

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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

This Circular has been reviewed by M&A Securities Sdn Bhd as the Adviser to Spring Art Holdings Berhad ("Spring Art" or "Company") for the Proposed Bonus Issue of Warrants (as defined below) and Sponsor to Spring Art.



**SPRING ART HOLDINGS BERHAD**

(Registration No. 201801016143 (1278159-A))

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PROPOSED BONUS ISSUE OF 166,274,800 FREE WARRANTS ("WARRANTS") ON THE BASIS OF 2 WARRANTS FOR EVERY 5 EXISTING SPRING ART SHARES HELD ON THE ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE OF WARRANTS")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*



**M&A SECURITIES SDN BHD**

Registration No. 197301001503 (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of the Company in respect of the abovementioned Proposed Bonus Issue of Warrants will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Monday, 8 February 2021 at 11.00 a.m., together with the Form of Proxy are enclosed in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his behalf. The Form of Proxy must be lodged at the registered office of the Company at No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor on or before the date and time indicated below in order for it to be valid. The lodging of the Form of Proxy does not preclude a member from attending and voting in person at the EGM, should the member subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 7 February 2021 at 11.00 a.m.

Date and time of EGM : Monday, 8 February 2021 at 11.00 a.m. or any adjournment thereof

This Circular is dated 22 January 2021

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## DEFINITIONS

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

"Announcement"	: Announcement dated 10 November 2020 pursuant to the Proposed Bonus Issue of Warrants
"Application"	: The listing application dated 11 December 2020 submitted to Bursa Securities in respect of the Proposed Bonus Issue of Warrants
"Board"	: Board of Directors of Spring Art
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Circular"	: This circular to shareholders dated 22 January 2021
"Companies Act"	: Companies Act 2016, as may be amended from time to time and include any re-enactment thereto
"Deed Poll"	: The deed poll constituting the Warrants and governing the rights of Warrant holders to be executed by the Company
"EGM"	: Extraordinary general meeting
"Entitled Shareholders"	: The shareholders of Spring Art whose names appear on Spring Art's Record of Depositors on the Entitlement Date
"Entitlement Date"	: 5:00 p.m. on a date to be determined by the Board and announced later, on which the names of shareholders of Spring Art must appear on the Record of Depositors of Spring Art as at the close of business on that date in order to be entitled to participate in the Proposed Bonus Issue of Warrants
"EPS"	: Earnings per Share
"FYE"	: Financial year ended or financial year ending, as the case may be
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities
"LPD"	: 6 January 2021, being the latest practicable date prior to the date of printing of this Circular
"LTD"	: 9 November 2020, being the last trading day immediately prior to the Announcement
"M&A Securities"	: M&A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"NA"	: Net assets
"Official List"	: The list specifying all securities listed on the ACE Market of Bursa Securities
"Proposed Bonus Issue of Warrants"	: Proposed bonus issue of 166,274,800 Warrants on the basis of 2 Warrants for every 5 existing Spring Art Shares held by the Entitled Shareholders on the Entitlement Date
"Record of Depositors"	: The record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd

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**DEFINITIONS (Cont'd)**

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"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"Spring Art" or "Company"	: Spring Art Holdings Berhad (Registration No. 201801016143 (1278159-A))
"Spring Art Group" or "Group"	: Spring Art and its subsidiaries, collectively
"Spring Art Share(s)" or "Share(s)"	: Ordinary share(s) in Spring Art
"Warrants"	: 166,274,800 free warrants to be issued pursuant to the Proposed Bonus Issue of Warrants
"5D-VWAP"	: 5-day volume weighted average market price

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

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

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## EXECUTIVE SUMMARY

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**THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED BONUS ISSUE OF WARRANTS. SHAREHOLDERS OF SPRING ART ARE ADVISED TO READ THE CIRCULAR AND ITS APPENDIX FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED BONUS ISSUE OF WARRANTS BEFORE VOTING AT THE FORTHCOMING EGM**

The Board is recommending shareholders of Spring Art to vote **IN FAVOUR** of the resolution in relation to the Proposed Bonus Issue of Warrants to be tabled at the forthcoming EGM to be convened.

<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Summary</b>	: 166,274,800 Warrants will be issued on the basis of 2 Warrants for every 5 existing Spring Art Shares, held by the Entitled Shareholders.	Section 2
<b>Exercise price</b>	: The Warrants will be issued at no cost to the Entitled Shareholders.  The exercise price of the Warrants has been fixed by the Board at a RM0.28 per Warrant.	Section 2.5
<b>Rationale</b>	: The Proposed Bonus Issue of Warrants will:  (i) Enable shareholders of Spring Art to participate in convertible securities of the Company, which are tradable on the ACE Market of Bursa Securities, without incurring any cost;  (ii) Provide shareholders of Spring Art with an opportunity to increase their equity participation in the Company at a pre-determined exercise price over the tenure of the Warrants, and to allow shareholders to further participate in the future growth of the Company when the Warrants are exercised;  (iii) Provide the Company with additional working capital when the Warrants are exercised in the future. The exercise of the Warrants will allow the Company to obtain proceeds without incurring interest expenses as compared to bank borrowings; and  (iv) Strengthen the capital base of the Company by increasing the size of the shareholders' funds pursuant to the exercise of the Warrants.	Section 3
<b>Effects</b>	: The effects of the Proposed Bonus Issue of Warrants are as follows:	Section 4

### **Warrants**

- (i) Will not have any impact to the Company's share capital as well as the Group's NA and earnings; and
- (ii) When the Warrants are exercised, the share capital and NA of the Company will increase. The exercise of the Warrants will affect the Group's future earnings and EPS depending on the number of Warrants exercised and the proceeds raised from the exercise of the Warrants.

**SPRING ART HOLDINGS BERHAD**

(Registration No. 201801016143 (1278159-A))  
(Incorporated in Malaysia)

**Registered Office:**

No. 7 (1<sup>st</sup> Floor)  
Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1  
Jalan Bakri  
84000 Muar  
Johor

22 January 2021

**Directors:**

Haji Ismail Bin Tunggak (*Independent Non-Executive Chairman*)  
Lim Kok Eng (*Managing Director*)  
Kwan Chian Poh (*Executive Director*)  
Law Sang Thiam (*Independent Non-Executive Director*)  
Tan Meng Loon (*Independent Non-Executive Director*)

**To: Shareholders of Spring Art**

Dear Sir / Madam,

**PROPOSED BONUS ISSUE OF WARRANTS**

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**1. INTRODUCTION**

On 10 November 2020, M&A Securities had on behalf of the Board announced that the Company proposes to undertake the Proposed Bonus Issue of Warrants.

On 6 January 2021, M&A Securities had on behalf of the Board announced that Bursa Securities had vide its letter dated 6 January 2021 approved-in-principle the following:

- (i) Admission to the Official List and listing and quotation for 166,274,800 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- (ii) Listing and quotation for up to 166,274,800 new Spring Art Shares to be issued arising from exercise of the Warrants.

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

<b>Conditions</b>	<b>Status of Compliance</b>
1. Spring Art and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;	To be complied

<b>Conditions</b>	<b>Status of Compliance</b>
2. Spring Art and M&A Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;	To be complied
3. Spring Art to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed; and	To be complied
4. Spring Art to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payables.	To be complied

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS, TO SET OUT THE BOARD'S OPINION AND RECOMMENDATION IN RELATION TO THE PROPOSED BONUS ISSUE OF WARRANTS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED BONUS ISSUE OF WARRANTS AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS**

### **2.1 Basis and number of Warrants to be issued**

The Proposed Bonus Issue of Warrants entails the issuance of Warrants on the basis of 2 Warrants for every 5 existing Shares held by the Entitled Shareholders on the Entitlement Date.

The actual number of Warrants to be issued will depend on the total number of issued Shares as at the Entitlement Date. As at the LPD, Spring Art has a total issued share capital of RM54,753,941 comprising 415,687,000 Spring Art Shares. The Proposed Bonus Issue of Warrants would entail the issuance of 166,274,800 Warrants.

Taking into account the number of Warrants to be issued, the Proposed Bonus Issue of Warrants will not result in non-compliance with Rule 6.51 of the Listing Requirements<sup>(1)</sup>.

Note:

<sup>(1)</sup> Rule 6.51 of the Listing Requirements stipulates that a listed issuer must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities (i.e. warrants and convertible preference shares) does not exceed 50% of the total number of issued shares of the listed issuer (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

Fractional entitlements, arising from the Proposed Bonus Issue of Warrants, if any, will be disregarded and shall be dealt with by the Board in such manner at its absolute discretion as it may deem fit and expedient in order to minimise the incidence of odd lots and in the best interest of the Company.

The Entitlement Date will be determined and announced at a later date by the Board upon receipt of all relevant approvals for the Proposed Bonus Issue of Warrants.

The Proposed Bonus Issue of Warrants will not be implemented in stages over a period of time.

## **2.2 Indicative salient terms of the Warrants**

The indicative salient terms of the Warrants are set out as follows:

Issuer	: Spring Art
Issue size	: 166,274,800 Warrants
Form and denomination	: The Warrants will be issued in registered form and constituted by a deed poll to be executed by the Company ("Deed Poll")
Tenure	: 4 years commencing from and inclusive of the Warrant issue date ("Issue Date")
Exercise rights	: Each Warrant shall entitle its holders of Warrant ("Warrant Holders") to subscribe for 1 new Share at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll
Exercise Price	: The exercise price of the Warrants has been fixed at RM0.28 per Warrant.  Kindly refer to Section 2.5 of this Circular for the basis of determining the exercise price
Exercise Period	: The Warrants may be exercised at any time during the tenure of 4 years commencing from and including the date of issue of the Warrants until 5.00 p.m. (Malaysia time) on the expiry date, being the market day falling immediately before the fourth anniversary of the Issue Date. If such date is not a market day, then it shall be the next market day immediately preceding the said non-market day ("Exercise Period").  The rights attached to the Warrants which are not exercised during the Exercise Period will thereafter lapse
Expiry Date	: The market day falling immediately before the fourth anniversary of the Issue Date of the Warrants, if such day falls on a day which is not a market day, then it shall be the market day immediately preceding the said non-market day
Mode of exercise	: The Warrant Holders must complete and sign the exercise notice and deliver the duly completed and executed exercise notice or to complete the exercise notice



electronically to the Company's share registrar together with a remittance by way of cashier's order or banker's draft or money order or postal order drawn by a bank or post office operating in Malaysia or other electronic mode of payment for the credit of the account maintained by the Company

- |   |   |   |
|---|---|---|
| Board lot   | : | For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise of 100 Warrants unless otherwise revised by the relevant authorities   |
| Adjustments to the exercise price and/or number of Warrants           | : | The Exercise Price and/or number of Warrants in issue may be adjusted if any alteration is made to the share capital of the Company at any time during the tenure of the Warrants, whether by way of rights issue, capitalisation issue, consolidation of Shares, subdivision of Shares or reduction of capital or otherwise in accordance with the provisions of the Deed Poll   |
| Rights in the event of winding up, liquidation or an event of default | : | <p>If a resolution is passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies:</p> <ul style="list-style-type: none"> <li>(i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant Holders, or some persons designated by them for such purposes by a special resolution will be a party, the terms of such winding up, compromise and arrangement shall be binding on all the Warrant Holders; and</li> <li>(ii) every Warrant Holder shall be entitled (upon and subject to the conditions of the Deed Poll) to exercise the exercise rights at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within 6 weeks from the granting of the court order approving the compromise or arrangement, as the case may be, by the irrevocable surrender of its/his Warrants to the Company, by submitting the duly completed and executed exercise notice(s) and payment of the Exercise Price, elect to be treated as if it/he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights attached to such Warrants to the extent specified in the exercise notice(s) and be entitled to receive out of the assets of the Company which would be available in liquidation as if it/he had on such date been the holder of the Shares to which it/he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the</li> </ul> |

expiry of the above 6 weeks, all exercise rights of the Warrants shall lapse and cease to be valid for any purpose

Rights of the Warrant holders	: The Warrant Holders will not be entitled to any voting right 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 Warrant Holders exercise their Warrants into new Shares
Modification of rights	: All or any of the rights for the time being attached to the Warrants (other than the Exercise Period, Exercise Price or the formula for the adjustment of the Exercise Price or other than as specifically provided in the conditions of the Deed Poll) may be modified, altered or abrogated by the Company from time to time (whether or not the Company is being wound up) and the sanction of a Special Resolution passed at a meeting of the Warrant Holders shall be necessary and sufficient to effect such modification, alteration or abrogation. A Special Resolution may also sanction the compulsory exchange, surrender or cancellation of unexercised Warrants in return for shares, other warrants, debentures or other securities or for any other consideration (whether in the Company or in any other company or corporation (wherever incorporated) on any terms and/or conditions. Any such modification shall however be subject to the approval of any relevant authorities, where required
Listing	: The Warrants will be listed on the ACE Market of Bursa Securities
Governing law	: Laws of Malaysia

### **2.3 Ranking of the Warrants and the new Shares to be issued arising from the exercise of Warrants**

The Warrant Holders will not be entitled to any voting rights or right to participate in any form of distribution other than on winding-up, compromise or arrangement of Spring Art to be set out in the Deed Poll to be executed by the Company and/or offer of further securities in Spring Art until and unless such Warrant Holders exercise their Warrants into new Spring Art Shares.

The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment, issuance and full payment of the exercise price, rank equally in all respects with the existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

### **2.4 Listing of and quotation for the Warrants and the new Shares to be issued arising from the exercise of Warrants**

Approval-in-principle has been obtained from Bursa Securities, vide its letter dated 6 January 2021, for:

- (i) The admission of the Warrants to the Official List; and
- (ii) The listing of and quotation for the Warrants and new Shares to be issued from the exercise of the Warrants,

on the ACE Market of Bursa Securities.

## 2.5 Basis and justification for the exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants has been fixed by the Board at RM0.28 per Warrant which represents a premium of approximately RM0.0010 or 0.36% to the theoretical ex-all price of Shares of RM0.2790 computed based on the 5D-VWAP of Spring Art Shares up to and including LTD ("Price-Fixing Date") of RM0.2786 per Share.

## 2.6 Utilisation of proceeds from the exercise of Warrants

The Proposed Bonus Issue of Warrants is not expected to raise any immediate funds as the Warrants will be issued at no cost to the Entitled Shareholders.

The eventual proceeds to be raised from the exercise of the Warrants (if any) is dependent on the number of Warrants exercised during the tenure of the Warrants.

The gross proceeds to be raised upon full exercise of the Warrants based on the exercise price of RM0.28 is approximately RM46.56 million. Such proceeds will be utilised as additional working capital to finance the Group's day-to-day operations, including staff salaries and remuneration, marketing expenses, utilities, purchase of raw materials comprising boards, metal components, PVC edges and packing materials as well as upkeep and maintenance of existing machinery and factory facilities. The proceeds to be utilised for each component of working capital are subject to Spring Art Group's operating requirements at the time of utilisation (which is expected to be utilised within 2 years from the receipt of funds) and therefore cannot be determined at this juncture.

Pending the utilisation of proceeds, such proceeds shall be placed in deposits with financial institutions or short-term money market instruments. Interest derived from such deposits or gains from such money market instruments will be used as additional working capital for the Group.

## 2.7 Details of equity fund-raising exercises undertaken in the past 12 months

Save as disclosed in below, Spring Art has not undertaken any equity fund-raising exercise in the past 12 months before the announcement of the Proposed Bonus Issue of Warrants.

On 8 November 2019, Spring Art was listed on ACE Market of Bursa Securities ("Listing") and raised proceeds amounting to RM24.42 million via the public issue of 97,687,000 new Spring Art Shares at RM0.25 per Share. As at the LPD, the details and status of the utilisation of proceeds are as follows:

<b>Utilisation of proceeds</b>	<b>Timeframe for utilisation</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Percentage utilised %</b>
Machinery for new factory	Within 24 months <sup>(1)</sup>	17,550	-	-
General working capital	Within 24 months <sup>(2)(3)</sup>	3,672	-	-
Estimated listing expenses	Within 1 month <sup>(2)</sup>	3,200	3,200	100.0
<b>Total proceeds</b>		<b>24,422</b>	<b>3,200</b>	<b>13.1</b>

Notes:

(1) From the commencement of construction of the Group's new factory which is targeted to commence during the 2nd quarter of 2021.

(2) From the date of Listing.

(3) The Group has funded its general working capital via its internally generated funds from the date of Listing and up to LPD.

## **2.8 Industry outlook and future prospects of Spring Art**

### **2.8.1 Overview and prospects of the furniture industry in Malaysia**

The global economy and global trade expanded by 2.9% and 1.0%, respectively in 2019 (2018: 3.6% and 3.7%, respectively), amid protracted and unresolved trade tensions which exacerbated the cyclical downturn in global manufacturing and investment activities. Heightened risk aversion in financial markets led to sustained demand for safe haven assets, exchange rate volatility as well as capital flow reversals from emerging market economies. Amid this challenging global economic environment and domestic supply disruptions, the Malaysian economy expanded by 4.3% in 2019, supported by resilient private sector spending. Headline Consumer Price Index (CPI) inflation was lower at 0.7% (2018: 1.0%), while underlying inflation remained relatively stable (2019: 1.5%; 2018: 1.6%).

*(Source: Economic and Monetary Review 2019, Bank Negara Malaysia)*

The world has been astounded by the spread of the COVID-19 virus at the start of the year 2020. The Malaysian economy was also affected, notably smaller businesses and vulnerable groups such as lower income individuals, daily wage earners and workers. Proactively, Malaysia implemented the Movement Control Order ("MCO") since 18 March 2020 to battle the pandemic. Selected economic sectors were, however allowed to operate subject to strict adherence to the standard operating procedures ("SOPs") for the respective sector.

Speaking on the COVID-19 pandemic and MCO, the president of the Muar Furniture Association ("MFA") shared that the furniture business and associated players have been affected in the first quarter of 2020. MFA also added that by not being in operation for 28 days, the furniture factories in Muar are expecting losses amounting to RM500 million, in addition to fines due to potential violation of agreements of approximately RM10 million.

Categorised as non-essential, the wood-based industry is among the sectors affected by the MCO. For the past 20 years, Malaysia's wood-based industry has become one of the major revenue contributors to the country's economic growth.

In 2019, Malaysia's exported wood and wood products valued at RM22.5 billion. Of this, 40.6% was from wooden furniture and 15.1% from plywood. Notably, furniture companies in Muar, Johor play a critical role in contributing to Malaysia's exports of wood and wood products, accounting for 60% of the export value.

Muar is the furniture hub of Malaysia, housing 700 factories that represent approximately 45% to 50% of the country's furniture export.

Hence, as the wood-based industry is export-oriented, the Government has taken several measures and consideration to assist wood-based industry players during this challenging time. The Ministry of Plantation Industries and Commodities mandated the Malaysian Timber Industry Board to evaluate and approve companies in the wood-based industry to operate during the MCO, particularly to fulfil agreed-upon contracts. This is in line with the stipulated conditions by the Malaysian National Security Council and the Ministry of International Trade and Industry.

At this challenging time, small medium enterprises, including those within the wood-based industry, are strongly encouraged to use technology to create new value in business models, customer experiences and the internal capabilities that support their core operations. This will accelerate the recovery phase and enable the companies to become highly adaptable towards the post-MCO era.

*(Source: The Wood-Based Industry in Malaysia: The Impact of COVID-19 and the Movement Control Order (MCO), Malaysia Investment Development Authority)*

The World Bank's 2020 economic growth forecast for Malaysia, as measured by real gross domestic product ("GDP"), had been lowered to a contraction of 4.9% from the previously estimated 3.1% decline following the country's sharper-than-expected GDP contraction in the second quarter of 2020 (2Q 2020) due to the impact of the COVID-19 pandemic.

According to the World Bank's October 2020 Economic Update for East Asia and the Pacific published today, the change in its GDP forecast for Malaysia reflects the heightened uncertainty surrounding the start and speed of the global recovery, which would weigh on investment decisions and external demand.

In addition, the elevated unemployment rate and other weaknesses in the labour market would continue to weigh on private consumption.

The World Bank's revised 2020 GDP forecast for Malaysia is within Bank Negara Malaysia's contraction forecast of between 3.5% and 5.5% for the year.

According to Bank Negara Malaysia's statement on the economic and financial developments in Malaysia in 2Q 2020, the country's GDP is, however, expected to grow between 5.5% and 8.0% in 2021.

*(Source: "World Bank revises Malaysia's 2020 GDP forecast to larger 4.9% contraction" published on 29 September 2020, The Edge Markets)*

## **2.8.2 Prospects of the Group**

The Group is involved in the manufacturing of ready-to-assemble furniture ("RTA") furniture products and was listed on ACE Market of Bursa Securities on 8 November 2019.

The Group observed a surge in demand for small office home office (SOHO) furniture via online shopping amid the COVID-19 pandemic. During November 2020, the Group started to sell its RTA furniture products locally through local online shopping platforms, namely Lazada and Shopee. RTA furniture products are more suitable to online sales as compared to assembled furniture products. Assembled furniture products are bulky and require higher storage cost and transportation cost as compared to RTA furniture products.

The Group has also obtained the approval from Pejabat Pengarah Tanah dan Galian Johor to convert the land use of its freehold land located in Muar, Johor from agriculture to industrial use on 3 August 2020. As such, the construction of the Group's new factory is targeted to commence at the end of 2020 or beginning of 2021. Currently, the Group's total annual production capacity is 393,165 units. The new factory is expected to increase its combined annual capacity to approximately 730,169 units. With the expected increase future production capacity, the Group is also in the midst of designing new ranges of RTA furniture products as well as enhancing its existing products to better suit the needs of customers.

The Board is optimistic on the long term prospects of the Group which is supported by the additional revenue from the sale of RTA furniture products via local online shopping platforms as well as the expected increase in its combined annual capacity from the construction of its new factory.

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## **Impact of COVID-19 MCO on the operations and financial performance of the Group**

The recent ongoing COVID-19 outbreak has caused global economic slowdown since early 2020. As the Malaysian Government enforced the MCO on 18 March 2020, any travel and social gathering had been restricted as well as closure of non-essential businesses. The Group's operations were halted during the MCO. The Group only resumed operations with full workforce on 7 May 2020.

On 12 January 2021, the Board had announced that some of its employees have been tested positive and following this, the operations of factories A and B as well as its administrative office was temporarily suspended up to 22 January 2021.

The management of the Group foresees that the temporary suspension of operation shall delay the shipment of several sales orders to its customers in the Middle East, North America and India. The management is currently in discussions with the respective customers for the extension of time to deliver the goods and expects that there will not be any adverse impact to the Group. After the recommencement of operation, the Company expects to be able meet the demand of its customers via overtime and extra shifts to be taken by its workers.

Resulting from the testing and disinfection undertaken, the Group has incurred an estimated cost of RM0.20 million. Save for the said cost and the overtime expenses to be incurred, the Company does not expect any material impact to its financial performance.

Moving forward, the Company will continue to adhere to the Government's guidelines and SOP to minimise the impact of Covid-19 to its staff and business operations moving forward. However, there can be no assurance that any prolonged adverse development arising from MCO, COVID-19 and/or any other external factors will not have material adverse effect on the financial performance and operations of the Group.

*(Source: Management of Spring Art Group)*

### **3. RATIONALE FOR THE PROPOSED BONUS ISSUE OF WARRANTS**

After due consideration, the Board is of the view that the Proposed Bonus Issue of Warrants is the most appropriate avenue of rewarding the existing shareholders of the Company as the Proposed Bonus Issue of Warrants will:

- (i) Enable shareholders of Spring Art to participate in convertible securities of the Company, which are tradable on the ACE Market of Bursa Securities, without incurring any cost;
- (ii) Provide shareholders of Spring Art with an opportunity to increase their equity participation in the Company at a pre-determined exercise price over the tenure of the Warrants, and to allow shareholders to further participate in the future growth of the Company when the Warrants are exercised;
- (iii) Provide the Company with additional working capital when the Warrants are exercised in the future. The exercise of the Warrants will allow the Company to obtain proceeds without incurring interest expenses as compared to bank borrowings; and
- (iv) Strengthen the capital base of the Company by increasing the size of the shareholders' funds pursuant to the exercise of the Warrants.

#### 4. FINANCIAL EFFECTS OF THE PROPOSED BONUS ISSUE OF WARRANTS

The effects of the Proposed Bonus Issue of Warrants are set out as follow:

##### 4.1 Share capital

The pro forma effects of the Proposed Bonus Issue of Warrants on the issued share capital of Spring Art are set out below:

	<b>No. of Shares</b>	<b>RM</b>
Issued share capital as at the LPD	415,687,000	54,753,941
New Shares to be issued from the full exercise of the Warrants	166,274,800	<sup>(1)</sup> 46,556,944
<b>Enlarged issued share capital</b>	<b>581,961,800</b>	<b>101,310,885</b>

Note:

- <sup>(1)</sup> Assuming 166,274,800 Warrants are exercised at an exercise price of RM0.28 per Warrant.

##### 4.2 NA and gearing

The pro forma effects of the Proposed Bonus Issue of Warrants on the NA, NA per Share and gearing of the Group based on the latest audited consolidated financial statements of Spring Art as at 31 December 2019 are set out below:

	I	II	
	Audited as at 31 December 2019	After the Proposed Bonus Issue of Warrants	After (I) and full exercise of the Warrants
	RM	RM	RM
Share capital	54,753,941	54,753,941	(2) 101,310,885
Merger deficit	(31,299,980)	(31,299,980)	(31,299,980)
Revaluation reserve	7,264,370	7,264,370	7,264,370
Retained earnings	33,279,325	(1) 33,129,325	33,129,325
	<b>63,997,656</b>	<b>63,847,656</b>	<b>110,404,600</b>
No. of Shares	415,687,000	415,687,000	581,961,800
NA per Share (RM)	0.15	0.15	0.19
Total borrowings	6,291,264	6,291,264	6,291,264
Gearing (times)	0.10	0.10	0.06

Notes:

- <sup>(1)</sup> After deducting the estimated expenses in relation to the Proposed Bonus Issue of Warrants of RM150,000.
- <sup>(2)</sup> Assuming 166,274,800 Warrants are exercised at an exercise price of RM0.28 per Warrant.



### 4.3 Earnings and EPS

The Proposed Bonus Issue of Warrants will not have any impact on the earnings of the Group. However, the EPS of the Group is expected to be diluted as a result of the increase in the number of Shares arising from the exercise of Warrants.

### 4.4 Existing convertible securities

As at the LPD, the Company does not have any convertible securities.

### 4.5 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Bonus Issue of Warrants on the shareholdings of the substantial shareholders of Spring Art based on the register of substantial shareholders are set out below:

Substantial shareholders	As at the LPD				Upon full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lim Kok Eng	238,425,540	57.36	<sup>(1)</sup> 58,196,160	14.00	333,795,756	57.36	<sup>(1)</sup> 81,474,624	14.00
Kwan Chian Poh	58,196,160	14.00	<sup>(1)</sup> 238,425,540	57.36	81,474,624	14.00	<sup>(1)</sup> 333,795,756	57.36

Note:

<sup>(1)</sup> Deemed interested by his/her spouse's shareholdings in the Company.

## 5. APPROVALS REQUIRED AND CONDITIONALITY OF THE PROPOSED BONUS ISSUE OF WARRANTS

The Proposed Bonus Issue of Warrants is subject to the following approvals being obtained:

- (i) Bursa Securities for the following:
  - (a) Admission of 166,274,800 Warrants to the Official List; and
  - (b) The listing of and quotation for 166,274,800 Warrants and 166,274,800 new Shares to be issued from the exercise of the Warrantson the ACE Market of Bursa Securities.
- (ii) The shareholders of Spring Art at the forthcoming EGM to be convened; and
- (iii) Any other relevant authority, if required.

The Proposed Bonus Issue of Warrants is not conditional upon any other proposals undertaken or to be undertaken by the Company.

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## 6. HISTORICAL SHARE PRICE PERFORMANCE

The monthly highest and lowest market prices of Spring Art Shares as traded on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	<b>High RM</b>	<b>Low RM</b>
<b>2020</b>		
January	0.270	0.225
February	0.250	0.215
March	0.225	0.115
April	0.210	0.135
May	0.200	0.160
June	0.195	0.160
July	0.225	0.175
August	0.265	0.205
September	0.275	0.210
October	0.260	0.225
November	0.385	0.245
December	0.415	0.330

The last transacted market price of Spring Art Shares immediately prior to the Announcement 0.295

Last transacted market price on the LPD 0.345

*(Source: M&A Securities)*

## 7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of the Company, chief executive and/or persons connected with them have any interest, direct and/or indirect, in the Proposed Bonus Issue of Warrants, other than their respective entitlements as shareholders of the Company under the Proposed Bonus Issue of Warrants, the rights of which are also available to all other existing shareholders of the Company as at the Entitlement Date.

## 8. DIRECTORS' STATEMENT AND RECOMMENDATION

After having considered all aspects of the Proposed Bonus Issue of Warrants, the Board is of the opinion that the Proposed Bonus Issue of Warrants is in the best interest of the Company, and accordingly recommends that the shareholders of the Company to vote in favour of the resolution pertaining to the Proposed Bonus Issue of Warrants to be tabled at the forthcoming EGM of the Company.

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## 9. ESTIMATED TIMEFRAME FOR COMPLETION

The tentative timetable in relation to the Proposed Bonus Issue of Warrants is as follows:

Date	Events
8 February 2021	EGM to approve the Proposed Bonus Issue of Warrants
Mid February 2021	Announcement of the Entitlement Date for the Proposed Bonus Issue of Warrants
Mid March 2021	<ul style="list-style-type: none"><li>• Admission of the Warrants to the Official List and the listing of and quotation for the Warrants on the ACE Market of Bursa Securities</li><li>• Completion of the Proposed Bonus Issue of Warrants</li></ul>

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposed Bonus Issue of Warrants is expected to be completed by the first quarter of 2021.

## 10. OUTSTANDING CORPORATE EXERCISE ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the Proposed Bonus Issue of Warrants, there are no other corporate exercise announced but pending implementation.

## 11. EGM

The EGM, the notice of which is enclosed together with this Circular, will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Monday, 8 February 2021, at 11.00 a.m., for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed Bonus Issue of Warrants.

If you are unable to attend and vote in person at the EGM, you may complete and return the relevant Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor not less than 24 hours before the time set for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

## 12. FURTHER INFORMATION

You are advised to refer to the appendix set out in this Circular for further information.

Yours faithfully,  
for and on behalf of the Board of Directors,  
**SPRING ART HOLDINGS BERHAD**

**HAJI ISMAIL BIN TUNGGAK**  
Independent Non-Executive Chairman

## **FURTHER INFORMATION**

### **1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

### **2. CONSENT AND DECLARATION**

#### **Consent**

M&A Securities has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

#### **Conflict of interest**

M&A Securities is not aware of any conflict of interest that exists or is likely to exist in its capacity as the Adviser to Spring Art in relation to the Proposed Bonus Issue of Warrants.

### **3. MATERIAL LITIGATION**

As at the LPD, neither Spring Art nor its subsidiary is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and to the best of the Board's knowledge and belief, the Board is not aware of any proceeding, pending or threatened against the Spring Art Group or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Spring Art Group.

### **4. MATERIAL COMMITMENTS**

Material commitments of the Group as at the LPD is as follows:

	<b><u>RM'000</u></b>
Application for access road <sup>(1)</sup>	260
Purchase of property, plant and equipment	866
	<b><u>1,126</u></b>

Note:

<sup>(1)</sup> The land on which the Company's hostel is located does not have an access road. On 18 June 2017, Spring Art had vide its consultant submitted an application to the Pejabat Tanah Muar to apply for an access road.

The Pejabat Tanah Muar had vide its letter dated 27 July 2017 notified that the cost for the access road is RM520,000, of which a deposit of RM260,000 is payable in order for the application to proceed. Spring Art had on 22 August 2017 made the payment to the Pejabat Tanah Muar.

The remaining amount payable of RM260,000 has been recorded as a material commitment as at the LPD. This amount, when due, shall be paid via our internally generated funds.

**5. CONTINGENT LIABILITIES**

As at the LPD, the Board is not aware of any contingent liabilities, incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material impact on the ability of the Group to meet its obligations as and when they fall due.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor during normal business hours (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Constitution of the Company;
- (ii) Audited consolidated financial statements of Spring Art for the past 2 FYEs 31 December 2018 and 31 December 2019 as well as the latest unaudited quarterly report on consolidated results for the 9-month financial period ended 30 September 2020;
- (iii) Letter of consent and declaration of conflict of interest as referred to in Section 2 of this Appendix; and
- (iv) Draft Deed Poll.

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**SPRING ART HOLDINGS BERHAD**

(Registration No. 201801016143 (1278159-A))

(Incorporated in Malaysia)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting ("**EGM**") of Spring Art Holdings Berhad ("Spring Art" or "the Company") will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Monday, 8 February 2021 at 11.00 a.m., for the purpose of considering and if thought fit, passing or without modifications the following resolution:

**ORDINARY RESOLUTION**

**PROPOSED BONUS ISSUE OF 166,274,800 FREE WARRANTS ("WARRANTS") ON THE BASIS OF 2 WARRANTS FOR EVERY 5 EXISTING SPRING ART SHARES HELD ON THE ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE OF WARRANTS")**

**"THAT** subject to the approvals of all relevant regulatory authorities being obtained, the Board of Directors of the Company ("Board") be and is hereby authorised to issue and allot of 166,274,800 Warrants on the basis of 2 Warrants for every 5 existing Spring Art Shares held by the shareholders whose names appear on the Record of Depositors of the Company as at the close of business on the entitlement date to be determined and announced later;

**THAT** fractional entitlements arising from the Proposed Bonus Issue of Warrants, if any, will be disregarded and the aggregate of such fractions shall be dealt with in such manner as the Board shall in its absolute discretion deem fit or expedient and in the best interest of the Company;

**THAT** up to 166,274,800 Warrants be allotted and issued in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants ("Deed Poll");

**THAT** the new Spring Art Shares to be issued from the exercise of Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Spring Art Shares, save and except that the new Spring Art Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which precedes the date of allotment and issuance of the new Spring Art Shares;

**THAT** the Board be and is hereby authorised to allot and issue such additional Warrants as may be required or permitted to be issued as consequences of any adjustments in accordance with the provisions in the Deed Poll ("Additional Warrants");

**THAT** the Board be and is hereby authorised to allot and issue such appropriate number of new Spring Art Shares arising from the exercise of the Warrants by the holders of the Warrant of their rights in accordance with the provisions of the Deed Poll, including such appropriate number of new Spring Art Shares arising from the exercise of subscription rights represented by the Additional Warrants;

**THAT** the Board be and is hereby authorised to enter into and execute the Deed Poll on behalf of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/or amendments to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as consequence of any adjustments under the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and to take all steps as the Board deems fit and/or expedient in order to implement, finalise and give full effect to the Deed Poll;

**THAT** the new Spring Art Shares to be issued arising from the exercise of the Warrants and/or the Additional Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Spring Art Shares, save and except that the new Spring Art Shares to be issued arising from

the exercise of the Warrants and/or the Additional Warrants will not be entitled to participate in any rights, allotments, dividends, and/or other distributions that may be declared, made or paid for where the entitlement date is before the allotment and issuance of such new Spring Art Shares;

**THAT** the proceeds raised from the exercise of the Warrants, if any, be utilised for the purposes set out in the circular to shareholders of the Company dated 22 January 2021 and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (when required) to the approval of the relevant authorities;

**AND THAT** the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Bonus Issue of Warrants with full power to assent to any condition, modification, variation and/or amendment in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants."

#### **BY ORDER OF THE BOARD**

**NG MEI WAN (SSM Practicing Certificate No. 201908000801) (MIA Member No.: 28862)**  
**TAN HUI KHIM (SSM Practicing Certificate No. 201908000859) (License Secretary No.: LS 0009936)**

Company Secretaries

Muar, Johor Darul Takzim  
22 January 2021

#### **Notes:**

##### **1. IMPORTANT NOTICE**

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders WILL NOT BE ALLOWED to attend the Extraordinary General Meeting ("EGM") in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiih.online>. **Please follow the Procedures for RPV in the Information for Shareholders on EGM and take note of Notes (2) to (7) below in order to participate remotely via RPV.**

2. Only depositors whose names appear in the Record of Depositors as at 29 January 2021 shall be regarded as members and be entitled to attend, speak and vote at the EGM.
3. A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
5. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his holdings to be represented by each proxy. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised. In the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

6. A member who has appointed a proxy or authorised representative to attend, participate, speak and vote at this EGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Information for Shareholders on EGM.
7. The proxy form duly completed must be deposited at No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than 24 hours before the time for holding the meeting. For electronic lodgement please follow the Procedures for RPV in the Information for Shareholders on the EGM.

## INFORMATION FOR SHAREHOLDERS ON EXTRAORDINARY GENERAL MEETING OF SPRING ART HOLDINGS BERHAD

Date : Monday, 8 February 2021  
Time : 11.00 a.m.  
Broadcast Venue : Tricor Business Centre  
Manuka 2 & 3 Meeting Room  
Unit 29-01, Level 29, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

### MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the Extraordinary General Meeting ("EGM") will be conducted on **a fully virtual basis through live streaming from the Broadcast Venue and online remote voting**. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, including any amendment that may be made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.

### REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at <https://tiih.online>.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this EGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to Procedures for RPV.

As the EGM is a fully virtual EGM, shareholders who are unable to participate in this EGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

### PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate the EGM remotely using the RPV are to follow the requirements and procedures as summarised below:

	Procedure	Action
<b>BEFORE THE EGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"><li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance.</li><li>Registration as a user will be approved within one working day and you will be notified via email.</li><li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li></ul>
(b)	Submit your registration for RPV	<ul style="list-style-type: none"><li>Registration is open from Friday, 22 January 2021 until the day of EGM Monday, 8 February 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate the EGM using the RPV.</li><li>Login with your user ID and password and select the corporate event: <b>"(REGISTRATION) SPRING ART HOLDINGS BERHAD EGM"</b></li></ul>



	Procedure	Action
<b>BEFORE THE EGM DAY</b>		
		<ul style="list-style-type: none"> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select "Register for Remote Participation and Voting".</li> <li>• Review your registration and proceed to register.</li> <li>• System will send an e-mail to notify that your registration for remote participation is received and will be verified.</li> <li>• After verification of your registration against the General Meeting Record of Depositors dated 29 January 2021, the system will send you an e-mail to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email.</li> </ul> <p><i>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate the EGM remotely).</i></p>

<b>ON THE DAY OF THE EGM</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>• Login with your user ID and password for remote participation at the EGM at any time from 10.30 a.m. i.e. 30 minutes before the commencement of the EGM on Monday, 8 February 2021 at 11.00 a.m.</li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>• Select the corporate event: <b>"(LIVE STREAM MEETING) SPRING ART HOLDINGS BERHAD EGM"</b> to engage in the proceedings of the EGM remotely.</li> <li>• If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to questions submitted by you during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>• Voting session commences from 11.00 a.m. on Monday, 8 February 2021 until a time when the Chairman announces the end of the session. Select the corporate event: <b>"(REMOTE VOTING) SPRING ART HOLDINGS BERHAD EGM"</b> or if you are on the live stream meeting page, you can select <b>"GO TO REMOTE VOTING PAGE"</b> button below the Query Box.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select the CDS account that represents your shareholdings.</li> <li>• Indicate your votes for the resolution that are tabled for voting.</li> <li>• Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>• Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.</li> </ul>

**Note to users of the RPV facilities:**

1. Should your registration for RPV be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

## **APPOINTMENT OF PROXY(IES) OR ATTORNEY(S) OR CORPORATE REPRESENTATIVE(S)**

Shareholders who appoint proxy(ies) to participate via RPV at the EGM must ensure that the duly executed proxy form(s) are deposited in a hard copy form or by electronic means to Tricor no later than **Sunday, 7 February 2021 at 11.00 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Procedure for Electronic Submission of Proxy Form.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with to No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor not later than **Sunday, 7 February 2021 at 11.00 a.m.** to participate via RPV in the EGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment to No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor not later than **Sunday, 7 February 2021 at 11.00 a.m.** to participate via RPV in the EGM. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
  - (a) at least two (2) authorised officers, of whom one shall be a director; or
  - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

## **PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM**

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

	<b>Procedure</b>	<b>Action</b>
a	Register as a User with TIIH Online	<ul style="list-style-type: none"><li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance.</li><li>If you are already a user with TIIH Online, you are not required to register again.</li></ul>
b	Proceed with submission of Proxy Form	<ul style="list-style-type: none"><li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li><li>Select the corporate event: "Submission of Proxy Form".</li><li>Read and agree to the Terms &amp; Conditions and confirm the Declaration</li><li>Insert your CDS account number and indicate the number of</li></ul>

	Procedure	Action
		<p>shares for your proxy(s) to vote on your behalf.</p> <ul style="list-style-type: none"> <li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print proxy form for your record.</li> </ul>

### **POLL VOTING**

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolution at any time from **11.00 a.m. on Monday, 8 February 2021** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at <https://tiih.online>.

Upon completion of the voting session for the EGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolution are duly passed.

### **PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS**

Shareholders may submit questions for the Board in advance of the EGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Sunday, 7 February 2021 at 11.00 a.m.** The Board will endeavor to answer the questions received at the EGM.

### **DOOR GIFT/FOOD VOUCHER**

There will be no door gifts or food vouchers for attending the EGM.

### **NO RECORDING OR PHOTOGRAPHY**

Unauthorized recording and photography are strictly prohibited at the EGM

### **ENQUIRY**

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  
 Fax Number : +603-2783 9222  
 Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)  
 Contact persons : Ros Sakila Binti Bahari  
 Email: [Sakila@my.tricorglobal.com](mailto:Sakila@my.tricorglobal.com)  
 Muhammad Amirul Iskandar Bin Azizan  
 Email: [Muhammad.Amirul@my.tricorglobal.com](mailto:Muhammad.Amirul@my.tricorglobal.com)

**SPRING ART HOLDINGS BERHAD**

(Registration No. 201801016143 (1278159-A))

(Incorporated in Malaysia)

**FORM OF PROXY**

No. of shares held	CDS Account no.
Telephone no.	Email address

\*I/We \_\_\_\_\_ NRIC/Passport no./Registration no. \_\_\_\_\_

of \_\_\_\_\_

being a \*member/members of SPRING ART HOLDINGS BERHAD, hereby appoint:

(1) Name of proxy : \_\_\_\_\_ NRIC/Passport no. : \_\_\_\_\_

Address : \_\_\_\_\_

Email address : \_\_\_\_\_ Telephone no. : \_\_\_\_\_

(2) Name of proxy : \_\_\_\_\_ NRIC/Passport no. : \_\_\_\_\_

Address : \_\_\_\_\_

Email address : \_\_\_\_\_ Telephone no. : \_\_\_\_\_

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Monday, 8 February 2021 at 11.00 a.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:

Please indicate with a "x" in the spaces provided whether you wish your votes to be cast for or against the resolution. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit.

No.	Ordinary Resolution	For	Against
1.	Proposed Bonus Issue of Warrants		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature/Seal

*\* Strike out whichever is not applicable*

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage (%)
Proxy 1		
Proxy 2		
<b>Total</b>		<b>100</b>



## Notes:

### 1. IMPORTANT NOTICE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders WILL NOT BE ALLOWED to attend the Extraordinary General Meeting ("EGM") in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiih.online>. **Please follow the Procedures for RPV in the Information for Shareholders on EGM and take note of Notes (2) to (7) below in order to participate remotely via RPV.**

2. Only depositors whose names appear in the Record of Depositors as at 29 January 2021 shall be regarded as members and be entitled to attend, speak and vote at the EGM.
3. A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
5. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his holdings to be represented by each proxy. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised. In the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
6. A member who has appointed a proxy or authorised representative to attend, participate, speak and vote at this EGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Information for Shareholders on EGM.
7. The proxy form duly completed must be deposited at No. 7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than 24 hours before the time for holding the meeting. For electronic lodgement please follow the Procedures for RPV in the Information for Shareholders on the EGM.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Company Secretaries

**SPRING ART HOLDINGS BERHAD**  
(Registration No. 201801016143 (1278159-A))  
(Incorporated in Malaysia)

No. 7 (1<sup>st</sup> Floor), Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1,  
Jalan Bakri  
84000 Muar  
Johor

1st fold here