1976.

If a member of the ARMC resigns, dies, or for any reason ceases to be a member with the results that the number of members is reduced to less than three (3), the Board of Directors shall, appoint such number of members as may be required to make up the minimum number of three (3) members.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 2. Composition Compliance (Cont'd)

The current ARMC composition meets the requirements of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as the financial literacy and independence enumerations outlined in the MCCG.

### 3. Authority

The ARMC is authorised by the Board to investigate any activities within its Terms of Reference and shall have unlimited access to external auditors as well as the employees of the Group. All employees are directed to co-operate with any request made by the ARMC.

The ARMC shall have the authority to obtain independent legal or other professional advice as it considers necessary.

It shall also have the power to establish Sub-Audit Committee to carry out certain investigations on behalf of the ARMC and such manner, as the ARMC shall deem fit and necessary.

### 4. Number of Meetings Held and Details of Attendance

The ARMC shall meet at least five (5) times in a year, and such additional meetings as the Chairman shall decide in order to fulfill its duties. The agenda for the ARMC meetings shall be circulated before each meeting to members of the ARMC. Upon request of any of its members or the Internal or External Auditors, the Chairman of the ARMC shall convene a meeting of the ARMC.

The Chairman of the ARMC should engage, on a continuous basis, with key management and the External Auditors in order to be kept informed of matters affecting the Company.

Five (5) ARMC meeting were scheduled during the financial year. As at the date of this Statement, the attendance record of the Directors at ARMC meetings as set out as follows:

Name	Designation	Attendance	Percentage (%)
<b>Law Sang Thiam</b>	Chairman	4/5	80
<b>Haji Ismail Bin Tunggak</b>	Member	5/5	100
<b>Tan Meng Loon</b>	Member	5/5	100

### Quorum

The quorum for the ARMC meeting shall consist of two (2) members of whom the majority of the members present shall be Independent Directors.

### Attendance at Meetings

The Company Secretaries shall be the Secretaries of the ARMC and shall be responsible for the coordination of administrative details including sending out notice of meetings, preparing and keeping minutes of meetings. The minutes of the ARMC meetings are to be extended to the Board.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 4. Number of Meetings Held and Details of Attendance (Cont'd)

#### Attendance at Meetings (Cont'd)

A representative of the outsourced Internal Auditors, a representative of the External Auditors and Group Accountant shall normally attend meetings. The ARMC may invite any person to be in attendance to assist in its deliberations. Other Board members may attend meetings upon the invitation of the ARMC. The ARMC shall meet with the external auditors without Executive Board members present at least twice a year.

### 5. Duties and Responsibilities of ARMC

The duties and responsibilities of the ARMC shall be as follows and will cover the Group:

- Review and assess the adequacy and effectiveness of the system of internal control and accounting control procedures by reviewing the External Auditors' management letters and management response.
- Consider the nomination and appointment of External Auditors, their terms of appointment and reference, the audit fees, any questions of resignation or dismissal and other related matters.
- Review the adequacy of the scope, functions, competency, resources of the internal audit functions and that it has the necessary authority to carry out its work.
- Review the quarterly results and year-end financial statements prior the Board's approval, focusing particularly on:
  - o any changes in or implementation of major accounting policies and practices.
  - o significant adjustments and unusual events arising from the audit.
  - o the going-concern assumption.
  - o compliance with accounting standards, Listing Requirements of Bursa Securities and other legal requirements.
- Review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises question of management integrity.
- Review with the External Auditors the nature and scope of their audit plan, prior to the commencement of audit work.
- Discuss the problems and reservations arising from the interim and final audits and any matter the External Auditors may wish to discuss.
- Review the assistance and co-operation given by the officers of the Group to the External Auditors.
- Report promptly to Bursa Securities if it is of the view that a matter reported by it to the Board not been satisfactorily resolved resulting in breach of the AMLR of Bursa Securities.
- Carry out any other functions as may be determined by the Board from time to time.
- Review and recommend to the Board for approval, the ARMC Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the Annual Report as well as Corporate Governance Report for announcement and publication on the website of Bursa Securities.
- Review and approve the Whistleblowing Policy and Procedures from time to time and significant changes to risk management policies and strategies.

### SUMMARY OF ACTIVITIES AND WORK OF ARMC

During the financial year under review, the activities of the ARMC included the following:

- Reviewed and discussed 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.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 5. Duties and Responsibilities of ARMC (Cont'd)

#### SUMMARY OF ACTIVITIES AND WORK OF ARMC (Cont'd)

- Reviewed, monitored and reported any conflict of interest (“COI”) situations that involve directors and key senior management within the Group included those COI situations that arose, persist or may arise and the measures taken to resolve, eliminate or mitigate such COI situations. During the financial year, there were no COI situations that involved directors and key management within the Group.
- Reviewed and discussed the ARMC 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, Internal Audit 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 discussed at the ARMC meeting for further deliberation or decision as the case may be.
- Reviewed the related parties' transactions that arose within the Company or the Group.
- Considered the nomination of External Auditors for recommendation to the Board for re-appointment.
- Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the MCCG.
- Reviewed and approved the Whistleblowing Policy and Procedures and the risk management framework from time to time and significant changes to risk management policies and strategies.
- Suggested on additional improvement opportunities in the areas of internal control, systems and efficiency improvement.
- Reviewed the unaudited financial results announcements before recommending them for Board's approval, focusing particularly on:
  - o any change in accounting policies and practices.
  - o significant adjustments arising from the audit.
  - o the going concern assumption.
  - o compliance with applicable financial reporting standards and other legal requirements.

#### SUMMARY OF THE WORK OF INTERNAL AUDITORS

The ARMC obtains reasonable assurance on the effectiveness of the Group's system of internal controls via the internal audit function which is responsible for the regular review and appraisal of the effectiveness of the risk management, system of internal controls and governance processes of the Group.

The Group's internal audit function has been outsourced to a reputable professional service provider firm which assists the ARMC and the Board in evaluating the Group's risk management and internal control system and to provide their recommendations for further improvement. To ensure that the responsibilities of Internal Auditors are fully discharged, the ARMC reviews the adequacy of the scope, functions and resources of the internal audits function as well as the competency of the Internal Auditors on a yearly basis.

The internal audit activities will be carried out based on an Annual Risk-based Audit Plan presented by the outsourced Internal Auditors to the ARMC for approval. The establishment of the Annual Risk-based Audit Plan will take into consideration the corporate risk profile and input from Senior Management and the ARMC members. The results of the audits provided in the internal audit reports will be reviewed by the ARMC. The relevant Head of Department of the specific audit subject is made responsible for ensuring that corrective actions on reported weaknesses are taken within the required timeframe. Internal Auditors conduct follow-up audits to ensure that Management's corrective actions were implemented appropriately.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

### 5. Duties and Responsibilities of ARMC (Cont'd)

#### SUMMARY OF THE WORK OF INTERNAL AUDITORS (Cont'd)

Atrium Advisory PLT reported directly to the ARMC and the Board the audit findings and recommendations which required follow-up action by Management as well as outstanding audit issues which required corrective action to ensure an adequate and effective internal control system within the Group. Total cost incurred during the financial year under review was RM36,000.

Premised on the performance assessment conducted by the ARMC, written declaration from the Internal Auditors on their independence and objectivity throughout the conduct of the audit engagement as well as feedback by the Management Team, the ARMC is of the view that Atrium Advisory PLT is free from any relationships or conflicts of interest with those involved and is capable of carrying out the internal audit reviews. Accordingly, the ARMC approved for the Group to continuously outsource the internal audit function to Atrium Advisory PLT in providing an independent appraisal on the adequacy, efficiency and effectiveness of the Group's internal control system for FYE 2025.

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 85 to 88 of the Annual Report.

This Report was approved by the Board on 14 April 2026.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board is committed towards maintaining a sound system of risk management and internal control and is pleased to provide the following Statement on Risk Management and Internal Control ("Statement") which outlines the scope and nature of risk management for and the internal controls of the Group for the financial year ended 31 December 2025 ("FYE 2025"). For the purpose of disclosure, this Statement is guided by the Statement on Risk Management and Internal Control (SORMIC): Guidelines for Directors of Listed Companies (2025) ("SORMIC Guide 2025"), pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Principal B(II) of the Malaysian Code on Corporate Governance ("MCCG").

## BOARD'S 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

The Group has in place an ongoing process which is regularly reviewed by the Board for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives. The key elements of the Group's Risk Management Framework are described below:

### • Structure

The Group adopts a de-centralised approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment are the responsibilities of the Heads of Department ("HOD").

Enterprise Risk Management Committee ("ERMC") was established on 8 March 2021, provides risk management support to Management for the Group as a whole. The role of the ERMC includes reporting of the status of risk mitigation actions, new risks identified and risks that have changed characteristics together with corresponding controls.

The ERMC, comprising key persons from all departments, submits its reports to both the Management and the Audit and Risk Management Committee ("ARMC"). Minutes of the ERMC meetings will be recorded and presented to the ARMC. The ARMC will then report to the Board on any significant changes in the business and external environment which affect key risks.

### • Risk Assessment

The Group maintains a database of risks specific to the Group together with their corresponding controls, which are categorised as follows:

- a) Strategic risk - which are risks that affect the overall direction of the business.
- b) Operational risk - which are risks that impact the delivery of the Group's products.
- c) Financial risk - which are risks associated with financial processes and reporting.
- d) Compliance risk - which are risks associated in relation to legal, statutory and corporate governance.
- e) Foreign currency risk - which are risks associated with the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

## 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; identify and manage risk; ensure compliance with statutory and regulatory requirements; and 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 members so as to ensure clear accountabilities. The effectiveness of internal control procedures is subject to continuous assessments, reviews and improvements.
- The organisational structure is well defined; with a 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 ARMC.
- EDs and HOD meet regularly to discuss operational, corporate, financial and key management issues.
- An effective 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 its 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, Atrium Advisory PLT ("Internal Auditors"). The Internal Auditors report directly to the ARMC and assist the ARMC 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 systems and operational internal control, in anticipating potential risk exposures over key business processes.

The internal audit scope covered reviews key operational and compliance controls, including the risk management process deployed by Management. Among the scope of coverage during the financial year were reviews of follow-up review on the previous internal audit findings, asset management and production management.



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

### INTERNAL AUDIT FUNCTION (Cont'd)

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

- reviewing identified high risks areas for compliance with control policies and procedures; identifying business risks which have not been appropriately addressed; and
- evaluating the adequacy and effectiveness of controls.

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

The Internal Auditors have documented key findings from the internal audit carried out. They have discussed with key personnel on the recommendation for internal control improvement and provided the ARMC 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 ARMC meetings. Minutes of the ARMC meetings which recorded these deliberations were presented to the Board. The expenditure incurred for the internal audit function for the current financial year was RM36,000.

### ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the MD and ED that the Group's internal control and risk management systems put in place are operating adequately and effectively, in all material aspects, during the financial year under review.

Taking into consideration the above assurance from the Management Team, the Board is of the view that the system of risk management and internal control in place for the financial year under review and up to the date of this Statement, is satisfactory and is adequate to safeguard shareholders' investments, the interests of customers, regulators, employees and other stakeholders as well as the Group's assets. There was no material control failure that would have any material adverse effect on the financial results of the Group for the financial year under review and up to the date of issuance of the financial statements.

In view that the development of a sound system of internal control is an on-going process, the Board continues to take pertinent measures to sustain and, where required, to improve the Group's internal control and risk management environment in meeting the Group's strategic objectives.

### REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the external auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 (Revised) issued by the Malaysian Institute of Accountants for inclusion in this Annual Report. AAPG 3 (Revised) does not require external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. 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 is not prepared, in all material respects, in accordance with the disclosures required by Section 7 of the Statement on Risk Management and Internal Control (SORMIC): Guidelines for Directors of Listed Companies (2025), nor is the Statement 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 has 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 14 April 2026.

# ADDITIONAL COMPLIANCE INFORMATION

## Utilisation of Proceeds

There were no corporate proposals or exercises carried out during the financial year to raise proceeds.

## Recurrent Related Party Transactions

Details of the recurrent related party transactions undertaken by the Group during the financial year ended 31 December 2025 are disclosed in Note 28 of the financial statements.

## Disclosure of Financial Data for Shariah Screening

Pursuant to Rule 9.25A of the ACE Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data of Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

### (a) Group Total Income and Total Assets

	Group	
	2025 RM	2024 RM
<b>Total income</b>		
Revenue	46,314,893	49,571,721
Other income	547,187	1,095,316
<b>Total Income</b>	46,862,080	50,667,037
<b>Total Assets</b>	110,739,499	117,248,344

### (b) Component of Financial Position

#### (i) Cash Component

	Group	
	2025 RM	2024 RM
<b>Islamic Account/Instruments</b>		
Cash at bank (exclude cash in hand)	11,062,113	7,968,052
Cash in hand	48,284	54,420
Fixed deposits with licensed banks	-	4,000,000
<b>Total Cash Islamic Account/Instruments</b>	11,110,397	12,022,472

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### Disclosure of Financial Data for Shariah Screening (Cont'd)

(b) Component of Financial Position (Cont'd)

(i) Cash Component (Cont'd)

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
<b>Conventional Account/Instruments</b>		
Cash at bank (exclude cash in hand)	1,108,074	3,775,572
<b>Total Cash Conventional Account/ Instruments</b>	<b>1,108,074</b>	<b>3,775,572</b>

(ii) Debt Component

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
<b>Islamic Financing</b>		
<b>Current</b>		
Term financing	502,949	659,339
<b>Non-Current</b>		
Term financing	4,154,360	5,527,716
<b>Total Islamic Financing</b>	<b>4,657,309</b>	<b>6,187,055</b>

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### Disclosure of Financial Data for Shariah Screening (Cont'd)

(b) Component of Financial Position (Cont'd)

(ii) Debt Component (Cont'd)

	Group	
	2025 RM	2024 RM
<b>Conventional Borrowing</b>		
<b>Current</b>		
Hire purchase payable	562,230	524,459
Term loans	720,397	667,384
<b>Non-Current</b>		
Hire purchase payable	1,913,311	2,475,541
Term loans	6,199,606	6,930,126
<b>Total Conventional Borrowing</b>	<b>9,395,544</b>	<b>10,597,510</b>

### Audit and Non-Audit Fees

The fees payable to the external auditors, Crowe Malaysia PLT in relation to the audit and non-audit services rendered to the Company and the Group respectively for the FYE 2025 were as follows:

	The Company RM	The Group RM
Audit fees	25,000	84,000
Non-audit fees	5,000	5,000

### Variation in Results

There was no material variation between the audited results for the financial year and the unaudited results previously announced.

### Material Contracts

The Company has not entered into any material contracts with any Directors or substantial shareholders of the Company nor any persons connected to a Director or major shareholder of the Company during the financial year under review.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of Spring Art Holdings Berhad 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 ("MFRSs"), International Financial Reporting Standards ("IFRSs"), ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the provisions 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 MFRSs and IFRSs 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 ensure that the financial statements to comply with MFRSs, IFRSs, AMLR of Bursa Securities 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.

# FINANCIAL STATEMENTS

for the financial year ended 31 December 2025

	Page
Directors' Report	94
Statement by Directors	100
Statutory Declaration	100
Independent Auditors' Report	101
Statements of Financial Position	105
Statements of Profit or Loss and Other Comprehensive Income	106
Statements of Changes in Equity	107
Statements of Cash Flows	109
Notes to the Financial Statements	111

# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company are set out in the "Subsidiaries" section of this report.

There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	<b>The Group</b> RM	<b>The Company</b> RM
Loss after tax for the financial year	(789,480)	(121,540)
Attributable to:		
Owners of the Company	(789,480)	(121,540)

## DIVIDENDS

The Company paid a first interim single-tier dividend of 0.7 sen per ordinary share amounting to RM 2,909,840 for the financial year ended 31 December 2025 on 5 June 2025.

The directors do not recommend the payment of any further dividends for the financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the warrants.

## DIRECTORS' REPORT (CONT'D)

### WARRANTS

#### Warrants 2021/2025

A total 166,274,800 free warrants were issued by the Company on 25 February 2021 ("Warrants" or "Warrants 2021/2025") on the basis of two (2) warrants for every five (5) existing ordinary shares held. Each Warrant entitles the holder the right to subscribed for one (1) new ordinary share of the Company at an exercise price of RM 0.28 per new ordinary share. The Warrants had expired on 24 February 2025.

The salient terms of the above Warrants 2021/2025 are as follows:

- (a) The Warrants are constituted by a Deed Poll executed on 8 February 2021.
- (b) The Warrants are traded separately.
- (c) The Warrants can be exercised at any time within a period of four (4) years commencing from and including the date of issue, 25 February 2021 to 24 February 2025 ("Exercise Period"). Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
- (d) Each Warrants entitles the holder of the Warrants to subscribe for one (1) new ordinary share in the Company.
- (e) The exercise price and the number of Warrants shall be adjusted in the event of alteration to the share capital of the Company, in accordance with the provisions of the Deed Poll.
- (f) The holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such holders exercise their Warrants into new ordinary shares.

As at 31 December 2025, the summary of the movements of Warrants is as follows:

Issue Date	Expiry Date	Number of Warrants			At 31.12.2025
		At 01.01.2025	Exercised	Lapsed	
25.02.2021	24.02.2025	166,270,400	-	(166,270,400)	-

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

## DIRECTORS' REPORT (CONT'D)

### CURRENT ASSETS (CONT'D)

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

### CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:

Datuk Lim Kok Eng\*  
Datin Kwan Chian Poh\*  
Law Sang Thiam  
Tan Meng Loon  
Haji Ismail Bin Tunggak

\* Directors of the Company and the subsidiaries.

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over unissued shares of the Company and its related corporations during the financial year are as follows:

#### The Company

		Number of Ordinary Shares			
		At 01.01.2025	Bought	Sold	At 31.12.2025
Datuk Lim Kok Eng	- Direct interest	238,425,540	-	-	238,425,540
	- Indirect interest (1)	58,196,160	-	-	58,196,160
Datin Kwan Chian Poh	- Direct interest	58,196,160	-	-	58,196,160
	- Indirect interest (1)	238,425,540	-	-	238,425,540
Law Sang Thiam	- Direct interest	300,000	-	-	300,000
Tan Meng Loon	- Direct interest	300,000	-	-	300,000
Haji Ismail Bin Tunggak	- Direct interest	150,000	-	-	150,000

#### Warrants 2021/2025

		Number of Warrants			
		At 01.01.2025	Exercised	Lapsed	At 31.12.2025
Datuk Lim Kok Eng	- Direct interest	38,393,216	-	(38,393,216)	-
	- Indirect interest (1)	23,278,464	-	(23,278,464)	-
Datin Kwan Chian Poh	- Direct interest	23,278,464	-	(23,278,464)	-
	- Indirect interest (1)	38,393,216	-	(38,393,216)	-
Law Sang Thiam	- Direct interest	120,000	-	(120,000)	-
Tan Meng Loon	- Direct interest	120,000	-	(120,000)	-
Haji Ismail Bin Tunggak	- Direct interest	60,000	-	(60,000)	-

Notes:

(1) Deemed interested through spouse's shareholding in the Company.

By virtue of their shareholdings in the Company, Datuk Lim Kok Eng and Datin Kwan Chian Poh are deemed to have interests in shares in all the subsidiaries during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest expect for any benefits may be deemed to arise from the following transactions:

	The Group RM
<b>Company controlled by directors</b>	
- Lease payment	353,280

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' BENEFITS (Cont'd)

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	<b>The Group</b> RM	<b>The Company</b> RM
Fees	124,800	124,800
Salaries, bonuses and other benefits	983,385	5,600
Contributions to defined contribution plan	195,000	-
	1,303,185	130,400
Estimated monetary value of benefits-in-kind	15,500	-

### INDEMNITY AND INSURANCE COSTS

During the financial year, the amount of insurance effected for the directors and officers of the Company and its subsidiaries was RM 3,000,000.

No indemnity was given to or insurance effected for the auditors of the Company.

### SUBSIDIARIES

(a) The details of the subsidiaries are as follows:

<b>Name of subsidiaries</b>	<b>Principal place of business and Country of incorporation</b>	<b>Percentage of issued share capital held by parent</b>	<b>Principal activities</b>
Spring Art Industries Sdn. Bhd.	Malaysia	100%	Manufacturing of ready-to-assemble furniture products.
Elisa Home Sdn. Bhd.	Malaysia	100%	Trading of ready-to-assemble furniture products.

(b) The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.



## DIRECTORS' REPORT (CONT'D)

### AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:

	<b>The Group</b> RM	<b>The Company</b> RM
Audit fees	84,000	25,000
Non-audit fees	5,000	5,000
	<hr/>	<hr/>
	89,000	30,000

Signed in accordance with a resolution of the directors dated 14 April 2026

**Datuk Lim Kok Eng**

**Datin Kwan Chian Poh**

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Lim Kok Eng and Datin Kwan Chian Poh, being two of the directors of Spring Art Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 105 to 159 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 14 April 2026

**Datuk Lim Kok Eng**

**Datin Kwan Chian Poh**

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Goh Chia Wei, MIA Membership Number: 42614, being the officer primarily responsible for the financial management of Spring Art Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 105 to 159 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Goh Chia Wei at Muar in the State of Johor Darul Takzim  
on this 14 April 2026

**Goh Chia Wei**

Before me

Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SPRING ART HOLDINGS BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Spring Art Holdings Berhad, which comprise the statements of financial position of the Group and the Company as at 31 December 2025, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 105 to 159.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPRING ART HOLDINGS BERHAD (CONT'D)

### Key Audit Matters (Cont'd)

We have determined the matter described below to be the key audit matter to be communicated in our report.

<b>Carrying value of inventories</b> Refer to Note 8 in the financial statements	
Key audit matter	How our audit addressed the key audit matter
<p>The Group held inventories with carrying amount of RM 9,586,039 as at 31 December 2025.</p> <p>We have considered carrying values of inventories as a key area for our audit as management periodically reviews the inventories for potential write-downs by considering their ageing profile, estimation of market price fluctuation and net realisable value.</p> <p>These reviews involve judgements and estimation uncertainty in forming expectations about future compensations, sales and demands.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• Comparing the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down.</li> <li>• Performing ageing test on the inventories and reviewing the impairment for slow-moving inventories, where applicable.</li> <li>• Performing inventory observation to access the existence and condition of inventories.</li> </ul>

There are no key audit matters to report for the Company.

### Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPRING ART HOLDINGS BERHAD (CONT'D)

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPRING ART HOLDINGS BERHAD (CONT'D)

### OTHER MATTERS

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

**Seah Shirley**  
03708/01/2027 J  
Chartered Accountant

Muar, Johor Darul Takzim

Date: 14 April 2026

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2025

	Note	The Group		The Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	64,655,624	68,185,397	-	-
Right-of-use assets	6	10,779,364	11,391,878	-	-
Investment in subsidiaries	7	-	-	53,299,980	53,299,980
		<u>75,434,988</u>	<u>79,577,275</u>	<u>53,299,980</u>	<u>53,299,980</u>
<b>CURRENT ASSETS</b>					
Inventories	8	9,586,039	11,301,415	-	-
Trade and other receivables	9	8,395,653	3,218,597	15,020	1,000
Short-term investments	10	870,594	3,007,491	870,594	-
Dividend receivable		-	-	258,000	3,010,000
Current tax assets		1,183,519	1,157,365	2,186	21,068
Derivative assets	11	49,235	1,170	-	-
Deposits, bank and cash balances	12	15,219,471	18,985,031	92,806	1,232,971
		<u>35,304,511</u>	<u>37,671,069</u>	<u>1,238,606</u>	<u>4,265,039</u>
<b>TOTAL ASSETS</b>		<u>110,739,499</u>	<u>117,248,344</u>	<u>54,538,586</u>	<u>57,565,019</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	13	54,755,173	54,755,173	54,755,173	54,755,173
Merger deficit	14	(31,299,980)	(31,299,980)	-	-
Reserves	15	66,611,851	70,311,171	(251,534)	2,779,846
<b>TOTAL EQUITY</b>		<u>90,067,044</u>	<u>93,766,364</u>	<u>54,503,639</u>	<u>57,535,019</u>
<b>NON-CURRENT LIABILITIES</b>					
Lease liability	16	581,646	902,025	-	-
Loans and borrowings	17	12,267,277	14,933,383	-	-
Deferred tax liabilities	18	1,886,000	1,536,000	-	-
		<u>14,734,923</u>	<u>17,371,408</u>	<u>-</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	19	3,831,577	3,890,854	34,947	30,000
Lease liability	16	320,379	306,766	-	-
Loans and borrowings	17	1,785,576	1,851,182	-	-
Derivative liabilities	11	-	61,770	-	-
		<u>5,937,532</u>	<u>6,110,572</u>	<u>34,947</u>	<u>30,000</u>
<b>TOTAL LIABILITIES</b>		<u>20,672,455</u>	<u>23,481,980</u>	<u>34,947</u>	<u>30,000</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>110,739,499</u>	<u>117,248,344</u>	<u>54,538,586</u>	<u>57,565,019</u>

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	The Group		The Company	
		2025 RM	2024 RM	2025 RM	2024 RM
REVENUE	20	46,314,893	49,571,721	258,000	3,010,000
COST OF SALES		(37,564,276)	(35,855,072)	-	-
GROSS PROFIT		8,750,617	13,716,649	258,000	3,010,000
OTHER INCOME		547,187	1,095,316	37,189	32,175
SELLING EXPENSES		(3,250,423)	(1,452,896)	-	-
ADMINISTRATIVE EXPENSES		(4,948,101)	(5,383,032)	(409,785)	(375,803)
OTHER EXPENSES		(715,312)	(639,545)	-	-
FINANCE COSTS	22	(699,740)	(617,311)	-	-
(LOSS)/PROFIT BEFORE TAX	23	(315,772)	6,719,181	(114,596)	2,666,372
TAX (EXPENSE)/CREDIT	24	(473,708)	2,521,118	(6,944)	(2,492)
(LOSS)/PROFIT AFTER TAX AND TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(789,480)	9,240,299	(121,540)	2,663,880
<b>(LOSS)/EARNINGS PER SHARE (SEN)</b>	25				
Basic		(0.19)	2.22		
Diluted		(0.19)	2.22		

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Non-distributable		Distributable		Total equity RM
		Share capital RM	Merger deficit RM	Revaluation reserve RM	Retained profits RM	
<b>The Group</b>						
Balance at 1 January 2024		54,754,613	(31,299,980)	10,724,375	52,424,954	86,603,962
Profit after tax and total comprehensive income for the financial year		-	-	-	9,240,299	9,240,299
Issuance of shares upon warrants exercised		560	-	-	-	560
Dividends	26	-	-	-	(2,078,457)	(2,078,457)
Total contributions by and distributions to owners		560	-	-	(2,078,457)	(2,077,897)
Amortisation of revaluation reserve		-	-	(259,732)	259,732	-
Balance at 31 December 2024		54,755,173	(31,299,980)	10,464,643	59,846,528	93,766,364
Balance at 1 January 2025		54,755,173	(31,299,980)	10,464,643	59,846,528	93,766,364
Loss after tax and total comprehensive expenses for the financial year		-	-	-	(789,480)	(789,480)
Dividends	26	-	-	-	(2,909,840)	(2,909,840)
Amortisation of revaluation reserve		-	-	(259,732)	259,732	-
Balance at 31 December 2025		54,755,173	(31,299,980)	10,204,911	56,406,940	90,067,044

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

	Share capital RM	<u>Distributable</u> Retained profits/ (Accumulated losses) RM	Total equity RM
<b>The Company</b>			
Balance at 1 January 2024	54,754,613	2,194,423	56,949,036
Profit after tax and total comprehensive income for the financial year	-	2,663,880	2,663,880
Issuance of shares upon warrants exercised	560	-	560
Dividends	-	(2,078,457)	(2,078,457)
Total contributions by and distributions to owners	560	(2,078,457)	(2,077,897)
Balance at 31 December 2024/1 January 2025	54,755,173	2,779,846	57,535,019
Loss after tax and total comprehensive expenses for the financial year	-	(121,540)	(121,540)
Dividends	-	(2,909,840)	(2,909,840)
Balance at 31 December 2025	54,755,173	(251,534)	54,503,639

Note

26

26

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	The Group		The Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(315,772)	6,719,181	(114,596)	2,666,372
Adjustments for:					
Depreciation of property, plant and equipment		4,494,548	2,481,657	-	-
Depreciation of right-of-use assets		612,514	418,158	-	-
Dividend income		(115,426)	(54,922)	(278,594)	(3,010,000)
Fair value (gain)/loss on derivatives		(109,835)	67,165	-	-
Gain on disposal of property, plant and equipment		-	(120,463)	-	-
Gain on disposal of short-term investments		(4,814)	-	(4,814)	-
Inventories written down		307,749	41,296	-	-
Unrealised loss/(gain) on foreign exchange		135,121	(353,977)	-	-
Interest expenses		699,740	617,311	-	-
Interest income		(303,889)	(523,363)	(11,781)	(32,175)
Operating profit/(loss) before working capital changes		5,399,936	9,292,043	(409,785)	(375,803)
Inventories		1,407,627	(3,296,153)	-	-
Trade and other receivables		(5,174,800)	8,976,217	(14,020)	-
Trade and other payables		22,208	(3,484,702)	4,947	-
<b>CASH FROM/(FOR) OPERATIONS</b>		1,654,971	11,487,405	(418,858)	(375,803)
Interest paid		(699,740)	(617,311)	-	-
Interest received		303,889	523,363	11,781	32,175
Tax paid		(238,337)	(1,639,502)	(4,070)	(5,060)
Tax refund		88,475	12,000	16,008	12,000
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		1,109,258	9,765,955	(395,139)	(336,688)

The annexed notes form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

	Note	The Group		The Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>					
Additions to fixed deposits with tenure more than 3 months		-	(1,491,000)	-	-
Dividend received		94,832	54,922	3,010,000	2,580,000
Proceeds from disposal of property, plant and equipment		-	129,298	-	-
Proceeds from disposal of short-term investments		14,207,137	3,130,795	3,104,814	-
Purchase of property, plant and equipment	5(f)	(1,135,052)	(1,789,171)	-	-
Purchase of short-term investments		(12,044,832)	(3,054,922)	(3,950,000)	-
<b>NET CASH FROM/(FOR) INVESTING ACTIVITIES</b>		<b>1,122,085</b>	<b>(3,020,078)</b>	<b>2,164,814</b>	<b>2,580,000</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>					
Dividend paid		(2,909,840)	(2,078,457)	(2,909,840)	(2,078,457)
Proceeds from term loans		3,000,000	61,887	-	-
Proceeds from issuance of shares upon warrants exercised		-	560	-	560
Repayment of hire purchase payable		(524,459)	-	-	-
Repayment of lease liability		(306,766)	(123,939)	-	-
Repayment of term loans		(5,207,253)	(1,306,875)	-	-
Withdrawal of/(Additions to) pledged fixed deposit		185,987	(5,339)	-	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>		<b>(5,762,331)</b>	<b>(3,452,163)</b>	<b>(2,909,840)</b>	<b>(2,077,897)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3,530,988)</b>	<b>3,293,714</b>	<b>(1,140,165)</b>	<b>165,415</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>		<b>(48,585)</b>	<b>45,537</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>15,798,044</b>	<b>12,458,793</b>	<b>1,232,971</b>	<b>1,067,556</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	27(c)	<b>12,218,471</b>	<b>15,798,044</b>	<b>92,806</b>	<b>1,232,971</b>

The annexed notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:

Registered office : No. 7 (1st Floor), Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1  
Jalan Bakri  
84000 Muar  
Johor Darul Takzim

Principal place of business : Lot PLO 49  
Jalan Rami 4  
Kawasan Perindustrian Bukit Pasir  
84300 Bukit Pasir, Muar  
Johor Darul Takzim

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as “the Group”.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 14 April 2026.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

#### **MFRSs and/or IC Interpretations (including the Consequential Amendments)**

Amendments to MFRS 121: Lack of Exchangeability

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

<b>MFRSs and/or IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:

#### MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and of the Company has yet to be assessed.

#### 4. MATERIAL ACCOUNTING POLICY INFORMATION

##### 4.1 Critical accounting estimates and judgements

###### *Key sources of estimation uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 4.1 Critical accounting estimates and judgements (cont'd)

##### *Key sources of estimation uncertainty (cont'd)*

##### **(a) Depreciation of property, plant and equipment**

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors that could change significantly due to technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in expected usage levels and technological development could affect the economic useful lives and the residual values of these assets, therefore future depreciation charges may be revised.

##### **(b) Property, plant and equipment under revaluation**

Certain properties of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby locations and where necessary, adjusting for tenure, location, size and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations.

##### **(c) Write-down of inventories**

Management periodically reviews damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### **(d) Impairment of trade receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts them for qualitative and quantitative, reasonable and supportable, forward-looking information, where applicable. If the expectation is different from the estimation, such a difference will impact the carrying value of trade receivables.

##### **(e) Income taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

##### **(f) Discount rates used in leases**

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 4.1 Critical accounting estimates and judgements (cont'd)

##### *Critical judgements made in applying accounting policies*

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than disclosed below:

##### **Lease terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances, including past practice and any cost that will be incurred to change the asset if an option to extend is not exercised. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### 4.2 Financial instruments

##### (a) Financial assets

###### Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to initial recognition, the financial assets are remeasured to their fair value at the reporting date with any fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

###### Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without a significant financing component which are measured at the transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

##### (b) Financial liabilities

###### Financial liabilities through profit or loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

###### Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

##### (c) Equity

###### Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 4.2 Financial instruments (cont'd)

##### (d) Derivatives

Derivatives are initially measured at fair value. Subsequent to initial recognition, the derivatives are remeasured to their fair value at the reporting date with any fair value changes recognised in profit or loss.

##### (e) Financial guarantee contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

#### 4.3 Basis of consolidation

The Group applies the acquisition method of accounting for all business combinations except for those involving entities under common control which are accounted for by applying the merger method of accounting.

Under the merger method of accounting, the assets and liabilities of the merger entities are reflected in the financial statements of the Group at their carrying amounts reported in the individual financial statements. The consolidated statement of profit or loss and other comprehensive income reflects the results of the merger entities for the full reporting period (irrespective of when the combination takes place) and comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

The difference between the cost of the merger and the share capital of the merger entities is reflected within equity as merger reserve or merger deficit, as appropriate. The merger deficit is adjusted against suitable reserves of the merger entities to the extent that laws or statutes do not prohibit the use of such reserves.

#### 4.4 Investment in subsidiaries

Investment in subsidiaries which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

#### 4.5 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land and factory buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and factory buildings are stated at revalued amounts based on periodic valuations, at least once in every three or five years, less subsequent depreciation for the factory buildings. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss. The Group makes an annual transfer of the revaluation reserve to retained profits at an amount equal to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost, net of tax.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

##### 4.5 Property, plant and equipment (cont'd)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:

Factory buildings	2%
Electrical installation, plant and machinery	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	20%

Capital work-in-progress represents office under renovation and ERP system under development. They are not depreciated until such time when the asset is available for use.

##### 4.6 Right-of-use assets and lease liability

###### (a) Right-of-use assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets, other than leasehold land and leasehold factory building, are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

Leasehold land and leasehold factory building are stated at revalued amounts based on periodic valuations, at least once in every three or five years, less subsequent depreciation. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss. The Group makes an annual transfer of the revaluation reserve to retained profits at an amount equal to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost, net of tax.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

###### (b) Lease liability

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entity's incremental borrowing rate. Subsequent to initial recognition, lease liability is measured at amortised cost and is adjusted for any lease reassessment or modifications.

##### 4.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out or weighted average cost method, where applicable, and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)**

**5. PROPERTY, PLANT AND EQUIPMENT**

<b>The Group</b>	<b>Freehold land</b> RM	<b>Factory buildings</b> RM	<b>Electrical installation, plant and machinery</b> RM	<b>Office equipment, furniture and fittings</b> RM	<b>Motor vehicles</b> RM	<b>Capital work-in-progress</b> RM	<b>Total</b> RM
<b>At cost/valuation</b>							
At 1 January 2025	20,068,601	21,497,258	43,787,803	1,770,576	1,761,752	880,034	89,766,024
Additions	-	268,727	397,147	78,550	-	220,351	964,775
Disposals	-	-	(190,021)	-	-	-	(190,021)
Reclassification	-	-	150,920	-	-	(150,920)	-
At 31 December 2025	20,068,601	21,765,985	44,145,849	1,849,126	1,761,752	949,465	90,540,778
<b>Representing</b>							
At valuation	20,065,361	10,049,991	-	-	-	-	30,115,352
At cost	3,240	11,715,994	44,145,849	1,849,126	1,761,752	949,465	60,425,426
	20,068,601	21,765,985	44,145,849	1,849,126	1,761,752	949,465	90,540,778

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Freehold land RM	Factory buildings RM	Electrical installation, plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
<b>Less : Accumulated depreciation</b>							
At 1 January 2025	-	911,175	18,520,746	1,118,013	1,030,693	-	21,580,627
Charge for the financial year	-	449,702	3,581,312	199,761	263,773	-	4,494,548
Write off	-	-	(190,021)	-	-	-	(190,021)
At 31 December 2025	-	1,360,877	21,912,037	1,317,774	1,294,466	-	25,885,154
<b>Representing</b>							
At valuation	-	1,073,473	-	-	-	-	1,073,473
At cost	-	287,404	21,912,037	1,317,774	1,294,466	-	24,811,681
<b>Carrying amount</b>							
At 31 December 2025	20,068,601	20,405,108	22,233,812	531,352	467,286	949,465	64,655,624
<b>Representing</b>							
At valuation	20,065,361	8,976,518	-	-	-	-	29,041,879
At cost	3,240	11,428,590	22,233,812	531,352	467,286	949,465	35,613,745
At 31 December 2025	20,068,601	20,405,108	22,233,812	531,352	467,286	949,465	64,655,624

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)**

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>The Group</b>	<b>Freehold land</b> RM	<b>Factory buildings</b> RM	<b>Electrical installation, plant and machinery</b> RM	<b>Office equipment, furniture and fittings</b> RM	<b>Motor vehicles</b> RM	<b>Capital work-in-progress</b> RM	<b>Total</b> RM
<b>At cost/valuation</b>							
At 1 January 2024	20,065,361	10,022,191	21,497,654	1,442,401	1,374,054	32,692,349	87,094,010
Additions	3,240	342,763	2,237,228	328,175	699,021	1,054,698	4,665,125
Disposals	-	-	(278,026)	-	(311,323)	-	(589,349)
Write off	-	-	(1,403,762)	-	-	-	(1,403,762)
Reclassification	-	11,132,304	21,734,709	-	-	(32,867,013)	-
At 31 December 2024	20,068,601	21,497,258	43,787,803	1,770,576	1,761,752	880,034	89,766,024
<b>Representing</b>							
At valuation	20,065,361	10,022,191	-	-	-	-	30,087,552
At cost	3,240	11,475,067	43,787,803	1,770,576	1,761,752	880,034	59,678,472
	20,068,601	21,497,258	43,787,803	1,770,576	1,761,752	880,034	89,766,024

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Factory buildings RM	Electrical installation, plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
<b>Less : Accumulated depreciation</b>							
At 1 January 2024	-	636,781	18,391,868	953,684	1,100,913	-	21,083,246
Charge for the financial year	-	274,394	1,802,799	164,329	240,135	-	2,481,657
Disposals	-	-	(270,159)	-	(310,355)	-	(580,514)
Write off	-	-	(1,403,762)	-	-	-	(1,403,762)
At 31 December 2024	-	911,175	18,520,746	1,118,013	1,030,693	-	21,580,627
<b>Representing</b>							
At valuation	-	855,028	-	-	-	-	855,028
At cost	-	56,147	18,520,746	1,118,013	1,030,693	-	20,725,599
<b>Carrying amount</b>							
At 31 December 2024	20,068,601	20,586,083	25,267,057	652,563	731,059	880,034	68,185,397
<b>Representing</b>							
At valuation	20,065,361	9,167,163	-	-	-	-	29,232,524
At cost	3,240	11,418,920	25,267,057	652,563	731,059	880,034	38,952,873
At 31 December 2024	20,068,601	20,586,083	25,267,057	652,563	731,059	880,034	68,185,397

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The following property, plant and equipment have been pledged to licensed banks as security for banking facilities granted to the Group (Note 17(a)):

	<b>The Group</b>	
	<b>2025</b> RM	<b>2024</b> RM
<b>Carrying amount</b>		
Freehold land	10,251,000	17,763,601
Factory buildings	20,405,108	20,586,083
	30,656,108	38,349,684

- (b) Included in the property, plant and equipment of the Group was plant and machinery held under hire purchase arrangement with a total carrying amount of RM 3,471,501 (2024 : RM 3,864,501). This asset has been pledged as security for the hire purchase payable of the Group (Note 17(a)).
- (c) The Group's freehold land and factory buildings were last revalued by independent professional valuers in September and December 2023. The surpluses arising from revaluations, net of deferred tax, had been credited to other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reversed a revaluation deficit of the same asset previously recognised in profit or loss, if any.
- (d) Fair value measurements of the freehold land and factory buildings were categorised under Level 2.

Level 2 fair values of freehold land have been generally derived using the comparison method approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. Level 2 fair values of factory buildings have been generally derived using the depreciated replacement cost approach. The most significant input into this valuation approach is the adjustment for factors such as physical deterioration, functional and economic obsolescence.

There were no transfers between levels 1 and 2 during the financial year.

The fair value measurements of the freehold land and factory buildings are based on the highest and best use which does not differ from their actual use.

- (e) If the freehold land and factory buildings were measured using the cost model, the carrying amounts would be as follows:

	<b>The Group</b>	
	<b>2025</b> RM	<b>2024</b> RM
Freehold land	18,119,544	18,119,544
Factory buildings	3,889,187	3,963,096
	22,008,731	22,082,640

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(f) The cash disbursed for the purchase of property, plant and equipment is as follows:

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
Cost of property, plant and equipment purchased	964,775	4,665,125
Acquired through hire purchase arrangement	-	(3,000,000)
Deposits included under other receivables (Note 9(b))	153,677	50,354
Deposits made in previous financial year	(50,354)	(134,270)
Unpaid balances included under sundry payables (Note 19(b))	-	(66,954)
Cash disbursed in respect of purchase in previous financial year	66,954	274,916
Cash disbursed for purchase of property, plant and equipment	1,135,052	1,789,171

(g) There have been no property, plant and equipment in the Company throughout the current and previous financial years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 6. RIGHT-OF-USE ASSETS

The Group	Leasehold land RM	Leasehold factory building RM	Factory building RM	Total RM
<b>At cost/valuation</b>				
<b>Carrying amount</b>				
At 1 January 2025	2,899,241	7,298,733	1,193,904	11,391,878
Depreciation charges	(83,959)	(195,373)	(333,182)	(612,514)
At 31 December 2025	2,815,282	7,103,360	860,722	10,779,364
<b>Representing</b>				
At valuation	2,815,282	7,103,360	-	9,918,642
At cost	-	-	860,722	860,722
	2,815,282	7,103,360	860,722	10,779,364
<b>The Group</b>				
<b>At cost/valuation</b>				
<b>Carrying amount</b>				
At 1 January 2024	2,983,200	7,494,106	-	10,477,306
Addition	-	-	1,332,730	1,332,730
Depreciation charges	(83,959)	(195,373)	(138,826)	(418,158)
At 31 December 2024	2,899,241	7,298,733	1,193,904	11,391,878
<b>Representing</b>				
At valuation	2,899,241	7,298,733	-	10,197,974
At cost	-	-	1,193,904	1,193,904
	2,899,241	7,298,733	1,193,904	11,391,878

(a) The Group leases a piece of leasehold land and a factory building of which the leasing activities are summarised below:

(i) Leasehold land

The Group has entered into a non-cancellable operating lease agreement for the use of land. The lease is for a period of 60 (2024 : 60) years with no renewal or purchase option included in the agreement.

(ii) Factory building

The Group has leased a factory building that runs for 3 (2024 : 3) years, with an option to renew the lease after that date.

(b) The leasehold land and leasehold factory building of the Group with carrying amount of RM 9,918,642 (2024 : RM 10,197,974) have been pledged to a licensed bank as security for banking facilities granted to the Group (Note 17(a)).

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 6. RIGHT-OF-USE ASSETS (CONT'D)

(c) The Group's leasehold land and leasehold factory building were last revalued by independent professional valuers in December 2023. The surplus arising from the revaluation, net of deferred tax, had been credited to other comprehensive income and accumulated in equity under the revaluation reserve to the extent that if reversed a revaluation deficit of the same assets previously recognised in profit or lost, if any.

(d) Fair value measurements of the leasehold land and leasehold factory building were categorised under Level 2.

Level 2 fair values of leasehold land have been generally derived using the comparison method approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. Level 2 fair values of leasehold factory building have been generally derived using the depreciated replacement cost approach. The most significant input into this valuation approach is the adjustment for factors such as physical deterioration, functional and economic obsolescence.

There were no transfers between levels 1 and 2 during the financial year.

The fair value measurements of the leasehold land and leasehold factory building are based on the highest and best use which does not differ from their actual use.

(e) If the leasehold land and leasehold factory building were measured using the cost model, the carrying amounts would be as follows:

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
Leasehold land	1,765,053	1,818,054
Leasehold factory building	1,931,551	2,007,913
	3,696,604	3,825,967

(f) The cash disbursed for the addition of right-of-use assets is as follows:

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
Cost of right-of-use assets acquired	-	1,332,730
Addition of new lease liability	-	(1,332,730)
Cash disbursed for addition of right-of-use assets	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 7. INVESTMENT IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2025</b> RM	<b>2024</b> RM
Unquoted shares, at cost	53,299,980	53,299,980

The details of the subsidiaries are as follows:

<b>Name of subsidiaries</b>	<b>Principal place of business and Country of incorporation</b>	<b>Percentage of issued share capital held by parent</b>		<b>Principal activities</b>
		<b>2025</b>	<b>2024</b>	
		Spring Art Industries Sdn. Bhd.	Malaysia	
Elisa Home Sdn. Bhd.	Malaysia	100%	100%	Trading of ready-to-assemble furniture products.

### 8. INVENTORIES

	<b>The Group</b>	
	<b>2025</b> RM	<b>2024</b> RM
Raw materials	4,121,731	4,419,683
Work-in-progress	2,075,551	2,975,596
Finished goods	3,388,757	3,906,136
	9,586,039	11,301,415
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of sales	37,564,276	35,855,072
Inventories written down	307,749	41,296

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 9. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Trade receivables</b>	6,582,789	1,692,148	-	-
<b>Other receivables</b>				
Deposits	583,272	475,576	15,020	1,000
Prepayments	1,013,880	899,761	-	-
Sundry receivables	215,712	151,112	-	-
	1,812,864	1,526,449	15,020	1,000
	8,395,653	3,218,597	15,020	1,000

- (a) The Group's normal trade terms range from cash term - 90 days of credit (2024 : cash term - 90 days of credit).
- (b) Included in deposits of the Group is an amount of RM 153,677 (2024 : RM 50,354) paid for future purchase of property, plant and equipment (Note 5(f)).

#### 10. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Money market funds, at fair value				
- Maybank Corporate Money Market-I Fund	-	3,007,491	-	-
- United Money Market Fund - Class C	358,220	-	358,220	-
- United Islamic Cash Management Fund - Class C	512,374	-	512,374	-
	870,594	3,007,491	870,594	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 11. DERIVATIVE ASSETS/(LIABILITIES)

	<b>The Group</b>			
	<b>Contract/Notional amount</b>			
	<b>2025</b> RM	<b>2024</b> RM	<b>2025</b> RM	<b>2024</b> RM
<b>Derivative assets</b>				
Forward currency contracts	2,686,285	224,645	49,235	1,170
<b>Derivative liabilities</b>				
Forward currency contracts	-	2,396,455	-	(61,770)

The Group uses forward currency contracts to manage some of its transaction exposure. These contracts are not designated as cash flows or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. The settlement dates on forward currency contracts range from January 2026 to March 2026 (2024 : January 2025 to April 2025).

### 12. DEPOSITS, BANK AND CASH BALANCES

	<b>The Group</b>		<b>The Company</b>	
	<b>2025</b> RM	<b>2024</b> RM	<b>2025</b> RM	<b>2024</b> RM
Cash and bank balances	12,218,471	11,798,044	92,806	732,971
Fixed deposits with licensed banks	3,001,000	7,186,987	-	500,000
	15,219,471	18,985,031	92,806	1,232,971

- (a) As at 31 December 2024, the fixed deposit with licensed bank of RM 185,987 has been pledged to a licensed bank as security for term loan facility granted to the Group.
- (b) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bear effective interest rates ranging from 2.5% to 3.4% and Nil (2024 : 2.6% to 3.8% and 3.4%) per annum respectively. The fixed deposits have maturity periods ranging from 6 to 12 months and Nil (2024 : 3 to 12 months and 3 months) for the Group and the Company respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 13. SHARE CAPITAL

	<b>The Group and The Company</b>			
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	Number of shares		RM	RM
<b>Issued and fully paid-up</b>				
Ordinary shares				
At 1 January	415,691,400	415,689,400	54,755,173	54,754,613
Issuance of new shares upon warrants exercised	-	2,000	-	560
At 31 December	415,691,400	415,691,400	54,755,173	54,755,173

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

#### Warrants 2021/2025

A total 166,274,800 free warrants were issued by the Company on 25 February 2021 ("Warrants" or "Warrants 2021/2025") on the basis of two (2) warrants for every five (5) existing ordinary shares held. Each Warrant entitles the holder the right to subscribed for one (1) new ordinary share of the Company at an exercise price of RM 0.28 per new ordinary share. The Warrants had expired on 24 February 2025.

The salient terms of the above Warrants 2021/2025 are as follows:

- (a) The Warrants are constituted by a Deed Poll executed on 8 February 2021.
- (b) The Warrants are traded separately.
- (c) The Warrants can be exercised at any time within a period of four (4) years commencing from and including the date of issue, 25 February 2021 to 24 February 2025 ("Exercise Period"). Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
- (d) Each Warrants entitles the holder of the Warrants to subscribe for one (1) new ordinary share in the Company.
- (e) The exercise price and the number of Warrants shall be adjusted in the event of alteration to the share capital of the Company, in accordance with the provisions of the Deed Poll.
- (f) The holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such holders exercise their Warrants into new ordinary shares.

#### 14. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 15. RESERVES

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Non-distributable</b>				
Revaluation reserve	10,204,911	10,464,643	-	-
<b>Distributable</b>				
Retained profits/(Accumulated losses)	56,406,940	59,846,528	(251,534)	2,779,846
	66,611,851	70,311,171	(251,534)	2,779,846

The revaluation reserve represents the increase in the fair value of the Group's freehold land and factory buildings (net of deferred tax, where applicable) presented under property, plant and equipment, and the Group's leasehold land and leasehold factory building (net of deferred tax, where applicable) presented under right-of-use assets respectively.

### 16. LEASE LIABILITY

	The Group	
	2025 RM	2024 RM
At 1 January	1,208,791	-
Addition	-	1,332,730
Interest expense recognised in profit or loss	46,514	23,261
Repayment of principal	(306,766)	(123,939)
Repayment of interest expense	(46,514)	(23,261)
At 31 December	902,025	1,208,791
<b>Analysed by</b>		
Current liabilities	320,379	306,766
Non-current liabilities	581,646	902,025
	902,025	1,208,791

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 17. LOANS AND BORROWINGS

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
<b>Current</b>		
Secured - Hire purchase payable	562,230	524,459
- Term loans	1,223,346	1,326,723
	1,785,576	1,851,182
<b>Non-current</b>		
Secured - Hire purchase payable	1,913,311	2,475,541
- Term loans	10,353,966	12,457,842
	12,267,277	14,933,383
	14,052,853	16,784,565
<b>Total loans and borrowings</b>		
Secured - Hire purchase payable	2,475,541	3,000,000
- Term loans	11,577,312	13,784,565
	14,052,853	16,784,565

(a) The loans and borrowings of the Group are secured by the followings:

- (i) Certain freehold land, factory buildings, plant and machinery held as property, plant and equipment (Note 5(a) and 5(b));
- (ii) Leasehold land and leasehold factory building held as right-of-use assets (Note 6(b));
- (iii) Corporate guarantee provided by the Company; and
- (iv) Specific debenture over certain plant and machinery.

(b) The major covenants of the term loans are as follows:

Term loan 1 of RM 6,920,003 (2024 : RM 7,597,510)

- (i) A subsidiary's gearing ratio shall not exceed 1.0 time; or
- (ii) Dividend payment made by the subsidiary shall not exceed 50% of its respective year's profit after tax.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 17. LOANS AND BORROWINGS (CONT'D)

(b) The major covenants of the term loans are as follows (cont'd):

Term loan 2 of RM 4,657,309 (2024 : RM 1,852,586)

(i) A subsidiary's gearing ratio shall not exceed 1.0 time.

The covenants are tested half-yearly, at 30 June and 31 December. The Group has complied with the covenants throughout the reporting periods.

There are no indicators that the Group would have difficulties complying with the upcoming covenant assessments.

(c) The loans and borrowings at the end of reporting bear effective annual interest rates as follows:

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
	%	%
Hire purchase payable	6.0	6.0
Term loans	4.0 - 4.4	4.4 - 4.7

### 18. DEFERRED TAX LIABILITIES

	<b>At 1 January</b>	<b>Recognised in profit or loss</b>	<b>At 31 December</b>
	RM	RM	RM
<b>The Group</b>			
<b>2025</b>			
<b><i>Deferred tax assets</i></b>			
Unabsorbed capital allowances	(443,000)	157,000	(286,000)
Unutilised reinvestment allowance	(4,532,000)	-	(4,532,000)
<b><i>Deferred tax liabilities</i></b>			
Property, plant and equipment*	4,650,000	220,000	4,870,000
Right-of-use assets*	1,861,000	(27,000)	1,834,000
	1,536,000	350,000	1,886,000

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 18. DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January RM	Recognised in profit or loss RM	At 31 December RM
<b>2024</b>			
<b>Deferred tax assets</b>			
Unabsorbed capital allowances	-	(443,000)	(443,000)
Unutilised reinvestment allowance	-	(4,532,000)	(4,532,000)
<b>Deferred tax liabilities</b>			
Property, plant and equipment*	2,266,000	2,384,000	4,650,000
Right-of-use assets*	1,888,000	(27,000)	1,861,000
	4,154,000	(2,618,000)	1,536,000

\* Includes the deferred tax from the revaluation of property, plant and equipment and right-of-use assets.

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:

	2025 RM	2024* RM
<b>The Group</b>		
Unused tax losses		
- expires 31 December 2034	38,000	38,000
- expires 31 December 2035	1,027,000	-
Unabsorbed capital allowances	5,000	4,000
	1,070,000	42,000

\* Certain comparative figures have been restated to reflect the revised tax losses carry-forward available to the Group.

Based on the current legislation, the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Trade payables</b>	1,999,174	2,029,005	-	-
<b>Other payables</b>				
Advance from customers	372,007	449,085	-	-
Accruals	1,109,966	948,034	34,947	30,000
Sales and services tax payable	3,279	10,887	-	-
Sundry payables	347,151	453,843	-	-
	1,832,403	1,861,849	34,947	30,000
	3,831,577	3,890,854	34,947	30,000

- (a) The normal trade terms granted to the Group range from cash term - 90 days of credit (2024 : cash term - 90 days of credit).
- (b) As at 31 December 2024, included in sundry payables of the Group is an amount of RM 66,954 payable for the purchase of property, plant and equipment (Note 5(f)).

### 20. REVENUE

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Revenue from contracts with customers recognised at a point in time</b>				
Sale of ready-to-assemble furniture products	46,314,893	49,571,721	-	-
<b>Revenue from other sources</b>				
Dividend income	-	-	258,000	3,010,000
	46,314,893	49,571,721	258,000	3,010,000

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 20. REVENUE (CONT'D)

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 29(b).

(b) The information about the performance obligations in contracts with customers is summarised below:

<u>Nature of goods or services</u>	<u>Timing and method of revenue recognition</u>	<u>Significant payment terms</u>	<u>Variable considerations</u>	<u>Warranty and obligation for returns or refunds</u>
Sale of ready-to-assemble furniture products	When the goods are delivered and accepted by customers or reached the destination set by customers	Cash term - 90 days of credit from the invoice date	Not applicable	Not applicable

(c) The information of the revenue from other sources is summarised below:

#### Dividend income

Dividend income is recognised when the right to receive dividend payment is established.

#### 21. DIRECTORS' REMUNERATION

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Executive directors of the Company</b>				
Salaries, bonuses and other benefits	977,785	1,014,934	-	-
Contributions to defined contribution plan	195,000	202,500	-	-
	1,172,785	1,217,434	-	-
Estimated monetary value of benefits-in-kind	15,500	21,250	-	-
	1,188,285	1,238,684	-	-
<b>Non-executive directors of the Company</b>				
Fees	124,800	114,000	124,800	114,000
Salaries, bonuses and other benefits	5,600	6,600	5,600	6,600
	130,400	120,600	130,400	120,600
<b>Total directors' remuneration</b>	<b>1,318,685</b>	<b>1,359,284</b>	<b>130,400</b>	<b>120,600</b>
<b>Analysis excluding monetary value of benefits-in-kind</b>				
Total executive directors' remuneration	1,172,785	1,217,434	-	-
Total non-executive directors' remuneration	130,400	120,600	130,400	120,600
	1,303,185	1,338,034	130,400	120,600

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 22. FINANCE COSTS

	The Group	
	2025 RM	2024 RM
Interest expenses on financial liabilities that are not at fair value through profit or loss		
- hire purchase payable	171,541	-
- term loans	481,685	594,050
Interest expense on lease liability	46,514	23,261
	699,740	617,311

### 23. (LOSS)/PROFIT BEFORE TAX

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>This is arrived at after charging:</b>				
Auditors' remuneration				
- audit fees	84,000	84,000	25,000	25,000
- non-audit fees:				
- auditors of the Company	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	4,494,548	2,481,657	-	-
Depreciation of right-of-use assets	612,514	418,158	-	-
Fair value loss on derivatives	-	67,165	-	-
Inventories written down	307,749	41,296	-	-
Realised loss on foreign exchange	580,191	572,380	-	-
Staff costs (including key management personnel (Note 28(c)))				
- short-term employee benefits	9,824,972	9,470,938	130,400	120,600
- contributions to defined contribution plan	547,546	511,196	-	-
- others	828,084	1,273,038	-	-
Unrealised loss on foreign exchange	135,121	-	-	-
<b>And crediting:</b>				
Dividend income	(115,426)	(54,922)	(20,594)	-
Fair value gain on derivatives	(109,835)	-	-	-
Gain on disposal of property, plant and equipment	-	(120,463)	-	-
Gain on disposal of short-term investments	(4,814)	-	(4,814)	-
Total interest income on financial assets measured at amortised cost	(303,889)	(523,363)	(11,781)	(32,175)
Unrealised gain on foreign exchange	-	(353,977)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 24. TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current tax expense				
- for the financial year	111,000	88,000	-	-
- under provision in previous financial year	12,708	8,882	6,944	2,492
	123,708	96,882	6,944	2,492
Deferred tax expense/(income)				
- origination of temporary differences	350,000	(2,618,000)	-	-
	473,708	(2,521,118)	6,944	2,492

A reconciliation of income tax expenses applicable to the (loss)/profit before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
(Loss)/Profit before tax	(315,772)	6,719,181	(114,596)	2,666,372
Tax at the statutory tax rate	(76,000)	1,613,000	(28,000)	640,000
Tax effects of:				
- non-deductible expenses	303,000	397,000	95,000	82,000
- non-taxable income	(28,000)	(13,000)	(67,000)	(722,000)
Deferred tax assets not recognised	262,000	5,000	-	-
Deferred tax assets recognised in respect of unabsorbed reinvestment allowances	-	(4,532,000)	-	-
Under provision of current tax expense in previous financial year	12,708	8,882	6,944	2,492
	473,708	(2,521,118)	6,944	2,492

The income tax is calculated at the Malaysian statutory tax rate of 24% (2024 : 24%) of the estimated assessable profit for the financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 25. (LOSS)/EARNINGS PER SHARE

#### (a) Basic (loss)/earnings per share

The basic (loss)/earnings per share is calculated by dividing the consolidated (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>The Group</b>	
	<b>2025</b> RM	<b>2024</b> RM
(Loss)/Profit after tax attributable to owners of the Company	(789,480)	9,240,299
	<b>2025</b> Units	<b>2024</b> Units
Weighted average number of ordinary shares in issue	415,690,837	415,490,837
Basic (loss)/earnings per share (sen)	(0.19)	2.22

#### (b) Diluted (loss)/earnings per share

The effects of potential ordinary shares arising from the conversion of warrants is anti-dilutive and accordingly, it has been ignored in the calculation of diluted (loss)/earnings per share. As a result, the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

### 26. DIVIDENDS

	<b>The Group and The Company</b>	
	<b>2025</b> RM	<b>2024</b> RM
<b>In respect of the financial year ended 31 December 2023</b>		
Final dividend of 0.5 sen per ordinary share	-	2,078,457
<b>In respect of the financial year ended 31 December 2025</b>		
First interim single-tier dividend of 0.7 sen per ordinary share	2,909,840	-
	<u>2,909,840</u>	<u>2,078,457</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 27. CASH FLOWS INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:

	<b>Lease liability RM</b>	<b>Hire purchase payable RM</b>	<b>Term loans RM</b>	<b>Total RM</b>
<b>The Group</b>				
<b>2025</b>				
At 1 January	1,208,791	3,000,000	13,784,565	17,993,356
<u>Changes in financing cash flows</u>				
Proceeds from drawdown	-	-	3,000,000	3,000,000
Repayment of principal	(306,766)	(524,459)	(5,207,253)	(6,038,478)
Repayment of interests	(46,514)	(171,541)	(481,685)	(699,740)
	(353,280)	(696,000)	(2,688,938)	(3,738,218)
<u>Other changes</u>				
Interest expenses recognised in profit or loss	46,514	171,541	481,685	699,740
At 31 December	902,025	2,475,541	11,577,312	14,954,878
<b>2024</b>				
At 1 January	-	-	15,029,553	15,029,553
<u>Changes in financing cash flows</u>				
Proceeds from drawdown	-	-	61,887	61,887
Repayment of principal	(123,939)	-	(1,306,875)	(1,430,814)
Repayment of interests	(23,261)	-	(594,050)	(617,311)
	(147,200)	-	(1,839,038)	(1,986,238)
<u>Other changes</u>				
Acquisition of new lease	1,332,730	-	-	1,332,730
New hire purchase payable	-	3,000,000	-	3,000,000
Interest expenses recognised in profit or loss	23,261	-	594,050	617,311
	1,355,991	3,000,000	594,050	4,950,041
At 31 December	1,208,791	3,000,000	13,784,565	17,993,356

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 27. CASH FLOWS INFORMATION (CONT'D)

(b) The total cash outflows for leases as a lessee are as follows:

	<b>The Group</b>	
	<b>2025</b> RM	<b>2024</b> RM
Interest paid on lease liability	46,514	23,261
Payment of lease liability	306,766	123,939
	353,280	147,200

(c) The cash and cash equivalents comprise the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2025</b> RM	<b>2024</b> RM	<b>2025</b> RM	<b>2024</b> RM
Deposits, bank and cash balances	15,219,471	18,985,031	92,806	1,232,971
Less: Fixed deposit pledged to a licensed bank	-	(185,987)	-	-
Fixed deposits with tenure more than 3 months	(3,001,000)	(3,001,000)	-	-
	12,218,471	15,798,044	92,806	1,232,971

### 28. RELATED PARTY DISCLOSURES

#### (a) Subsidiaries

The subsidiaries are disclosed in Note 7.

#### (b) Significant related party transactions and balances

The Group and the Company carried out the following significant transactions with the related parties during the financial year:

	<b>The Group</b>		<b>The Company</b>	
	<b>2025</b> RM	<b>2024</b> RM	<b>2025</b> RM	<b>2024</b> RM
<b>Subsidiary</b>				
- Dividend income	-	-	(258,000)	(3,010,000)
<b>Company controlled by directors</b>				
- Lease payment	353,280	147,200	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 28. RELATED PARTY DISCLOSURES (CONT'D)

##### (c) Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors. Details of the compensation for these key management personnel are disclosed in Note 21.

#### 29. OPERATING SEGMENTS

##### (a) Business segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely sale and manufacturing of furniture.

##### (b) Geographical information

In presenting the information on the basis of geographical segments, segmental information on non-current assets is not presented as all non-current assets are located in Malaysia.

Segmental revenue is presented based on the geographical region as follows:

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
Africa	360,271	831,553
Asia (excluding Malaysia)	1,057,413	1,720,267
Europe	2,751,684	1,914,619
Middle East	36,857,019	38,408,973
North America and Latin America	2,962,065	3,877,442
Oceania	223,625	228,860
Malaysia	2,102,816	2,590,007
	46,314,893	49,571,721

##### (c) Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
Customer A	31,112,675	33,939,609



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 30. CAPITAL COMMITMENTS

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
Purchase of property, plant and equipment	9,777	256,012

### 31. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

#### 31.1 Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:

**(a) Market risk**

**(i) Foreign currency risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 31. FINANCIAL INSTRUMENTS (CONT'D)

##### 31.1 Financial risk management policies (cont'd)

###### (a) Market risk (cont'd)

###### (i) Foreign currency risk (cont'd)

###### Foreign currency exposure

###### The Group 2025

###### Financial assets

	USD RM	SGD RM	EUR RM	RM RM	Total RM
Trade and other receivables (N1)	6,497,954	7,822	-	292,725	6,798,501
Short-term investments	-	-	-	870,594	870,594
Derivative assets	49,235	-	-	-	49,235
Deposits, bank and cash balances	937,812	395,217	24	13,886,418	15,219,471
	7,485,001	403,039	24	15,049,737	22,937,801
<u>Financial liabilities</u>					
Trade and other payables (N2)	(602,344)	-	-	(2,853,947)	(3,456,291)
Loans and borrowings:					
- Hire purchase payable	-	-	-	(2,475,541)	(2,475,541)
- Term loans	-	-	-	(11,577,312)	(11,577,312)
	(602,344)	-	-	(16,906,800)	(17,509,144)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (a) Market risk (cont'd)

##### (i) Foreign currency risk (cont'd)

##### Foreign currency exposure (cont'd)

<b>The Group</b>	<b>USD</b>	<b>SGD</b>	<b>EUR</b>	<b>RM</b>	<b>Total</b>
<b>2025</b>	RM	RM	RM	RM	RM
Net financial assets/(liabilities)	6,882,657	403,039	24	(1,857,063)	5,428,657
Less : Net financial liabilities denominated in the respective entities' functional currency	-	-	-	1,857,063	1,857,063
Less : Forward currency contracts (contracted notional principal)	(2,686,285)	-	-	-	(2,686,285)
Currency exposure	4,196,372	403,039	24	-	4,599,435
<b>2024</b>					
<u>Financial assets</u>					
Trade and other receivables (N1)	1,534,096	119,355	-	189,809	1,843,260
Short-term investments	-	-	-	3,007,491	3,007,491
Derivative assets	1,170	-	-	-	1,170
Deposits, bank and cash balances	7,043,533	232,182	23	11,709,293	18,985,031
	8,578,799	351,537	23	14,906,593	23,836,952

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 31. FINANCIAL INSTRUMENTS (CONT'D)

##### 31.1 Financial risk management policies (cont'd)

###### (a) Market risk (cont'd)

###### (i) Foreign currency risk (cont'd)

###### Foreign currency exposure (cont'd)

The Group 2024	USD RM	SGD RM	EUR RM	RM RM	Total RM
<u>Financial liabilities</u>					
Trade and other payables (N2)	(140,940)	-	-	(3,289,942)	(3,430,882)
Loans and borrowings:					
- Hire purchase payable	-	-	-	(3,000,000)	(3,000,000)
- Term loans	-	-	-	(13,784,565)	(13,784,565)
Derivative liabilities	(61,770)	-	-	-	(61,770)
	(202,710)	-	-	(20,074,507)	(20,277,217)
Net financial assets/(liabilities)	8,376,089	351,537	23	(5,167,914)	3,559,735
Less : Net financial liabilities denominated in the respective entities' functional currency	-	-	-	5,167,914	5,167,914
Less : Forward currency contracts (contracted notional principal)	(2,621,100)	-	-	-	(2,621,100)
Currency exposure	5,754,989	351,537	23	-	6,106,549

N1 - Excluding deposits and prepayments

N2 - Excluding advance from customers and certain payables

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (a) Market risk (cont'd)

##### (i) Foreign currency risk (cont'd)

##### *Foreign currency risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:

	The Group	
	2025 RM	2024 RM
<b>Effects on (loss)/profit after tax</b>		
USD/RM		
- strengthened by 5%	159,462	218,690
- weakened by 5%	(159,462)	(218,690)
SGD/RM		
- strengthened by 5%	15,315	13,358
- weakened by 5%	(15,315)	(13,358)
EUR/RM		
- strengthened by 5%	1	1
- weakened by 5%	(1)	(1)

There is no impact on the Group's equity.

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate loan and borrowings.

The fixed rate debt instruments of the Group are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk of the Group based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 17.

The Company does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (a) Market risk (cont'd)

##### (ii) Interest rate risk (cont'd)

###### *Interest rate risk sensitivity analysis*

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the (loss)/profit after tax and equity of the Group and hence, no sensitivity analysis is presented.

##### (iii) Equity price risk

The exposure to equity price risk arises mainly from changes in unit trusts prices of the Group and the Company. The Group and the Company manage their exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

###### *Equity price risk sensitivity analysis*

Any reasonably possible change in the prices of unit trusts classified as fair value through profit or loss at the end of the reporting period does not have a material impact on the profit after tax and equity of the Group and the Company and hence, no sensitivity analysis is presented.

##### (b) Credit risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including short-term investments, derivatives, deposits, bank and cash balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes corporate guarantee given to financial institutions for credit facilities granted to subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (b) Credit risk (cont'd)

##### (i) Credit risk concentration profile

The Group determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

	The Group	
	2025 RM	2024 RM
Africa	245,038	183,780
Asia (excluding Malaysia)	127,915	283,849
Europe	345,674	215,965
Middle East	5,253,337	927,382
North America and Latin America	466,308	42,474
Oceania	67,503	-
Malaysia	77,014	38,698
	6,582,789	1,692,148

At the end of the reporting period, the Group's major concentration of credit risk relates to the amounts owing by 1 (2024 : 2) customers which constituted approximately 68% (2024 : 66%) of its trade receivables.

##### (ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM 14,052,853 (2024 : RM 16,784,565), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

##### (iii) Assessment of impairment losses

The Group and the Company have an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through periodic review of the ageing of the receivables. The Group and the Company closely monitor the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group and the Company evaluate whether any of the financial assets at amortised cost are credit impaired.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (b) Credit risk (cont'd)

##### (iii) Assessment of impairment losses (cont'd)

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group and the Company consider a receivable to be in default when the receivable is unlikely to repay its debt to the Group and the Company in full or is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### **Trade receivables**

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

##### *Inputs, assumptions and techniques used for estimating impairment losses*

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on an individual basis.

The expected loss rates are based on the payment profiles of sales over 1 year (2024 : 1 year) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the Gross Domestic Product (GDP) as the key macroeconomic factor of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (b) Credit risk (cont'd)

##### (iii) Assessment of impairment losses (cont'd)

##### *Trade receivables (cont'd)*

##### *Allowance for impairment losses*

The information about the credit exposure for trade receivables is as follows:

	<b>The Group</b>	
	<b>2025</b>	<b>2024</b>
	RM	RM
<b>Carrying amount</b>		
Current (not past due)	6,525,456	1,443,240
1 to 30 days past due	34,391	128,494
31 to 60 days past due	4,409	120,414
More than 90 days past due	18,533	-
	6,582,789	1,692,148

The Group believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these trade receivables were negligible. They are good customers with good payment records.

##### **Sundry receivables**

The Group measures the expected credit losses of sundry receivables that are credit impaired and with a high risk of default on an individual basis.

##### *Allowance for impairment losses*

At the end of the reporting period, there was no indication that the sundry receivables are not recoverable.

##### **Deposits, bank and cash balances**

The Group and the Company consider the licensed banks to be of low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and is therefore not provided for.

##### **Financial guarantee contracts**

Corporate guarantees for borrowing facilities granted to subsidiaries are a financial guarantee contract.

##### *Inputs, assumptions and techniques used for estimating impairment losses*

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (b) Credit risk (cont'd)

##### (iii) Assessment of impairment losses (cont'd)

##### *Financial guarantee contracts (cont'd)*

*Inputs, assumptions and techniques used for estimating impairment losses (cont'd)*

The Company considers that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

##### *Allowance for impairment losses*

All the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties to which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

##### *Maturity analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Effective interest rate % per annum	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
<b>The Group</b>						
<b>2025</b>						
<u>Non-derivative financial liabilities</u>						
Trade and other payables (N1)	-	3,456,291	3,456,291	3,456,291	-	-
Loans and borrowings:						
- Hire purchase payable	6.0	2,475,541	2,784,000	696,000	2,088,000	-
- Term loans	4.0 - 4.4	11,577,312	13,720,152	1,671,898	6,687,591	5,360,663
Lease liability	4.4	902,025	956,800	353,280	603,520	-
		18,411,169	20,917,243	6,177,469	9,379,111	5,360,663

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (c) Liquidity risk (cont'd)

##### *Maturity analysis (cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):

	Effective interest rate % per annum	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
<b>The Group</b>						
<b>2024</b>						
<u>Non-derivative financial liabilities</u>						
Trade and other payables (N1)	-	3,430,882	3,430,882	3,430,882	-	-
Loans and borrowings:						
- Hire purchase payable	6.0	3,000,000	3,480,000	696,000	2,784,000	-
- Term loans	4.4 - 4.7	13,784,565	16,824,030	1,921,797	7,687,189	7,215,044
Lease liability	4.4	1,208,791	1,310,080	353,280	956,800	-
<u>Derivative financial liabilities</u>						
Forward currency contracts (gross settled) - gross payments	-	61,770	-	-	-	-
	-	-	2,396,455	2,396,455	-	-
		21,486,008	27,441,447	8,798,414	11,427,989	7,215,044

N1 - Excluding advance from customers and certain payables

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.1 Financial risk management policies (cont'd)

##### (c) Liquidity risk (cont'd)

##### *Maturity analysis (cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):

<b>The Company</b>	<b>Carrying amount</b>	<b>Contractual undiscounted cash flows</b>	<b>Within 1 year</b>
<b>2025</b>	RM	RM	RM
<u>Non-derivative financial liabilities</u>			
Trade and other payables	34,947	34,947	34,947
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	14,052,853	14,052,853
	<u>34,947</u>	<u>14,087,800</u>	<u>14,087,800</u>
<b>2024</b>			
<u>Non-derivative financial liabilities</u>			
Trade and other payables	30,000	30,000	30,000
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	16,784,565	16,784,565
	<u>30,000</u>	<u>16,814,565</u>	<u>16,814,565</u>

The potential exposure of the financial guarantee contracts is equivalent to the outstanding amount of the credit facilities of the said subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements because their fair values on initial recognition were not material.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 31. FINANCIAL INSTRUMENTS (CONT'D)

##### 31.2 Capital risk management

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group and the Company include within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to owners of the Company. The debt-to-equity ratio of the Group and of the Company at the end of the reporting period are as follows:

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Loans and borrowings	14,052,853	16,784,565	-	-
Less : Cash and cash equivalents	(12,218,471)	(15,798,044)	(92,806)	(1,232,971)
Net debt/(Net cash)	1,834,382	986,521	(92,806)	(1,232,971)
Total equity	90,067,044	93,766,364	54,503,639	57,535,019
Debt-to-equity ratio	0.02	0.01	Not applicable*	Not applicable*

\* Not applicable as the Company's cash and cash equivalents exceed its borrowings.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.3 Classification of financial instruments

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Financial assets</b>				
<u>Fair value through profit or loss</u>				
Short-term investments	870,594	3,007,491	870,594	-
Derivative assets	49,235	1,170	-	-
	919,829	3,008,661	870,594	-
<u>Amortised cost</u>				
Trade and other receivables (N1)	6,798,501	1,843,260	-	-
Dividend receivable	-	-	258,000	3,010,000
Deposits, bank and cash balances	15,219,471	18,985,031	92,806	1,232,971
	22,017,972	20,828,291	350,806	4,242,971
<b>Financial liabilities</b>				
<u>Fair value through profit or loss</u>				
Derivative liabilities	-	61,770	-	-
<u>Amortised cost</u>				
Trade and other payables (N2)	3,456,291	3,430,882	34,947	30,000
Loans and borrowings	14,052,853	16,784,565	-	-
	17,509,144	20,215,447	34,947	30,000

N1 - Excluding deposits and prepayments

N2 - Excluding advance from customers and certain payables

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 31. FINANCIAL INSTRUMENTS (CONT'D)

##### 31.4 Gains or losses arising from financial instruments

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Financial assets</b>				
<u>Fair value through profit or loss</u>				
Net gains recognised in profit or loss	163,491	42,567	20,594	-
<u>Amortised cost</u>				
Net gains recognised in profit or loss	154,237	728,590	11,781	32,175
<b>Financial liabilities</b>				
<u>Fair value through profit or loss</u>				
Net gains/(losses) recognised in profit or loss	61,770	(54,180)	-	-
<u>Amortised cost</u>				
Net losses recognised in profit or loss	(638,695)	(445,300)	-	-

##### 31.5 Fair value information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.5 Fair value information (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>The Group</b>								
<b>2025</b>								
<u>Financial assets</u>								
Short-term investments	-	870,594	-	-	-	-	870,594	870,594
- money market funds								
Derivative assets - forward currency contracts	-	49,235	-	-	-	-	49,235	49,235
<u>Financial liabilities</u>								
Loans and borrowings:								
- Hire purchase payable	-	-	-	-	(2,475,541)	-	(2,475,541)	(2,475,541)
- Term loans	-	-	-	-	(11,577,312)	-	(11,577,312)	(11,577,312)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

#### 31. FINANCIAL INSTRUMENTS (CONT'D)

##### 31.5 Fair value information (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (cont'd):

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>The Group</b>								
<b>2024</b>								
<u>Financial assets</u>								
Short-term investments	-	3,007,491	-	-	-	-	3,007,491	3,007,491
- money market funds								
Derivative assets - forward currency contracts	-	1,170	-	-	-	-	1,170	1,170
<u>Financial liabilities</u>								
Loans and borrowings:								
- Hire purchase payable	-	-	-	-	(3,000,000)	-	(3,000,000)	(3,000,000)
- Term loans	-	-	-	-	(13,784,565)	-	(13,784,565)	(13,784,565)
Derivative liabilities - forward currency contracts	-	(61,770)	-	-	-	-	(61,770)	(61,770)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### 31.5 Fair value information (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (cont'd):

	Fair value of financial instruments carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<b>The Company 2025</b>					
<u>Financial assets</u>					
Short-term investments					
- money market funds	-	870,594	-	870,594	870,594

#### (a) Fair value of financial instruments carried at fair value

- (i) The fair values above have been determined using the following basis:
- (aa) The fair values of money market funds are based on the fund managers' statements at the reporting date.
- (bb) The fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate.
- (ii) There were no transfers between levels 1 and 2 during the financial year.

#### (b) Fair value of financial instruments not carried at fair value

The fair values, which are for disclosure purposes, have been determined using the following basis:

- (i) The fair value of the hire purchase payable that carries at fixed interest rate is determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rate used to discount the estimated cash flows is 6.0% (2024 : 6.0%) per annum.
- (ii) The fair value of the term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

## LIST OF PROPERTIES

The Group's policy on revaluation of landed properties is as stated in Note 4.5 and 4.6 to the Financial Statements.

Address / Location	Description	Land Area	Existing Use	Tenure / Age of Building	Net Book Value RM'000	Date of Valuation
Lot PLO 49, Jalan Rami 4, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor.	Industrial land with two (2) adjoining blocks of single storey factory building with three (3) storey office and guard house	10,870 square metres	Office and furniture manufacturing facilities	60 years leasehold expiring in 16-09-2059/33 years	9,919	26.12.2023
PTD 2626, Jalan Rami 5, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor	Industrial land with single storey detached factory and guard house	11,394 square metres	Furniture manufacturing facilities	Freehold	13,038	29.09.2023
Lot 1850, Jalan Rami 5, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor.	Investment land	10,269 square metres	Vacant	Freehold	2,305	26.12.2023
Lot 343, Jalan Kota Burok, Tanjung Selabu, Bukit Pasir, 84300 Muar, Johor	Industrial land with three (3) adjoining blocks of single storey factory building, two (2) storey office with four (4) storey hostel and guard house	17,688 square metres	Office and furniture manufacturing facilities	Freehold	17,619	26.12.2023
Lot 407 & Lot 408, Mukim of Sungai Raya, District of Muar, Johor.	Investment land	21,600 square metres	Vacant	Freehold	7,513	26.12.2023

# ANALYSIS OF SHAREHOLDINGS

## AS AT 31 MARCH 2026

Class of Share : Ordinary shares

Voting Rights : One (1) vote per share

Issued and Fully Paid Up Share Capital : RM54,755,173.24 comprising 415,691,400 ordinary shares

Category	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	2	0.109	100	0.000
100 - 1,000	204	11.166	78,700	0.019
1,001 - 10,000	658	36.016	4,105,200	0.988
10,001 - 100,000	773	42.310	29,636,100	7.129
100,001 – Less than 5%	188	10.290	85,249,600	20.508
5% and above	2	0.109	296,621,700	71.356
<b>Total</b>	<b>1,827</b>	<b>100.000</b>	<b>415,691,400</b>	<b>100.000</b>

### LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Holders	No. of Shares Held			
		Direct	%	Indirect	%
1.	Datuk Lim Kok Eng	238,425,540	57.356	58,196,160 <sup>(1)</sup>	14.000
2.	Datin Kwan Chian Poh	58,196,160	14.000	238,425,540 <sup>(1)</sup>	57.356

### DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares Held			
		Direct	%	Indirect	%
1.	Haji Ismail Bin Tunggak	150,000	0.036	-	-
2.	Datin Kwan Chian Poh	58,196,160	14.000	238,425,540 <sup>(1)</sup>	57.356
3.	Datuk Lim Kok Eng	238,425,540	57.356	58,196,160 <sup>(1)</sup>	14.000
4.	Law Sang Thiam	300,000	0.072	-	-
5.	Tan Meng Loon	300,000	0.072	-	-

Note: <sup>(1)</sup> Deemed interest by virtue of his/her spouse's interest of the Company.

## ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2026 (CONT'D)

### LIST OF TOP THIRTY (30) SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1.	Datuk Lim Kok Eng	238,425,540	57.356
2.	Datin Kwan Chian Poh	58,196,160	14.000
3.	Soo Mei Siah	5,247,900	1.262
4.	Teu King Seng	3,481,700	0.837
5.	Lim Jun Yi	3,321,400	0.799
6.	Tan Tsi Hua	3,102,000	0.746
7.	Mohd Annuar Choon Bin Abdullah	2,845,000	0.684
8.	HLIB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Lim Ka Siong (CCTS)	1,789,200	0.430
9.	CS Corporate Consultancy Sdn. Bhd.	1,760,000	0.423
10.	Esther Lim Kai Ching	1,566,100	0.376
11.	Tan Cheow Heng	1,507,000	0.362
12.	Lim Bee Lan	1,359,000	0.326
13.	Lim Soon Chier	1,358,200	0.326
14.	Lim Ka Boon	1,239,000	0.298
15.	Phang Foong Sin	1,225,700	0.294
16.	Lim Leong Chuan	1,125,000	0.270
17.	Lim Ge Fang	1,100,000	0.264
18.	Lim Kah Chea	1,080,300	0.259
19.	New Aik Pin	1,064,300	0.256
20.	Lim Soon Ann	1,050,000	0.252
21.	Ng Teng Song	1,035,100	0.249
22.	Chan Sau Lai	1,000,000	0.240
23.	Liew Fook Meng	1,000,000	0.240
24.	To Swee Kim	1,000,000	0.240
25.	Yap Choon Wah	1,000,000	0.240
26.	Hong Li Wood Resources Sdn. Bhd.	950,300	0.228
27.	Lim Yen Wen	800,000	0.192
28.	Ng Guat Ngoh	800,000	0.192
29.	Lee Ngok Sen	768,000	0.184
30.	Kenanga Nominees (Tempatan) Sdn. Bhd. – Exempt AN for Phillip Securities Pte Ltd (Client Account)	752,400	0.180
<b>Total</b>		<b>340,949,300</b>	<b>82.005</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eighth Annual General Meeting of SPRING ART HOLDINGS BERHAD (“Spring Art Holdings” or the “Company”) will be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor on Tuesday, 26 May 2026 at 11.00 a.m. for the transaction of the following businesses:

## AGENDA

### *As Ordinary Business*

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Directors’ and Auditors’ Reports thereon.
2. To approve the payment of Directors’ fees and benefits up to RM150,000.00 for the financial year ending 31 December 2026 payable monthly in arrears after each month of completed service of the Directors during the subject financial year.
3. To re-elect the following Directors who retire in accordance with Clause 90 of the Company’s Constitution:
  - i) Haji Ismail Bin Tunggak
  - ii) Law Sang Thiam
4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**Ordinary Resolution 3**

**Ordinary Resolution 4**

### *As Special Business*

To consider and if thought fit, to pass the following resolution with or without any modifications as resolution:

5. **Proposed renewal of authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

**Ordinary Resolution 5**

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant regulatory authorities (where applicable), the Directors of the Company be hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company without first offer to holders of existing issued shares of the Company, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being (“Proposed General Mandate”).

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- i) the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is the earlier.

THAT the Directors of the Company be hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for such New Shares on the ACE Market of Bursa Malaysia Securities Berhad.

AND THAT authority be hereby given to the Directors of the Company, to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation thereto as to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.”

6. To transact any other business of which due notice shall have been given.

By order of the Board,

NG MEI WAN

(SSM Practicing Certificate No.: 201908000801) (MIA 28862)

TAN HUI KHIM

(SSM Practicing Certificate No.: 201908000859) (LS 0009936)

Company Secretaries

Muar, Johor

27 April 2026

### Notes:

1. Only depositors whose names appear in the Record of Depositors as at 19 May 2026 shall be regarded as members and be entitled to attend, participate, speak and vote at the Eighth Annual General Meeting.
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“Omnibus Account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised. Any alterations in the Form of Proxy must be initialed by the member.
6. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Eighth Annual General Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, drop in the Drop-in Box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via Vistra Share Registry and IPO (MY) portal at <https://smy.vistra.com> not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Eighth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide for the Eighth Annual General Meeting.

### EXPLANATORY NOTES TO THE AGENDA:-

8. **Item 1 of the Agenda  
Audited Financial Statements**

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

9. **Item 2 of the Agenda – Ordinary Resolution 1  
Approval of Directors' fees and benefits for the financial year ending 31 December 2026**

Directors' fees and benefits approved for the financial year ended 31 December 2025 was RM150,000.00. The Directors' fees and benefits proposed for the financial year ending 31 December 2026 are calculated based on the number of scheduled Board and Committee Meetings for financial year ending 31 December 2026 and assuming that all Non-Executive Directors will hold office until the conclusion of the next Annual General Meeting.

This resolution is to facilitate payment of Directors' fees and benefits on current financial year basis. In the event the Directors' fees and benefits proposed are insufficient (e.g. due to more meetings), approval will be sought at the next Annual General Meeting for additional fees and benefits to meet the shortfall.

10. **Item 3 of the Agenda – Ordinary Resolutions 2 and 3  
Re-election of Haji Ismail Bin Tunggak and Law Sang Thiam, the Director who retire in accordance with Clause 90 of the Company's Constitution**

Leveraging the annual evaluation of the Board's contribution and performance and an Independent assessment of the Directors, the Nomination Committee had on 14 April 2026 assessed the performance and attributes of the Board, Board Committees and individual Directors in respect of their effectiveness and contribution to the Company, based on a set of prescribed criteria which were approved by the Board.

Based on this annual assessment conducted, the Nomination Committee was of the view that the existing Board and each of its members has the requisite competence and capability to contribute to the needs of the Company and they had sufficiently demonstrated their commitment to the Company in terms of time and participation at meetings during the year under review. Each of these retiring Directors has confirmed to the Board that they do not have any conflict of interest with any of the companies in the Company which may affect their ability to act in the best interest of the Company.

Accordingly, the Nomination Committee unanimously recommended to the Board the re-election of all the retiring Directors, at the Eighth Annual General Meeting. Based on the recommendation of the Nomination Committee, the Board (with the exception of the Directors who abstained in respect of their individual retirement) supports the re-election of the retiring Directors at the Eighth Annual General Meeting.

The profile of the Directors standing for re-election is set out in the Directors' Profile in the Annual Report 2025.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 11. **Item 4 of the Agenda - Ordinary Resolution 4**

#### **To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.**

The Audit and Risk Management Committee Meeting (“ARMC”) had on 14 April 2026 undertook an annual evaluation of the effectiveness of the external audit process and the performance, suitability and independence of the external auditors, Crowe Malaysia PLT, based on the criteria set out in its Terms of Reference.

The ARMC was satisfied with the suitability of Crowe Malaysia PLT based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The ARMC was also satisfied in its review that the provision of non-audit services by Crowe Malaysia PLT to the Group for the financial year ended 31 December 2025 did not in any way, impair their objectivity and independence as external auditors of the Company.

Based on the ARMC’s recommendation, the Board endorsed the motion on the proposed re-appointment of Crowe Malaysia PLT as external auditors of the Company for the financial year ending 31 December 2026 and recommended the same for shareholders’ approval. Crowe Malaysia PLT have earlier, indicated their willingness to continue in office.

### 12. **Item 5 of the Agenda – Ordinary Resolution 5**

#### **Proposed renewal of authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

- (a) The proposed Ordinary Resolution 5, if passed, will grant a mandate (“General Mandate”) empowering the Directors of the Company, from the date of the Eighth Annual General Meeting to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company up to an amount not exceeding ten percent (10%) of the total number of issued shares capital of the Company. This authority, unless revoked or varied at a general meeting shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.
- (b) The General Mandate is a renewal of the previous mandate obtained at the last Annual General Meeting held on 12 June 2025 which will expire at the conclusion of the forthcoming Annual General Meeting.
- (c) As at the date of this Notice, the Company did not issue any new ordinary shares based on the previous mandate obtained at the last Annual General Meeting.
- (d) The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisitions.
- (e) In accordance with Clause 8 of the Company’s Constitution, the passing of the Ordinary Resolution 5, the shareholders of the Company shall be taken as agree for the New Shares to be issued to such person(s) as the Directors might deem fit and expedient in the interest of the Company without first offer the New Shares to holders of existing issued shares of the Company prior to issuance of the New Shares.

### 13. **ANNUAL REPORT**

The Annual Report for the financial year ended 31 December 2025 is now available at the Company’s corporate website, [www.springart.com](http://www.springart.com). Printed copy of the Annual Report shall be provided to the shareholders upon request soonest possible from the date of receipt of the request.

Shareholder who wishes to receive the printed Annual Report may request at <https://srmy.vistra.com> by selecting “Request for Annual Report” under the “Investor Services” to submit the request form electronically or contacting Tricor Investor & Issuing House Services Sdn. Bhd. [197101000970 (11324-H)] at +603-2783 9299.



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### STATEMENT ACCOMPANYING NOTICE OF EIGHTH ANNUAL GENERAL MEETING

#### (Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of Individuals Standing for Election as Directors

No individual is seeking election as a Director at the Eighth Annual General Meeting of the Company.

2. Statement relating to General Mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to item 12 – Explanatory Notes to the Agenda for Ordinary Resolution 5 on Proposed renewal of authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.

# ADMINISTRATIVE GUIDE

## FOR THE EIGHTH ANNUAL GENERAL MEETING ("8TH AGM") OF SPRING ART HOLDINGS BERHAD

**Date** : Tuesday, 26 May 2026  
**Time** : 11.00 a.m.  
**Venue of Meeting** : BEI Boutique Hotel, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor

### 1. **CORPORATE MEMBERS**

1. Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") not later than **Sunday, 24 May 2026 at 11.00 a.m.**
2. Attorneys appointed by power of attorney are required to deposit their power of attorney with Tricor not later than **Sunday, 24 May 2026 at 11.00 a.m.** to attend and vote at the 8th AGM.

### 2. **GENERAL MEETING RECORD OF DEPOSITORS ("ROD")**

1. Only a depositor whose name appears on the ROD as at **19 May 2026** shall be entitled to attend, participate, speak and vote at the 8th AGM or appoint proxies to attend and/or vote on his/her behalf.

### 3. **PROXY**

1. You may also submit the Form of Proxy electronically via Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com> not later than **Sunday, 24 May 2026 at 11.00 a.m.** Kindly refer to procedures below for electronic lodgement of Form of Proxy.
2. Alternatively, submit your Form of Proxy to Tricor by e-mail to [is.enquiry@vistra.com](mailto:is.enquiry@vistra.com). However, please ensure that the **Original Form of Proxy** is deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, drop it in the Drop-in Box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 8th AGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid.

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User at The Portal	<ol style="list-style-type: none"> <li>1. Visit the website at <a href="https://srmy.vistra.com">https://srmy.vistra.com</a>.</li> <li>2. Click "Register" and select "Individual Holder" and complete the New User Registration Form.</li> <li>3. For guidance, you may refer to the tutorial guide available on the homepage.</li> <li>4. Once registration is completed, you will receive an email notification to verify your registered email address.</li> <li>5. After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved.</li> <li>6. Once you receive the confirmation, activate your account by creating your password.</li> </ol> <p><i>If you are an existing user with The Portal or our TIIH Online portal previously, you are not required to register again.</i></p>

## ADMINISTRATIVE GUIDE FOR THE EIGHTH ANNUAL GENERAL MEETING ("8TH AGM") OF SPRING ART HOLDINGS BERHAD (CONT'D)

Procedure	Action
<b>i. Steps for Individual Shareholders (Cont'd)</b>	
Proceed with submission of proxy form	<ol style="list-style-type: none"> <li>1. After the release of the Notice of Meeting by the Company, login with your email address and password.</li> <li>2. Select the corporate event: <b>"SPRING ART HOLDINGS BERHAD 8TH AGM"</b></li> <li>3. Navigate to the 3 dots at the end of the corporate event and choose <b>"SUBMISSION OF PROXY FORM"</b>.</li> <li>4. Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>5. Indicate the total number of shares assigned to your proxy(s) to vote on your behalf.</li> <li>6. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy.</li> <li>7. Indicate your voting instructions – FOR or AGAINST or ABSTAIN.</li> <li>8. Print the proxy form for your record.</li> </ol>
<b>ii. Steps for Corporation or Institutional Shareholders</b>	
Register as a User at The Portal	<ol style="list-style-type: none"> <li>1. Visit the website at <a href="https://srmy.vistra.com">https://srmy.vistra.com</a>.</li> <li>2. Click "Register" and select "Representative of Corporate Holder" and complete the New User Registration Form.</li> <li>3. Complete the registration form with your personal details.</li> <li>4. Once registration is completed, you will receive an email notification to verify your registered email address.</li> <li>5. After verification, your registration will be reviewed and approval within two (2) working days. A confirmation email will be sent once approved.</li> <li>6. Once you receive the confirmation, activate your account by creating your password.</li> </ol> <p><i>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.</i></p>
Proceed with submission of proxy form	<ol style="list-style-type: none"> <li>1. Login to <a href="https://srmy.vistra.com">https://srmy.vistra.com</a> with your email address and password.</li> <li>2. Select the corporate event: <b>"SPRING ART HOLDINGS BERHAD 8TH AGM"</b></li> <li>3. Navigate to the icon "&gt;" at the end of the corporate event.</li> <li>4. Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>5. Select the corporate holder's name.</li> <li>6. Proceed to download the submission file.</li> <li>7. Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>8. Proceed to upload the duly completed proxy appointment file.</li> <li>9. Select <b>"Confirm"</b> to complete your submission.</li> <li>10. Print the confirmation report of your submission for your record.</li> </ol>

#### 4. POLL VOTING

1. The Voting at the 8th AGM will be conducted by poll in accordance with Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting and MK Advisory Management as Scrutineers to verify the poll results.
2. During the 8th AGM, the Chairman will invite the Poll Administrator to brief on the Voting procedures. The voting session will commence as soon as the Chairman calls for the poll to be opened.
3. Upon completion of the voting session for the 8th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

## ADMINISTRATIVE GUIDE FOR THE EIGHTH ANNUAL GENERAL MEETING ("8TH AGM") OF SPRING ART HOLDINGS BERHAD (CONT'D)

### 5. **ANNUAL REPORT 2025**

1. The Company's Annual Report 2025 is available at the Company's website at [www.springart.com](http://www.springart.com).
2. Should you require a printed copy of the Annual Report 2025, please request at our Share Registrar's website at <https://srmy.vistra.com> by selecting "Request for Annual Report" under the "Investor Services" or kindly contact Tricor. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

### 6. **REGISTRATION**

1. The registration will commence at 10.00 a.m. on Tuesday, 26 May 2026 and will remain open until the conclusion of the 8th AGM or such time as may be determined by the Chairman of the meeting.
2. Please present your original National Registration Identity Card ("NRIC") or passport (for non-Malaysian) to the registration staff for verification.
3. Upon verification, you are required to write your name, mobile contact and sign the attendance list placed on the registration table. You will be given a voting slip for voting purposes.
4. No person will be allowed to register on behalf of another person even with the original NRIC or passport of the other person.

### 7. **RECORDING OR PHOTOGRAPHY**

1. Strictly **NO** unauthorised recording or photography of the proceedings of the 8th AGM is allowed.

### 8. **ENQUIRY**

1. If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

#### **Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line : +603-2783 9299  
Email : [is.enquiry@vistra.com](mailto:is.enquiry@vistra.com)

Contact Persons :  
Mohamad Khairudin : Tel: +603-2783 7973 Email: [Mohamad.Khairudin@vistra.com](mailto:Mohamad.Khairudin@vistra.com)  
Nurul Ainee : Tel: +603-2783 9265 Email: [Nurul.Ainee@vistra.com](mailto:Nurul.Ainee@vistra.com)

**SPRING ART HOLDINGS BERHAD**  
 REGISTRATION NO.: 201801016143 (1278159-A)  
 (Incorporated in Malaysia)

<b>CDS Account No.</b>	
<b>No. of shares held</b>	

\*I/We \_\_\_\_\_  
(full name in capital letters)

\*NRIC No./Passport No./Registration No. \_\_\_\_\_ of \_\_\_\_\_  
(full address)

\_\_\_\_\_ being a \*Member/Members of Spring Art Holdings

Berhad ("Company"), hereby appoint \_\_\_\_\_ \*NRIC No./Passport No.

\_\_\_\_\_ of \_\_\_\_\_  
(full address)

\*and/or \_\_\_\_\_ \*NRIC No./Passport No. \_\_\_\_\_

of \_\_\_\_\_  
(full address)

or failing \*him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor on Tuesday, 26 May 2026 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:-

No.	Ordinary Resolution	For	Against
1	Approval of Directors' fees and benefits for the financial year ending 31 December 2026		
2	Re-election of Haji Ismail Bin Tunggak as Director		
3	Re-election of Law Sang Thiam as Director		
4	Re-appointment of Messrs Crowe Malaysia PLT as Auditors		
5	Renewal of authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		

[Please indicate with a "x" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit]

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

Proxy	No. of Shares	Percentage
1		
2		
Total		100%

Dated this ..... day of ..... 2026

.....  
 Signature of Shareholder or Common Seal

**Notes:**

- Only depositors whose names appear in the Record of Depositors as at 19 May 2026 shall be regarded as members and be entitled to attend, participate, speak and vote at the Eighth Annual General Meeting.
- A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised. Any alterations in the Form of Proxy must be initiated by the member.
- In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Eighth Annual General Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney, must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, drop in the Drop-in Box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via Vistra Share Registry and IPO (MY) portal at <https://smy.vistra.com> not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Eighth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide for the Eighth Annual General Meeting.

**Personal Data Privacy**

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the Eighth Annual General Meeting and any adjournment thereof.



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**AFFIX  
STAMP**

The Share Registrar  
**TRICOR INVESTOR & ISSUING HOUSE SERVICES  
SDN. BHD.**

Registration No. 197101000970 (11324-H)  
Unit 32-01, Level 32, Tower A, Vertical Business Suite,  
Avenue 3,  
Bangsar South No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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**[www.springart.com](http://www.springart.com)**



**SPRING ART HOLDINGS BERHAD**

REGISTRATION NO.: 201801016143 (1278159-A)  
(Incorporated in Malaysia)

Lot PLO 49, Jalan Rami 4,  
Kawasan Perindustrian Bukit Pasir,  
84300 Bukit Pasir, Muar,  
Johor, Malaysia.

Tel: +606-985 9971    Fax: +606-985 9972    Email: [info@springart.com](mailto:info@springart.com)