

SPRING ART®

SPRING ART HOLDINGS BERHAD

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

ANNUAL
REPORT
2024

*Furnishing your
dream home*

7TH

ANNUAL GENERAL MEETING

DATE : 12 JUNE 2025, THURSDAY

TIME : 11:00 AM

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



**SCAN
ME**

Please scan this
QR code to view
the report in
digital format.



WHAT'S INSIDE

1

OVERVIEW

- 002 Corporate Profile
- 004 Corporate Structure
- 005 Corporate Information
- 006 Key Financial Highlights
- 008 Directors' Profile
- 013 Profiles of Key Management

2

BUSINESS REVIEW

- 016 Management Discussion and
Analysis Statement
- 023 Sustainability Statement 2024

3

CORPORATE GOVERNANCE

- 061 Corporate Governance Overview
Statement
- 074 Audit and Risk Management
Committee Report
- 079 Statement on Risk Management
and Internal Control
- 082 Additional Compliance Information
- 083 Statement of Directors'
Responsibility

4

FINANCIAL STATEMENTS

- 084 Financial Statements

5

OTHERS

- 142 List of Properties
- 143 Analysis of Shareholdings
- 145 Notice of Annual General Meeting
- 149 Administrative Guide for the
Seventh Annual General Meeting of
Spring Art Holdings Berhad

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.



DESIGN & DEVELOPMENT

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.

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.



MANUFACTURING

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.

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.



MARKETING & SALES

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

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

CORPORATE PROFILE

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



OFFICE FURNITURE

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



BEDROOM FURNITURE

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



LIVING ROOM FURNITURE

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



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.

PEOPLE

We expect our **people** to approach everything with fire in their belly and never give up on doing what they believe is right.

EMPHASIS

We place high **emphasis** on products' quality to enhance customer satisfaction.

RESPECT

We **respect** for and openness to cultures, views and opinions different from one's own.

SENSITIVITY

We maintain a **sensitivity** to customers' needs to become more 'agile' and more responsive to customers.

INNOVATION

We are committed to research, development, and **innovation** to understand customers and markets demand.

SAFETY

We stress on the **safety** in workplace to ensure the health safety and welfare at work of employees.

TECHNOLOGY

We focus on **technology** development to drive towards Industry 4.0 Malaysia.

EFFICIENCY

We highlight on production **efficiency** to derive better cost management across all functions.

NOTABILITY

We build our company's identity and **notability** to catch attention of new customers.

TEAMWORK

We believe **teamwork** enables ordinary people to achieve extraordinary things.

OUR MISSION

Enhancing the lifestyle of people.

OUR VISION

To establish a strong brand as a leading furniture manufacturer.



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
Isca-muar@isca.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
www.springart.com

PRINCIPLE BANKERS

Bank of China (Malaysia) Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia 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

KEY FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL HIGHLIGHTS

	2020	2021	2022	2023	2024
Revenue (RM'000)	53,931	54,782	45,324	56,232	49,572
Profit Before Tax (RM'000)	8,263	7,281	2,869	7,460	6,719
Profit After Tax (RM'000)	6,502	5,766	2,170	5,488	9,240
Net Assets (RM'000)	73,524	77,628	80,160	86,604	93,766
Net Profit Attributable To Equity Holders (RM'000)	6,502	5,766	2,170	5,488	9,240
Weighted Average Number Of Shares In Issue ('000)	415,687	415,689	415,689	415,689	415,691
Earnings Per Share ("EPS") (sen)	1.56	1.39	0.52	1.32	2.22
Net Assets Per Share (RM)	0.18	0.19	0.19	0.21	0.23



KEY FINANCIAL HIGHLIGHTS

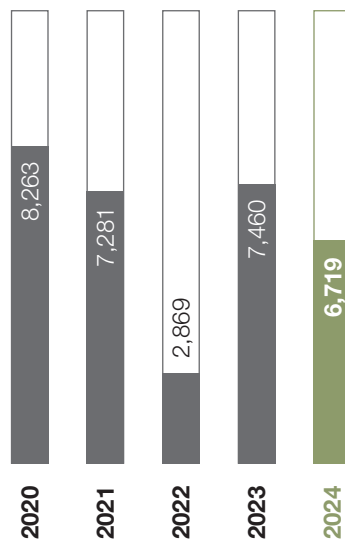
REVENUE (RM'000)

49,572



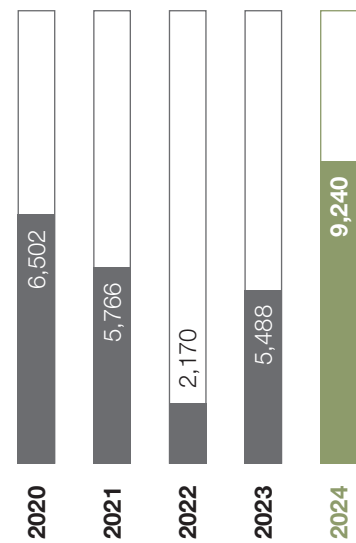
PROFIT BEFORE TAX (RM'000)

6,719



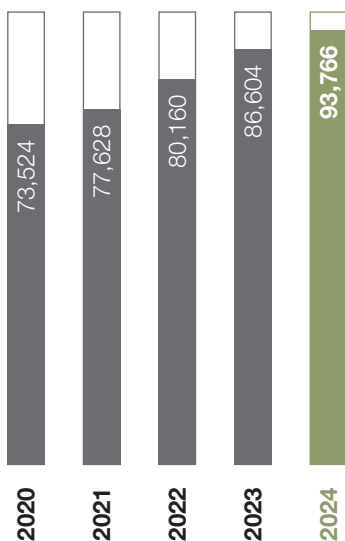
PROFIT AFTER TAX (RM'000)

9,240



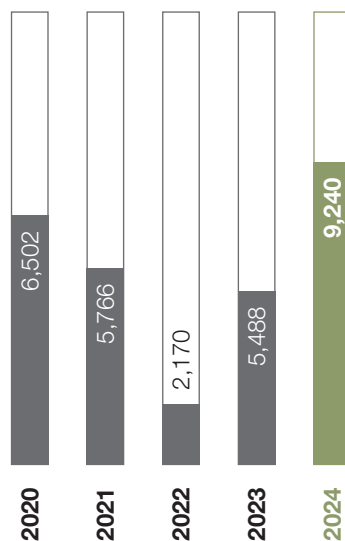
NET ASSETS (RM'000)

93,766



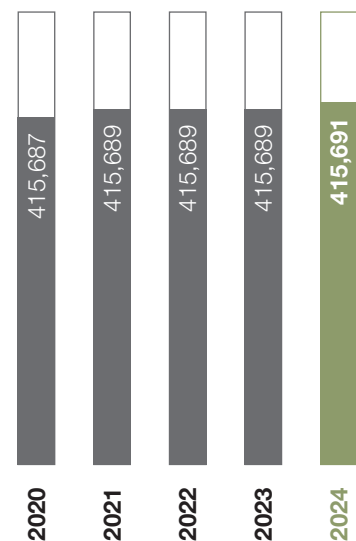
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)

9,240



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

415,691



DIRECTORS' PROFILE



HAJI ISMAIL BIN TUNGGAK

Independent Non-Executive Chairman

PERSONAL DETAILS



Nationality
Malaysian



Age
75



Gender
Male

TENURE OF SERVICE

6 Years 4 Months

POSITION

Remuneration Committee
Nomination Committee
Audit and Risk Management Committee

Chairman
Member
Member

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 Tengkak. 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 Tengkak 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.

DIRECTORS' PROFILE

DATUK LIM KOK ENG*

Managing Director

PERSONAL DETAILS



Nationality
Malaysian



Age
59



Gender
Male

TENURE OF SERVICE

6 Years 4 Months



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 private limited companies.

DIRECTORS' PROFILE



DATIN KWAN CHIAN POH

Executive Director

PERSONAL DETAILS



Nationality
Malaysian



Age
57



Gender
Female

TENURE OF SERVICE

6 Years 4 Months

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.

DIRECTORS' PROFILE

LAW SANG THIAM

Senior Independent Non-Executive Director

PERSONAL DETAILS



Nationality
Malaysian



Age
49



Gender
Male

TENURE OF SERVICE

6 Years 4 Months

POSITION

Audit and Risk Management Committee
Remuneration Committee
Nomination Committee

Chairman
Member
Member



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, which is listed on the ACE Market of Bursa Malaysia Securities Berhad. In addition, he is also an Independent Non-Executive Director of Icents Group Holdings Berhad.

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

DIRECTORS' PROFILE



TAN MENG LOON*

Independent Non-Executive Director

PERSONAL DETAILS



Nationality
Malaysian



Age
40



Gender
Male

TENURE OF SERVICE

6 Years 4 Months

POSITION

Nomination Committee
Remuneration Committee
Audit and Risk Management Committee

Chairman
Member
Member

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.

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.

PROFILES OF KEY MANAGEMENT

PERSONAL DETAILS

LIM YONG HONG

Chief Business Development Officer



Nationality
Malaysian



Age
26



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.

PROFILES OF KEY MANAGEMENT

PERSONAL DETAILS



Nationality
Malaysian



Age
24



Gender
Male

LIM YONG JIAN
Chief Production Officer

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.

PROFILES OF KEY MANAGEMENT

PERSONAL DETAILS

GOH CHIA WEI

Group Accountant



Nationality
Malaysian



Age
37



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 2024 (“FYE 2024”).



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

OPERATING ENVIRONMENT

In 2024, the global economy exhibited resilience amid inflation, interest rate fluctuations and geopolitical uncertainties. ¹The International Monetary Fund's ("IMF") October 2024 World Economic Outlook projected global growth to stabilize at 3.2% for both 2024 and 2025. ²Malaysia's economy outperformed global trends, achieving a Gross Domestic Product ("GDP") growth of 5.1% in 2024, up from 3.6% from 2023 which driven by strong domestic demand, investment and household spending.

The furniture industry remained resilient, benefiting from sustained demand for home and office solutions, particularly with hybrid work models and rising urbanization. Malaysia's strong economic growth supported domestic furniture manufacturing and exports, as the country remained a key player in the global furniture supply chain. E-commerce platforms are continued to shape consumer behavior, increasing demand for Ready-To-Assemble ("RTA") and sustainable furniture.

However, supply chain disruptions, rising freight costs, and prolonged lead times posed challenges, requiring agile strategies such as regional sourcing and digital inventory management. Foreign exchange volatility also impacted financial performance, emphasizing the need for effective hedging strategies.

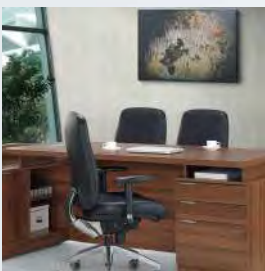
Regulatory changes emphasized Environmental, Social, and Governance ("ESG") compliance, reinforcing the importance of sustainable and responsible manufacturing. The global shift towards eco-friendly products further influenced the industry, pushing companies toward greener materials and production processes.

Looking ahead, while digitalization, automation, and emerging markets present growth opportunities, global trade tensions and slower expansion in major export markets pose potential risks. Our company remains committed to agility, sustainability, and innovation to navigate these challenges and drive long-term success.

Source:

1. <https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024>
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

The Group's revenue is mainly derived from sales of RTA furniture products to distributors, furniture showroom retailers, home furnishing chain store 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 94.0% of our revenues were denominated in USD for FYE 2024 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
store

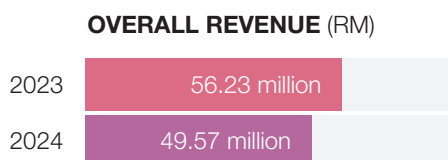


E-commerce companies

FINANCIAL PERFORMANCE REVIEW

1. ANALYSIS OF FINANCIAL RESULTS AND FINANCIAL CONDITION

• REVENUE



The Group's overall revenue decreased by 11.8% from RM56.23 million recorded in the financial year ended 2023 ("FYE 2023") to RM49.57 million recorded in FYE 2024. However, total sales volume for the financial year under review decreased by 9.7% was mainly due to the reduced demand from existing customers.

The revenue from bedroom furniture and living room furniture contributed 87.5% of the Group's revenue for the financial year under review and 87.7% of total sales volume.

Sales volume for bedroom furniture decreased by 15.5% and living room increased by 13.1% while sales volume for office furniture decreased by 10.4%.

Sales volume decreased from 265,972 units in FYE 2023 to 240,162 units in FYE 2024, mainly due to decrease in bedroom furniture from 197,901 units in FYE 2023 to 167,307 units in FYE 2024 and decrease in office furniture from 15,069 units in FYE 2023 to 13,499 units in FYE 2024.

In FYE 2024, we experienced sales growth in North America and Latin America by RM0.42 million or 12.1% as well as in Europe by RM1.36 million or 242.3% 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

• COST OF SALES AND GROSS PROFIT

OVERALL GROSS PROFIT ("GP") (RM)



The Group's cost of sales decreased by RM6.93 million or 16.2% from RM42.79 million in FYE 2023 to RM35.86 million in FYE 2024. The decrease was mainly due to decrease in the Group's overall revenue from RM56.23 million in FYE 2023 to RM49.57 million in FYE 2024.

In FYE 2024, the Group's GP increased by approximately RM0.28 million or 2.1% from RM13.44 million in FYE 2023 as compared to RM13.72 million in FYE 2024. This increase was mainly attributable to the improvement in production efficiency and procurement strategies.

• 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 78 days in FYE 2023 to 99 days in FYE 2024.

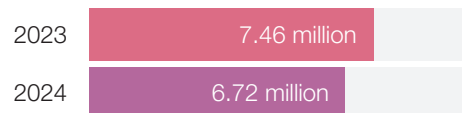
Our Group's raw materials mainly consist of boards (particle boards and medium-density fibreboards ("MDF")) metal components (screws, nuts and mounting brackets), PVC edges as well as packaging materials (corrugated cartons and packing tapes). Our Group's goods in transit are those imported boards which 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 labour and an appropriate proportion of production overhead.

As at 31 December 2024, the inventories of our Group amounting to approximately RM11.30 million. From the total of RM11.30 million, 39.1% is comprised of raw material as heightened demand experienced in the last quarter and faster usage of raw materials. Meanwhile, another 34.6% is comprised of finished goods.

• PROFIT BEFORE TAX AND PROFIT AFTER TAX

PROFIT BEFORE TAX ("PBT") (RM)



PROFIT AFTER TAX ("PAT") (RM)



The Group's PBT and PBT margin decreased from approximately RM7.46 million and 13.3% for FYE 2023 to approximately RM6.72 million and 13.6% for FYE 2024. Correspondingly, the Group's PAT and PAT margin increased from approximately RM5.49 million and 9.8% for FYE 2023 to approximately RM9.24 million and 18.6% in FYE 2024.

The effective tax rate turned negative at 37.5% in FYE 2024 as compared with the effective tax rate to 26.4% in FYE 2023.

• TRADE RECEIVABLES

As at 01 March 2025, approximately RM1.59 million or 94.2% of our Group's total trade receivables as at 31 December 2024 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 2024.

• TRADE PAYABLES

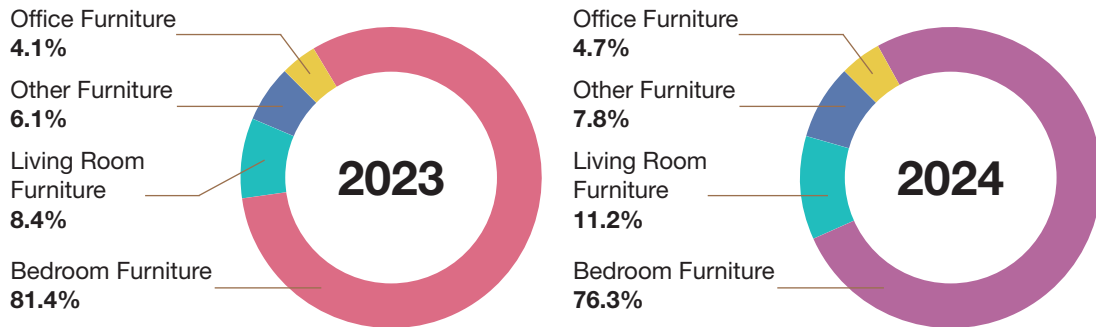
The normal trade terms granted to our Group by our suppliers are cash term to 90 days of credit.

As at 01 March 2025, approximately RM2.01 million or 99.1% of our Group's total trade payables as at 31 December 2024 have been paid.

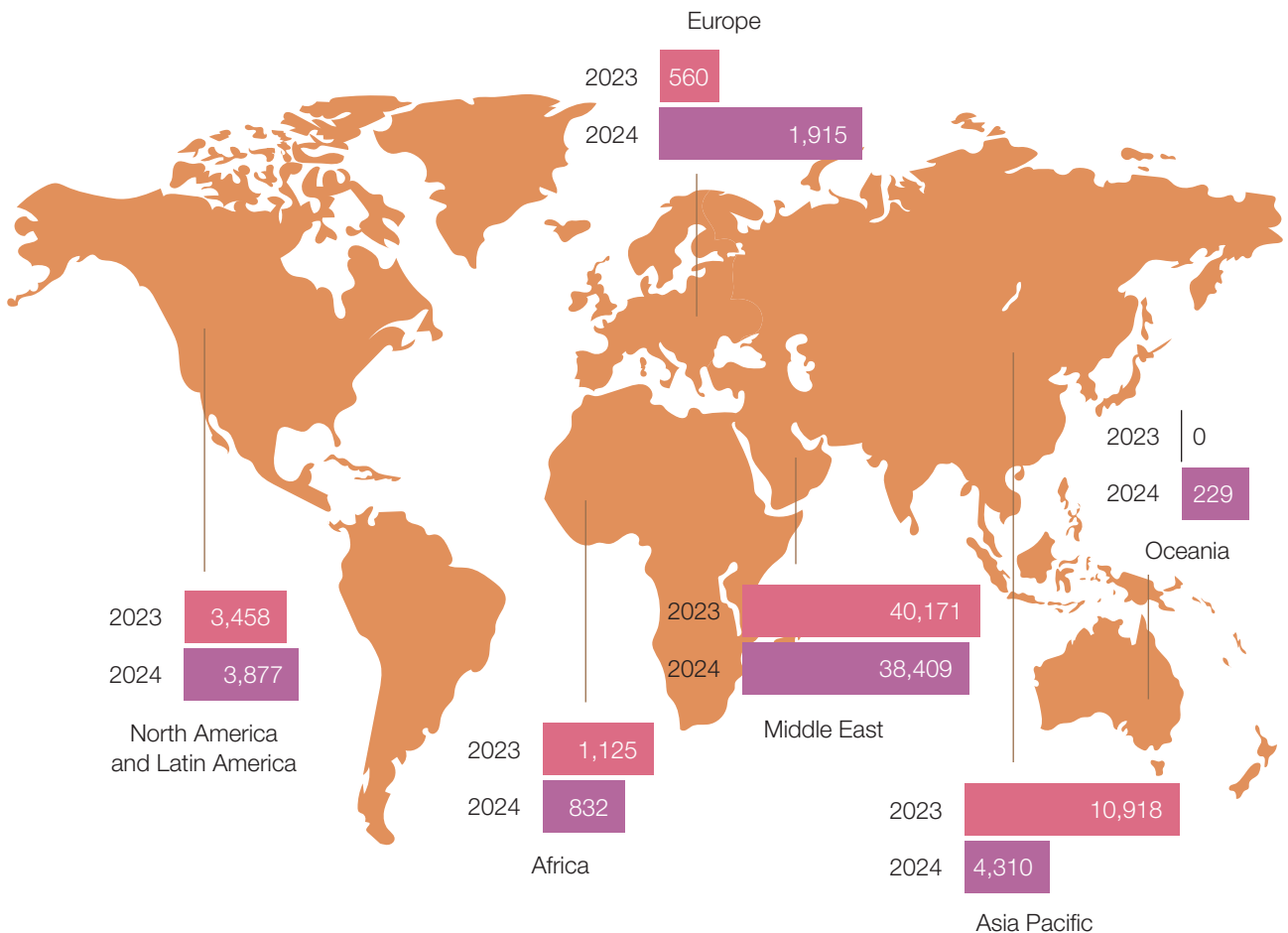
MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

2. REVIEW OF OPERATING ACTIVITIES

REVENUE BY PRODUCT CATEGORY



REVENUE BY PRODUCT REGION



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

PRODUCT	FYE 2023		FYE 2024	
	RM'000	%	RM'000	%
Office Furniture	2,310	4.1	2,347	4.7
Bedroom Furniture	45,778	81.4	37,802	76.3
Living Room Furniture	4,729	8.4	5,562	11.2
Other Furniture	3,415	6.1	3,861	7.8
Total	56,232	100.0	49,572	100.0

REGION	FYE 2023		FYE 2024	
	RM'000	%	RM'000	%
Middle East	40,171	71.4	38,409	77.5
Asia Pacific	10,918	19.4	4,310	8.7
North America and Latin America	3,458	6.2	3,877	7.8
Europe	560	1.0	1,915	3.8
Africa	1,125	2.0	832	1.7
Oceania	0	0	229	0.5
Total	56,232	100.0	49,572	100.0

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.

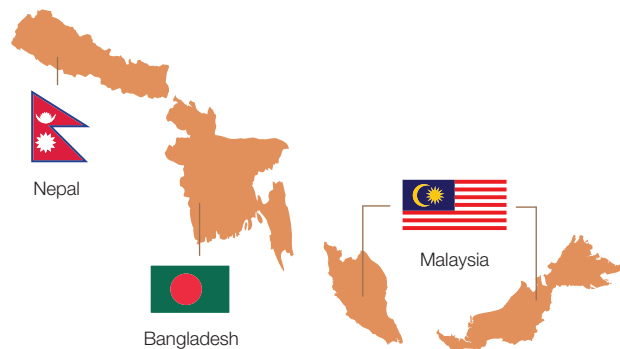
• VOLATILITY IN PRICES OF RAW MATERIALS

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 labour 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

FUTURE PLANS AND PROSPECTS

The world economy is likely to slow down because of efforts to control inflation, affecting business activities. This will bring ongoing difficulties in the export market, as customers adjust how they buy due to having too much stock in their warehouses.

However, the Group will stay focused on what we are good at, actively look for opportunities, cut costs where we can, and quickly take actions to reduce the impact of these challenges on our finances.

The Group has obtained the Certificate of Completion (“CCC”) of Factory C on 4 September 2024. With more production capacity, the Group is working on improving our products to better meet our customers’ needs. It is expected to increase the annual capacity to reach a combined manufacturing capacity of 674,000 units per annum.

With the increasing production capacity, the Group is now focused in driving more research and development activities in enhancing our products to better suit the needs of our customers.

The Group businesses will continue with their business plans to expand market coverage and product range and at the same time, remain vigilant and responsive to market changes.

Meanwhile, we have started gradually transition more responsibilities to the next generation of young leaders. All these efforts are part of our Group’s transformation program to embrace changes and to foster an innovative, collaborative and high energy working environment.

Given our track record in penetrating these foreign markets, we will continue to focus on export markets to grow our business. The Group aims to further increase our presence in the North America and European markets in future.

The Group shall continue to maintain a lean organisation structure that enhances cost-optimisation and promotes operation efficiency across all business segments.

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.

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.

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 2024

ABOUT THIS REPORT

Spring Art Holdings Berhad's ("Spring Art" or "the Group") financial year end ("FYE") 2024 Sustainability Report ("SR") emphasises our advancements in tackling key priorities and metrics. Our dedication to a sustainable future is underscored by conscientious practices, defined goals and streamlined operations.



SUSTAINABILITY STATEMENT 2024

ABOUT THIS REPORT (CONT'D)

Reporting Period, Scope and Boundaries

This report covers Spring Art's sustainability initiatives across all entities and operations in Malaysia from 1 January 2024 to 31 December 2024, unless stated otherwise. It details our progress in fulfilling the commitments set forth in our Sustainability Policy.

Reporting Guidelines, Frameworks, Standards and Sustainability-related Indices

This report is prepared in accordance with the Bursa Malaysia Sustainability Reporting Guide 3rd Edition and several international reporting guidelines, frameworks, standards and sustainability-related indices as follows:

Global Goals

- United Nations Sustainable Development Goals ("SDGs")

Reporting Frameworks

- National Sustainability Reporting Framework ("NSRF")*
- Malaysian Code on Corporate Governance ("MCCG") of Securities Commission Malaysia
- International Financial Reporting Standards ("IFRS") Foundation – IFRS Sustainability Disclosure Standards (S1 and S2 Principles)
- International Integrated Reporting Framework and Integrated Thinking Principles
- Task Force on Climate-related Financial Disclosures ("TCFD")

International Standards and Guidelines

- AA1000 AccountAbility Principles
- AA1000 Stakeholder Engagement Standard
- International Workshop Agreements ("IWA")
 - IWA 48:2024 – Framework for Implementing Environmental, Social and Governance ("ESG") Principles
 - IWA 42:2022 – Net Zero Guidelines
- International Organisation for Standardisation ("ISO")
 - ISO 14064:2018 – Greenhouse Gases
 - ISO 20400:2017 – Sustainable Procurement – Guidance
 - ISO 59004:2024 – Circular Economy – Vocabulary, Principles and Guidance for Implementation
 - ISO 59020:2024 – Circular Economy – Measuring and Assessing Circularity Performance

**Note on NSRF:*

The NSRF sets out Malaysia's approach to adopting the IFRS® Sustainability Disclosure Standards (IFRS S1 and S2) issued by the International Sustainability Standards Board ("ISSB"). The NSRF aims to ensure consistent, comparable and reliable sustainability reporting, enhancing Malaysia's competitiveness and investor confidence.

Implementation will be phased from 2025 onwards, with full adoption, including Scope 1 and Scope 2 greenhouse gas ("GHG") emissions disclosures, by 2027 for larger entities. The framework also outlines the development of assurance requirements to strengthen the credibility of sustainability disclosures.

SUSTAINABILITY STATEMENT 2024

ABOUT THIS REPORT (CONT'D)

The illustration below shows the timeline and applicable entities for the NSRF, which guides the phased adoption of IFRS S1 and S2 Sustainability Disclosure Standards in Malaysia.



Board of Directors' Approval

The Board of Directors ("Board") has reviewed and validated this SR, confirming it accurately reflects Spring Art's performance for the year. The Board takes responsibility for its integrity, supported by strong governance and internal reporting processes.

Independent Assurance

The performance data presented in this report have been primarily sourced from the Group's internal information systems and original records to ensure their accuracy.

External Assurance

To further strengthen our commitment to transparent sustainability reporting, we have engaged ASAP Advisory PLT ("ASAP"), an independent verifier, to conduct a limited assurance review on specific indicators within this report.

Forward-looking Statements

This report includes forward-looking statements intended to provide insights into our perspectives and future plans. However, these statements are subject to risks and uncertainties and do not guarantee Spring Art's future performance. Readers are advised to exercise caution and not place undue reliance on them.

Feedback

We value feedback from our stakeholders as we continuously work to improve and contribute to a more sustainable future. For any comments or information or inquiries, please contact us at: info@springart.com.

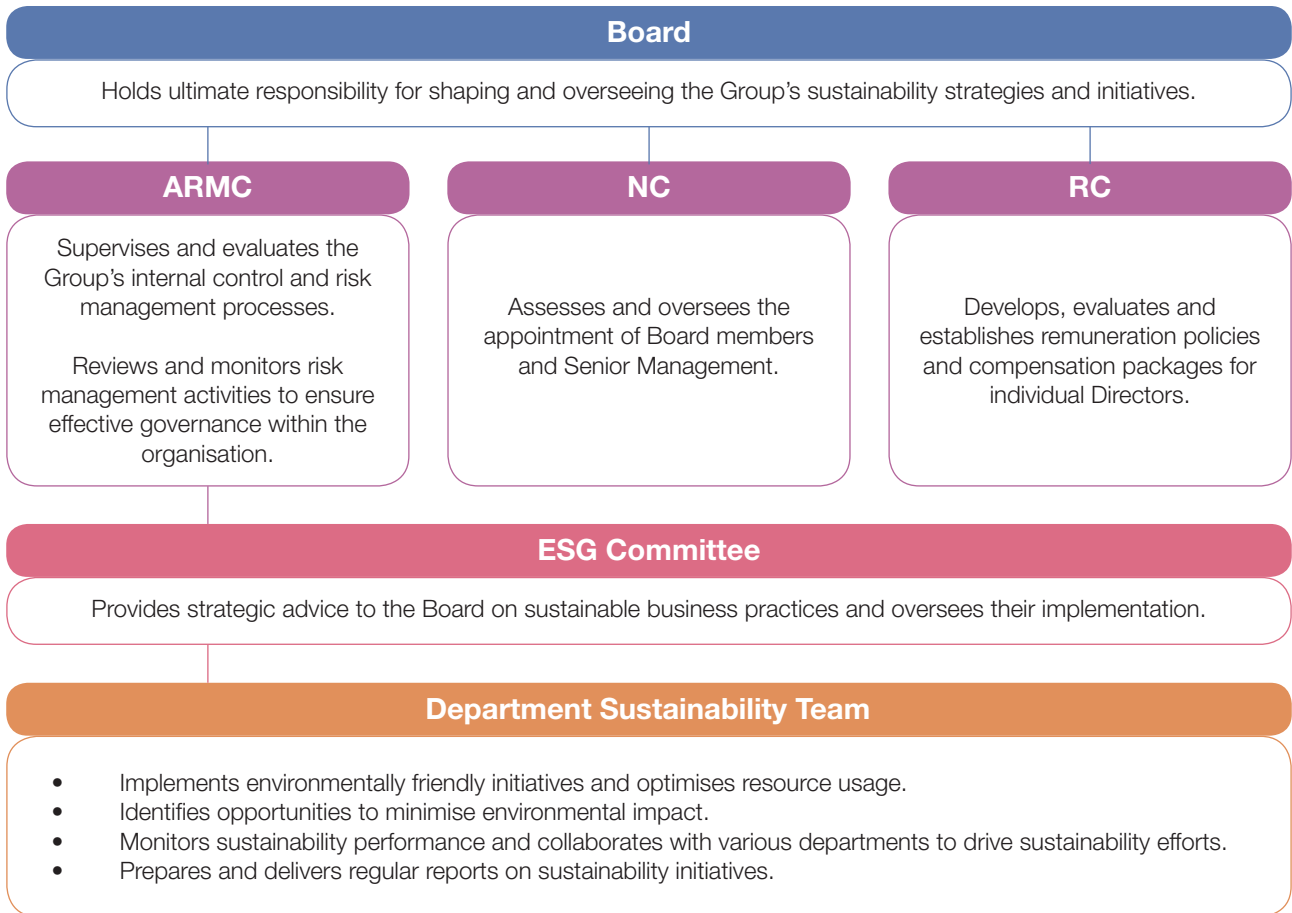
SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY

Sustainability Governance

Spring Art integrates sustainability as a fundamental pillar of its operations, supported by a vigilant and structured governance framework that continues to drive its sustainability objectives. The Board plays a key role in steering the Group’s sustainability strategy, overseeing goal achievement and ensuring the effectiveness of internal controls and risk management systems. Supporting this governance structure, the Audit and Risk Management Committee (“ARMC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) remain proactive, continuously strengthening performance oversight and risk management.

Reinforcing its ongoing commitment to sustainability, the Group’s dedicated ESG Committee remains responsible for setting objectives, policies and practices related to sustainability and ESG matters. Assisting the ESG Committee, a dedicated departmental sustainability team is responsible for implementing eco-friendly practices, identifying opportunities for sustainable improvements and fostering collaboration across departments to integrate sustainability initiatives into daily operations. This structure ensures a coordinated approach to sustainability, driving continuous progress in environmental and social responsibility. The Group’s unwavering dedication to governance excellence is reflected in the clearly defined roles and responsibilities of the Board, its committees, and sustainability teams, ensuring accountability and sustained advancement toward its sustainability goals.



SUSTAINABILITY STATEMENT 2024





SUSTAINABILITY STRATEGY (CONT'D)

Stakeholder Engagement

As a responsible and sustainable business, Spring Art recognises the importance of delivering value and maintaining strong communication with its diverse stakeholders, including customers, employees, suppliers, investors, government agencies and local communities. To support a sustainable business model, we actively engage with stakeholders through open communication and meaningful relationships.



This commitment is reinforced through regular interactions using both formal and informal engagement methods, ensuring effective feedback collection and responsive action to stakeholder needs and concerns.

The table below outlines our key stakeholders, along with the engagement methods and channels we employ. Through these strategic interactions, we aim to foster mutual understanding, trust and collaboration, ultimately driving sustainable business growth and positive outcomes for all stakeholders.

Stakeholder	Areas of Concern/Interest	Engagement Approach	Our Responses
 <p>Customers</p>	<ul style="list-style-type: none"> Product Quality, Safety and Compliance Customer Service and Experience 	<ul style="list-style-type: none"> Customer Relationship Management Reliable Service and On-time Delivery Exhibition 	<ul style="list-style-type: none"> Adhere to quality standards (i.e. ISO 9001:2015 Quality Management Systems)
 <p>Employees</p>	<ul style="list-style-type: none"> Health and Safety Welfare and Remuneration Workplace Diversity Training and Career Development Value Equal Opportunities 	<ul style="list-style-type: none"> Performance Appraisal Management and Staff Meeting Annual Event Training Programmes 	<ul style="list-style-type: none"> Encourage transparent communication with employees Ensure equal employment opportunities for all individuals without discrimination Provide reasonable benefits and remuneration package
 <p>Suppliers</p>	<ul style="list-style-type: none"> Transparent Procurement Practices Payment Schedule Anti-Bribery Sustainable Supply of Quality Services and Materials 	<ul style="list-style-type: none"> Evaluation on Performance Anti-Bribery Commitment Regular Site Visits 	<ul style="list-style-type: none"> Prioritise the establishment of transparent procurement processes Require suppliers to acknowledge adherence to the code of conduct agreement
 <p>Investors</p>	<ul style="list-style-type: none"> Financial Performance Business Strategy Shareholder Value 	<ul style="list-style-type: none"> Annual Report Annual General Meeting Financial Report Corporate Website Company Announcements Investor Relations Activities 	<ul style="list-style-type: none"> Provide timely updates on the Group's strategy and financial performance through investor briefings and announcements Uphold good governance practices across the Group and supply chain

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Stakeholder	Areas of Concern/Interest	Engagement Approach	Our Responses
 Government Agencies	<ul style="list-style-type: none"> • Governance Compliance • Environment Management and Compliance • Fair Labour Practices • Policy Matters (Public, Health and Safety) • Anti-Bribery 	<ul style="list-style-type: none"> • Annual Report • Meeting and Seminar • Public Announcement • Inspection/Audit by Local Authority • Anti-Bribery Commitment 	<ul style="list-style-type: none"> • Full compliance with regulatory requirements • Adoption of practices outlined in the Malaysian Code on Corporate Governance and Anti-Bribery Practices
 Local Communities	<ul style="list-style-type: none"> • Impact of Business Operation • Social Issue 	<ul style="list-style-type: none"> • Community Programmes • Customer Relationship and Engagement 	<ul style="list-style-type: none"> • Investing in welfare to enhance community well-being

Materiality Matrix

At Spring Art, our sustainability approach continues to evolve with the adoption of a more structured and forward-looking methodology for materiality assessment. This refined process enables us to systematically identify and prioritise key sustainability matters by analysing industry trends, technological advancements, and emerging global and local challenges. The findings are then strategically mapped onto our materiality matrix, ensuring that they reflect both their significance to our business and their impact on stakeholders.

To enhance this process, we have integrated the IFRS Foundation's International Integrated Reporting Framework and Integrated Thinking Principles. This ensures that our materiality assessment remains aligned with evolving business dynamics while strengthening our ability to create long-term value. Additionally, we have adopted the Six (6) Capitals model—financial, manufactured, governance, human, social, and natural—to reinforce the connection between sustainability performance and financial outcomes. By incorporating this model, we align our strategies, policies, and practices with global standards such as the United Nations SDGs.

Our holistic approach enables us to assess the interconnections between different value drivers, ensuring that our sustainability priorities remain relevant and responsive to stakeholder expectations. To maintain this alignment, we conduct an annual materiality assessment, re-evaluating the economic, environmental, social, and governance (“EESG”) impacts of our operations. This comprehensive review allows us to identify the most pressing sustainability concerns while continuously refining our strategies to address them effectively.

By embedding integrated thinking into our decision-making, we strengthen our ability to balance non-financial considerations with long-term business success. Ultimately, our materiality assessment not only enhances transparency and accountability but also positions Spring Art to drive meaningful and lasting sustainability outcomes.

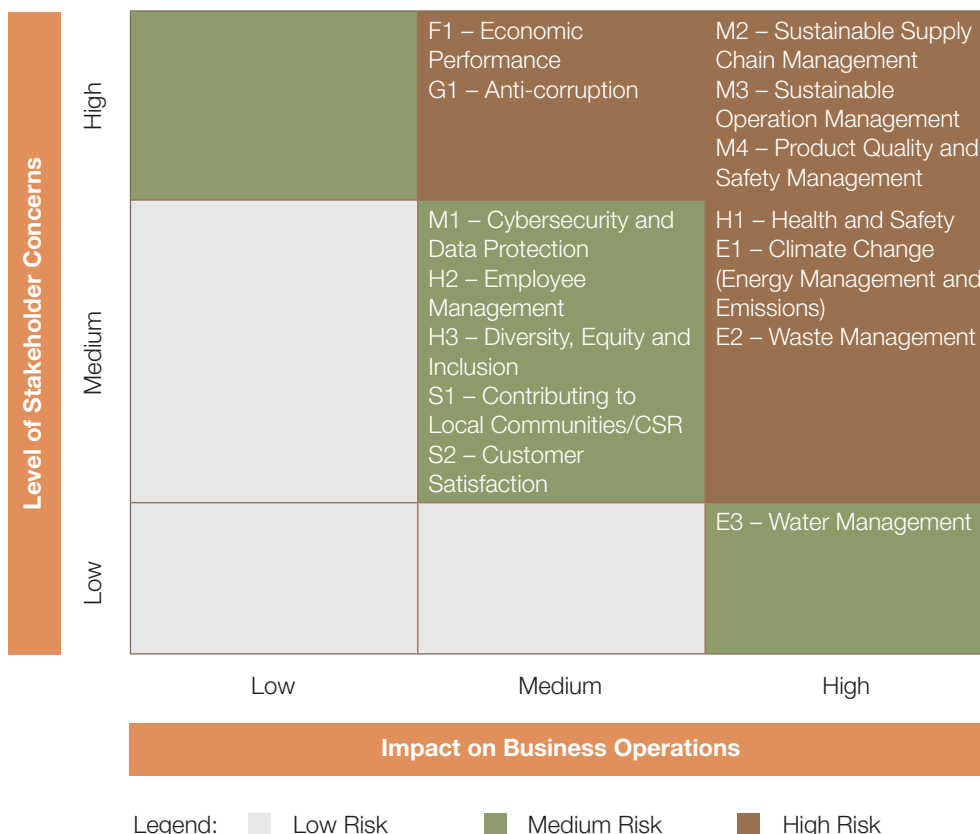
SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

The flow below illustrates the development and continuous enhancement of our materiality matrix over the years.

FYE 2022	FYE 2023	FYE 2024
<ul style="list-style-type: none"> Reviewed FYE 2021's materiality matrix and list of key stakeholders. Undertook an internal reassessment of the material matters to more closely align our perspectives with those of our external stakeholders. Reaffirming that the prioritised material matters remain relevant. 	<ul style="list-style-type: none"> Reviewed FYE 2022's assessment internally with the management. The internal reassessment resulted in identifying six (6) new stakeholder groups. It also involves the addition, regrouping, and adjustments of material matters, confirming the ongoing relevance of the prioritised issues. 	<ul style="list-style-type: none"> Reviewed FYE 2023's assessment internally with the management. The internal reassessment led to the enhancement of our materiality matrix through the adoption of the IFRS Foundation's Integrated Reporting Framework and the Six (6) Capitals Model, providing a more holistic perspective on value creation.

Outlined below is the materiality matrix of Spring Art in FYE 2024:



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

The Material Matters are then mapped into the Six (6) Capitals as follows:

Capitals	Aspects	Material Matters
Financial Funds available to firm from operations and financing	Financial Highlight Resources to support the Group's operation and implement other Capitals	F1 – Economic Performance
Manufactured Creating value through innovation and product quality & compliance	Marketplace Implementing sustainability through product quality and compliance	M1 – Cybersecurity and Data Protection
		M2 – Sustainable Supply Chain Management
		M3 – Sustainable Operation Management
		M4 – Product Quality and Safety Management
Governance Good governance and robust internal control system and procedures	Governance Board engagement on strategy and sound governance internal controls to enhance sustainability initiatives	G1 – Anti-corruption
Human Skills, motivation, and alignment with organisational goals	Workplace Creating a safe and supportive working environment, training, and self-development	H1 – Health and Safety
		H2 – Employee Management
		H3 – Diversity, Equity and Inclusion
Social Relations with key institutions, stakeholder groups, shared norms and values, trust and confidence, and its social license to operate	Community Contributing to local community development	S1 – Contributing to Local Communities/CSR
		S2 – Customer Satisfaction
Natural Renewable and non-renewable natural elements, and the eco-system, used as inputs by the firm now or in the past or future, and impact of firm on them	Environment Improving our environment by utilising greener alternatives	E1 – Climate Change (Energy Management and Emissions)
		E2 – Waste Management
		E3 – Water Management

Management Approach for Material Matters



Financial Highlight

Resources to support the Group's operation and implement other Capitals

Economic Performance

A company's economic performance is fundamental to its long-term resilience and sustainability, driving job creation, tax contributions, and the delivery of essential products and services that benefit society. Spring Art remains committed to financial strength while ensuring equitable value distribution among stakeholders. By integrating sustainability into our economic strategies, we strive to foster business growth, enhance economic opportunities, and contribute to shared prosperity, reinforcing our dedication to sustainable and inclusive development.

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Financial Highlight (Cont'd)

Economic Performance (Cont'd)

Our approach and performance

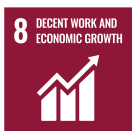
In FYE 2024, the Group recorded a total revenue and other income, of RM50.67 million, reflecting a slight decrease from the previous year. However, we achieved a notable 68.4% increase in economic value retained, underscoring our commitment to long-term value creation for stakeholders. While we acknowledge this positive development, we remain focused on driving sustainable growth and enhancing financial performance.

To sustain economic resilience, our strategy is anchored on key pillars, including a robust business framework that anticipates market trends and industry shifts, ensuring adaptability and agility. We prioritise financial stability through a strong balance sheet and healthy cash flow management, enabling us to navigate uncertainties effectively. Additionally, our investment in technological advancements drives operational efficiency and innovation, reinforcing our competitive advantage. By proactively managing risks and identifying potential challenges, we safeguard business continuity and position the Group for sustained, long-term success.

	2022 RM'000	2023 RM'000	2024 RM'000
Economic value generated (e.g., revenue, other income, and interest income)	46,066	56,583	50,667
Economic value distributed:			
• Operating expenses	42,724	48,519	43,331
• Finance costs	473	604	617
• Payment to government (e.g., tax)	699	1,971*	(2,521)
Economic value retained	2,170	5,488	9,240

*Restated

Related UNSDGs:



Marketplace

Implementing sustainability through product quality and compliance

Cybersecurity and Data Protection

As digital transformation accelerates, cybersecurity has become more critical than ever. The rise of cloud computing, AI, and IoT has increased digital touchpoints, making data protection a top priority. With evolving regulations and growing cyber threats, the Group is committed to safeguarding sensitive information, ensuring compliance, and maintaining stakeholder trust. By proactively strengthening our digital security, we aim to prevent data breaches, cyber-attacks, and operational risks.

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Marketplace (Cont'd)

Cybersecurity and Data Protection (Cont'd)

Our approach and performance

The Group remains steadfast in its commitment to strengthening cybersecurity by implementing a comprehensive framework and fully complying with all regulatory requirements. We place a high priority on protecting the privacy of both employees and customers, ensuring that their personal data is safeguarded in accordance with Malaysian laws. Our Personal Data Protection Act ("PDPA") policy aligns with the PDPA Act 2010 and requires acknowledgment from all employees, reinforcing our dedication to data security. Additionally, to promote transparency, our privacy policy for investors is readily accessible on our website for all stakeholders.

To further enhance cybersecurity governance, the Group maintains a robust Information and Communication Technology ("ICT") Security Policy, which provides clear guidelines on the responsible and ethical use of the Group's ICT facilities. Stringent access rights and firewall configurations are in place to strengthen digital security and prevent unauthorised access. Additionally, our Disaster Recovery Plan ("DRP") ensures business continuity by preparing for and responding effectively to potential disruptions affecting our computer systems.

In our ongoing efforts to safeguard endpoints and digital assets, we have deployed a Fortigate firewall and upgraded to a centralised ESET Endpoint Antivirus management system, fortifying our defence against cyber threats. As a result of these stringent measures, the Group is pleased to report zero (0) substantiated complaints related to breaches in customer privacy or data loss as of 31 December 2024.

	2022	2023	2024
Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	0	0	0

Related UNSDGs:



Sustainable Supply Chain Management

Sustainable procurement is a key aspect of our supply chain management. Given our reliance on a vast supplier network, we prioritise building resilient and responsible supply chains. Despite the social and governance risks involved, we remain committed to strong governance and ethical procurement practices. By integrating sustainability into our procurement processes, we enhance supply chain resilience, support local businesses, and contribute to economic growth in our communities.

Our approach and performance

The Group upholds stringent supplier selection criteria, prioritising quality, cost-effectiveness, reliability, and ethical business practices. We cultivate long-term relationships with suppliers through transparent communication, routine performance assessments, and collaborative improvements. To strengthen supply chain resilience, we implement a diversified sourcing strategy, maintain a multi-supplier network, and proactively monitor market trends and risks, enabling us to mitigate disruptions effectively. While we source locally based on operational needs, we also procure materials internationally to ensure competitive pricing and supply stability. In FYE 2024, 63% of our procurement spending was allocated to local suppliers, and we remain committed to increasing this proportion.

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Marketplace (Cont'd)

Sustainable Supply Chain Management (Cont'd)

Our approach and performance (Cont'd)

	2022	2023	2024
Proportion of spending on local suppliers (%)	69	70	63

To uphold high procurement standards, the Group conducts rigorous due diligence, ensuring suppliers possess industry certifications, financial stability, and a strong business track record. Through regular evaluations and monitoring, we ensure compliance with our requirements, promptly addressing potential risks and maintaining the integrity of our supply chain.

We believe that building fair and equitable supply chains is both a responsible commitment and a strategic approach to mitigating risks. By upholding ethical and transparent supply chain practices, we enhance product security and integrity while creating long-term value for all stakeholders.

Related UNSDGs:



Sustainable Operation Management

Spring Art is committed to sustainable operations by integrating environmentally responsible practices into its production processes. We continuously assess and enhance our operations to improve efficiency while minimising environmental impact. Our key focus areas include reducing our carbon footprint, optimising energy consumption, and implementing circular practices to minimise waste. By prioritising regulatory compliance, environmental protection, and ongoing research, we strive to strengthen our sustainability initiatives. Through these efforts, we aim to achieve long-term sustainability while upholding the highest quality standards.

Our approach and performance

Our commitment to sustainable operations is centred on maintaining high product quality while minimising environmental impact. To achieve this, we engage a qualified professional who undergoes continuous training to enhance expertise and ensure the validity of their competency certification. Additionally, our management team conducts regular monitoring and reporting to uphold environmental performance and regulatory compliance.

A key focus of our environmental management efforts is the maintenance and monitoring of our dust collector system, which plays a crucial role in controlling emissions. To ensure its efficiency, we conduct regular performance evaluations through a certified professional and engage a qualified third-party company for preventive inspections. Similarly, we prioritise responsible waste management by strictly adhering to environmental regulations, including:

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Marketplace (Cont'd)

Sustainable Operation Management (Cont'd)

Our approach and performance (Cont'd)



In line with these commitments, we implement stringent controls over wood dust emissions and scheduled waste disposal. Our dust collector system is consistently maintained to prevent excessive emissions, with routine assessments conducted to verify its effectiveness. Additionally, all scheduled waste generated from our operations is managed and disposed of in full compliance with the Department of Environment (“DOE”) regulations, ensuring minimal environmental impact.

By integrating proactive environmental management practices, maintaining regulatory compliance, and continuously improving our sustainability strategies, we remain dedicated to reducing our ecological footprint and fostering responsible business operations.

Related UNSDGs:



Product Quality and Safety Management

To drive value creation and long-term growth, the Group prioritises high product quality standards. Our commitment to excellence enhances customer satisfaction, strengthens market value and reputation, mitigates risks, and fosters a dedicated workforce focused on continuous improvement. Through stringent quality control measures and innovation, we continuously refine our processes to meet evolving industry standards and exceed customer expectations.

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Marketplace (Cont'd)

Product Quality and Safety Management (Cont'd)

Our approach and performance

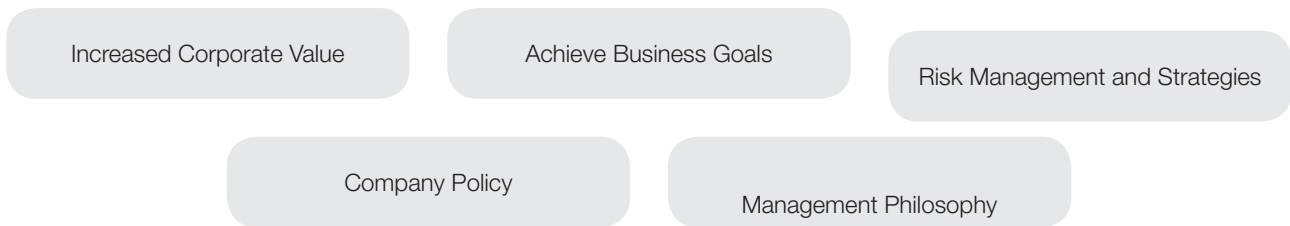
We take pride in benchmarking our products and services against industry-leading standards to ensure the highest quality and reliability for our customers. Our commitment to manufacturing excellence is reflected in our focus on high-quality production, efficiency, and waste management. To uphold these standards, we have obtained ISO 9001:2015 – Quality Management System certification, reaffirming our dedication to rigorous quality control. By continuously striving for excellence and adhering to strict quality measures, we strengthen our reputation as a trusted and dependable organisation committed to delivering exceptional products and services.

Related UNSDGs:



Governance

Board engagement on strategy and sound governance internal controls to enhance sustainability initiatives



Anti-corruption

The Group is committed to strong governance, ethical business practices, and strict compliance across all subsidiaries. The Board acknowledges the vital role of a robust risk management framework and internal control system in ensuring effective corporate governance. By transparently disclosing sustainability-related information, we aim to enhance trust and confidence among our customers, stakeholders, and the wider public.

Our approach and performance

We remain steadfast in our commitment to strong corporate governance, ethical business conduct, and regulatory compliance. Our Code of Conduct (“CoC”) serves as a guiding framework for all employees, ensuring integrity, accountability, and transparency in our operations. We uphold a zero-tolerance policy against fraud, bribery, corruption, money laundering, and insider trading. To reinforce this, our Anti-Bribery and Corruption (“ABC”) Policy and Whistleblowing Policy play a crucial role in fostering a culture of ethical governance. These policies, along with the CoC, are easily accessible on our corporate website for stakeholders’ reference.

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Governance (Cont'd)

Anti-corruption (Cont'd)

Our approach and performance (Cont'd)

Our Whistleblowing Policy remains a key avenue for reporting misconduct, allowing employees and external stakeholders to confidentially raise concerns via email or mail to the Chairman of the Audit and Risk Management Committee, with assured protection for whistleblowers. In line with Section 17(A) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, all employees have been briefed on the Company's anti-corruption practices under the ABC Policy.

To further strengthen our compliance efforts, the Group conducts mandatory annual training on the ABC Policy and awareness, reinforcing transparency, accountability, and a culture where concerns can be raised and addressed effectively.

Employee Category	Completion Rate (%)		
	2022	2023	2024
Management	100	100	100
Executive	100	100	100
Non-executive/Technical Staff	100	100	100
General Workers	100	100	100

Additionally, we uphold high ethical standards across our supply chain, requiring all suppliers to comply with anti-bribery and corruption guidelines. A thorough due diligence process, including ethical practice assessments, ensures that our suppliers adhere to all relevant laws, regulations, and industry standards. This commitment is essential to mitigating risks and maintaining ethical integrity throughout our supply network.

	2022	2023	2024
Number of confirmed corruption incidents	0	0	0
Percentage of operations assessed for corruption-related risks (%)	100	100	100

The Group's subsidiaries are also a proud member of the following organisations:

Spring Art Industries Sdn. Bhd.	Elisa Home Sdn. Bhd.
<ul style="list-style-type: none"> Malaysian Furniture Council ("MFC") Chinese Chamber of Commerce Muar ("CCCM") Muar Furniture Association ("MFA") 	<ul style="list-style-type: none"> Chinese Chamber of Commerce Muar ("CCCM")

Related UNSDGs:



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)



Workplace

Creating a safe and supportive working environment, training, and self-development

Health and Safety

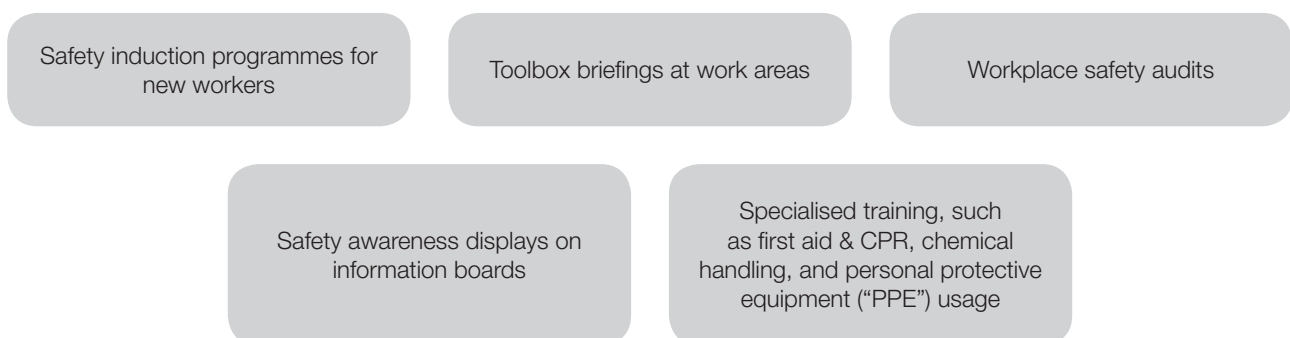
The Group places the highest priority on the health and safety of our employees across all business operations and workplaces. We are committed to providing a safe, healthy, and conducive work environment to prevent workplace injuries and illnesses. By fostering a strong safety culture, we not only safeguard our employees' well-being but also enhance operational efficiency and productivity. By fostering a strong safety culture, we protect our employees' well-being while promoting greater efficiency and productivity in our operations.

Our approach and performance

The Group places a strong emphasis on health, safety, and environmental ("HSE") management to ensure a secure and compliant workplace. Our HSE Committee, along with the Emergency Response Team ("ERT"), plays a pivotal role in overseeing safety initiatives across all operations. Their responsibilities include ensuring compliance with environmental regulations, monitoring performance, and safeguarding employee well-being through measures such as spill control, first aid, and fire rescue. In alignment with the Occupational Safety and Health Act ("OSHA") 1994, and in preparation for compliance with OSHA 2024 and its regulations, we are committed to upholding Malaysia's legal requirements.

To strengthen workplace safety, we have implemented comprehensive policies and procedures, including the HSE Plan, Emergency Response Procedure ("ERP"), Environmental Management Plan, and Security Management Plan. Our HSE Plan sets clear objectives, targets, and timelines, along with a dedicated budget for training, inspections, and certification requirements in the coming years. Additionally, we have enforced Zero Tolerance Rules, with a strong emphasis on the production department. A bilingual (English and Bahasa Melayu) poster outlining these rules has been prominently displayed on the production area's information board, ensuring employees are well-informed of essential safety guidelines.

Additionally, we actively promote safety awareness through various initiatives, ensuring that employees are well-informed and equipped to uphold a safe and secure work environment. The initiatives include:



In FYE 2024, a total of 41 participants completed training in health and safety standards, reflecting our commitment to employee well-being.

	2022	2023	2024
Number of employees trained on health and safety standards	52	40	41

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

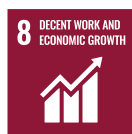
Health and Safety (Cont'd)

Our approach and performance (Cont'd)

We also take immense pride in achieving a spotless safety record, with zero (0) reported injury cases in FYE 2024. This milestone underscores our proactive approach to workplace safety, ensuring that every employee returns home injury-free at the end of each workday. Through stringent safety protocols, continuous training, and a strong safety culture, we remain dedicated to maintaining a risk-free and secure work environment for all.

	2022	2023	2024
Total hours worked – Employee	372,504	530,272	905,437
Number of work-related fatalities	0	0	0
Number of lost time injuries	10	3	0
Lost time incident rate	5.37	1.13	0

Related UNSDGs:



Employee Management

The Group values its employees as the driving force behind our sustained growth and success. We are committed to fostering a supportive and empowering work environment that prioritises their well-being and job satisfaction. Our approach focuses on attracting, developing, and retaining top talent while equipping them with the skills needed to thrive in an evolving landscape. Through continuous investment in development programmes, we ensure our workforce remains competitive, innovative, and future-ready.

Our approach and performance

The Group is committed to upholding fair labour practices and ensuring compliance with established employment standards. Our Human Resources department emphasises three (3) key areas: Training and Development, Remuneration Packages and Performance Management, and Employee Engagement and Initiatives. These pillars are essential in driving employee productivity, fostering continuous growth, and enhancing overall workplace satisfaction.

- **Training and Development**

As an organisation that values continuous learning and development, we prioritise investing in human capital by dedicating resources to employee training that aligns with evolving business needs. We believe that workforce development is essential for attracting and retaining top talent, driving business growth, and enhancing overall financial performance. Our goal is to provide employees with a well-rounded training experience that equips them with the skills needed to excel in their roles.

To ensure relevance and effectiveness, we conduct regular training needs analyses to identify current skill levels versus required competencies. This allows us to implement targeted programmes that address skill gaps and support employees' professional growth. We also emphasise on-the-job training, enabling employees to apply their knowledge in real-world scenarios, and continuously update our training programmes to keep pace with industry advancements. By equipping employees with the necessary skill sets, we aim to enhance operational efficiency and drive sustainable business success.

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Employee Management (Cont'd)

Our approach and performance (Cont'd)

- Training and Development (Cont'd)**

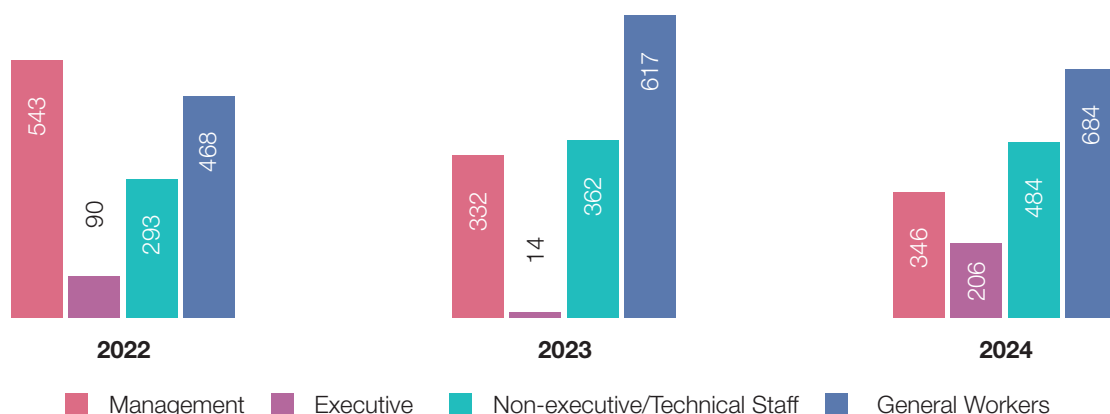
In FYE 2024, our training and development programmes include the following:

No.	Training and Development Programmes
1	E-Invoicing Implementation and Workflow
2	Sustainability Report Awareness
3	Sustainability Report – ESG Risk Assessment
4	E-Invoice Strategy
5	Basic Occupational First Aid, Cardiopulmonary Resuscitation (“CPR”) & Automated External Defibrillator (“AED”) Training
6	1-day Programme on Financial Analysis for Legal Professionals
7	Mandatory Accreditation Programme Part II: Leading for Impact (“LIP”)
8	Certificate in People Analytics: Transforming Business Strategy with Data Science
9	Program Pendidikan Perburuhan JTK Semenanjung Malaysia
10	Course for Certified Environmental Professional in Bag Filter Operation (“CePBFO”)
11	Awareness of Anti-Bribery & Corruption, GAP & TRUST

No.	Training and Development Programmes
12	The Future of OSH: Trends and Transformation in Occupational Health (“OH”)
13	Kursus Asas Kebakaran dan Penubuhan Pasukan Emergency Response Team
14	Conflict of Interest and Governance of Conflict of Interest
15	Regional Seminar Series: Measuring and Maximising the Impact of Learning & Development
16	Program Bengkel Kerja Selamat Dan Sihat Di Sektor Perabot (Informal) Zon Selatan
17	Malaysian Taxation: An Advanced Course – A practical guide on Tax Principles and Practice (Module 2: Capital Allowances & Losses)
18	Tax Consideration in Financing of Corporations
19	Tax Implications and Audit Issues on Cross Border Transactions: What’s new in 2024?
20	2025 Budget Seminar
21	Audit Quality Enhancement Programme for SMPs

In FYE 2024, we invested a total of RM54,596.00 in employee training, with our workforce collectively receiving 1,720 training hours. The breakdown of employees’ training hours is as follows:

TOTAL TRAINING HOURS



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Employee Management (Cont'd)

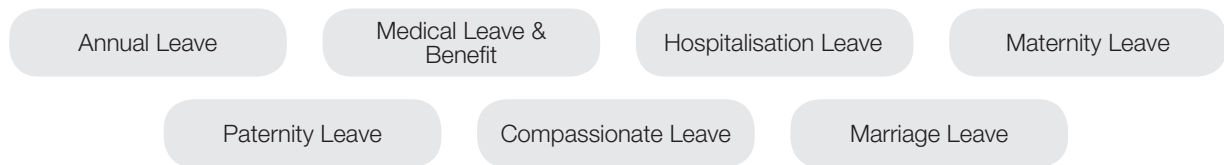
Our approach and performance (Cont'd)

- Remuneration Packages and Performance Management**

Spring Art deeply values our employees as the foundation of our continued growth and success. We are committed to fostering a high-performance culture built on accountability, teamwork, and shared achievements. To support career growth and professional development, we conduct annual performance evaluations and career discussions, providing employees with opportunities for feedback, mentorship, and skill enhancement.

Our remuneration framework is designed to reward excellence, ensuring fair and competitive compensation that reflects employees' contributions. In FYE 2024, salaries are determined based on key factors such as experience, qualifications, market standards, and both company and individual growth. This structured approach allows us to attract and retain top talent while promoting long-term career advancement.

Beyond competitive remuneration, we prioritise employee well-being by adhering to industry best practices and offering a comprehensive range of benefits.



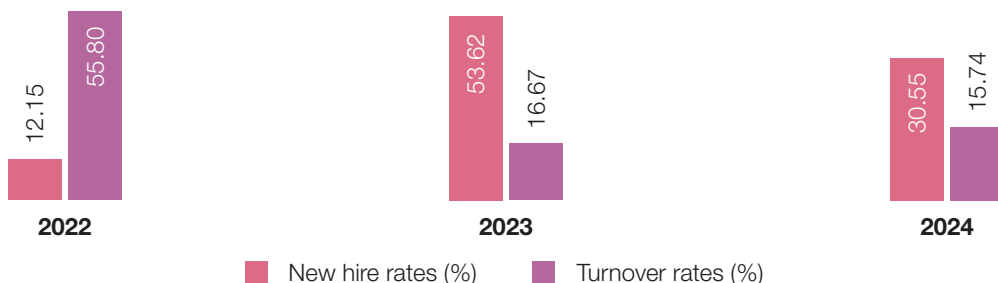
Through these initiatives, we strive to create an inclusive and supportive work environment where employees feel valued, motivated, and empowered to succeed.

In addition to achieving a 100% performance review completion rate, we are committed to fostering an engaged and motivated workforce. Our focus on employee retention and development is reflected in structured performance evaluations and continuous engagement initiatives that support career growth and job satisfaction.

The charts below illustrate key workforce metrics, including new hires, employee turnover, and turnover rates over the past three (3) years. These indicators reflect our continuous efforts to attract, nurture, and retain top talent, ensuring a sustainable and thriving workplace environment.

	Total number of new hires			Total number of employee turnover		
	2022	2023	2024	2022	2023	2024
Management	22	148	99	1	2	1
Executive				6	6	5
Non-executive/Technical Staff				18	3	7
General Workers				76	35	38

RATES OF NEW HIRES AND TURNOVER



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Employee Management (Cont'd)

Our approach and performance (Cont'd)

- **Employee Engagement and Initiatives**

The Group has always prioritised the well-being of its employees, encompassing both their mental and physical health. We believe that promoting an active lifestyle is essential for fostering a positive workplace culture and enhancing overall well-being. As advocates of work-life balance, we regularly organise engagement initiatives that strengthen team spirit and boost productivity. These include lunch gatherings, bowling activity, birthday celebrations, and Chinese New Year festivities, providing employees with opportunities to connect, unwind, and maintain a healthy work-life dynamic.



Bowling activity



Chinese New Year celebration

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Employee Management (Cont'd)

Our approach and performance (Cont'd)

Related UNSDGs:



Diversity, Equity and Inclusion

The Group has always been committed to fostering a supportive and inclusive work environment, firmly opposing all forms of unlawful discrimination. Thus, we uphold this principle regardless of race, colour, gender, religion, age, disability, or any other legally protected classification. Our dedication to inclusivity ensures that every employee is provided with equal opportunities to grow, excel, and reach their full potential within a workplace that values diversity and mutual respect.

Our approach and performance

We uphold fairness, equity, and integrity across all our operations, ensuring that employees, shareholders, customers, suppliers, and competitors are treated with respect and dignity. Our CoC strictly prohibits harassment and discrimination, fostering a diverse and inclusive workplace where every employee feels valued and empowered. Committed to upholding ethical and human rights principles, we have maintained zero (0) reported human rights violations in FYE 2024 and previous years, reflecting our dedication to the highest ethical standards and stakeholder well-being.

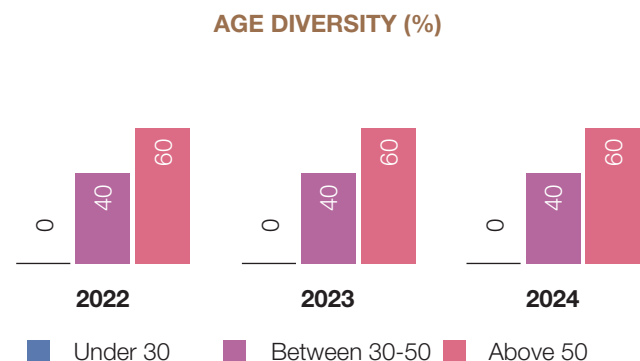
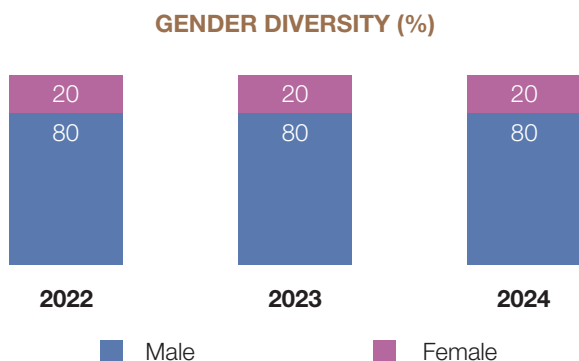
	2022	2023	2024
Number of substantiated complaints concerning human rights violation	0	0	0

Furthermore, we ensure equal access to career advancement and leadership opportunities for all employees, regardless of their background. Our talent management process includes continuous skills assessments and career development planning, providing fair opportunities for professional growth. This approach not only helps attract and retain top talent but also drives business excellence.

The charts below highlight the Group’s Board diversity performance and workforce profile.

Board Diversity

Total Directors of five (5) in FYE 2024



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Diversity, Equity and Inclusion (Cont'd)

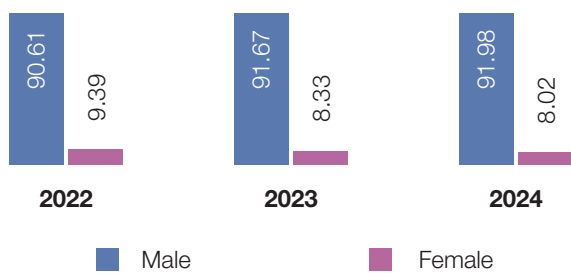
Our approach and performance (Cont'd)

The charts below highlight the Group's Board diversity performance and workforce profile. (Cont'd)

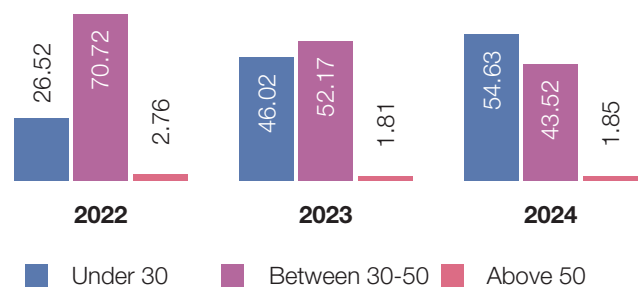
Workforce Profile

Total Employees of three hundred twenty-four (324) in FYE 2024

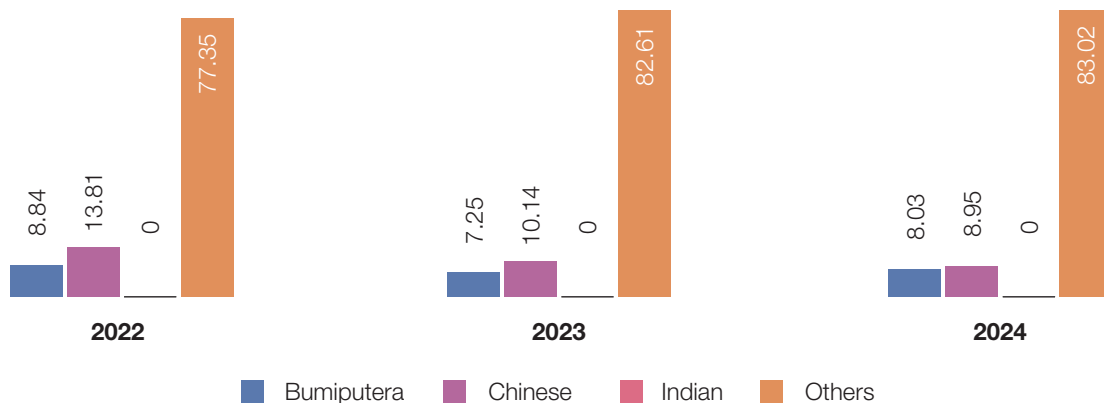
GENDER DIVERSITY (%)



AGE DIVERSITY (%)



ETHNIC DIVERSITY (%)



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Diversity, Equity and Inclusion (Cont'd)

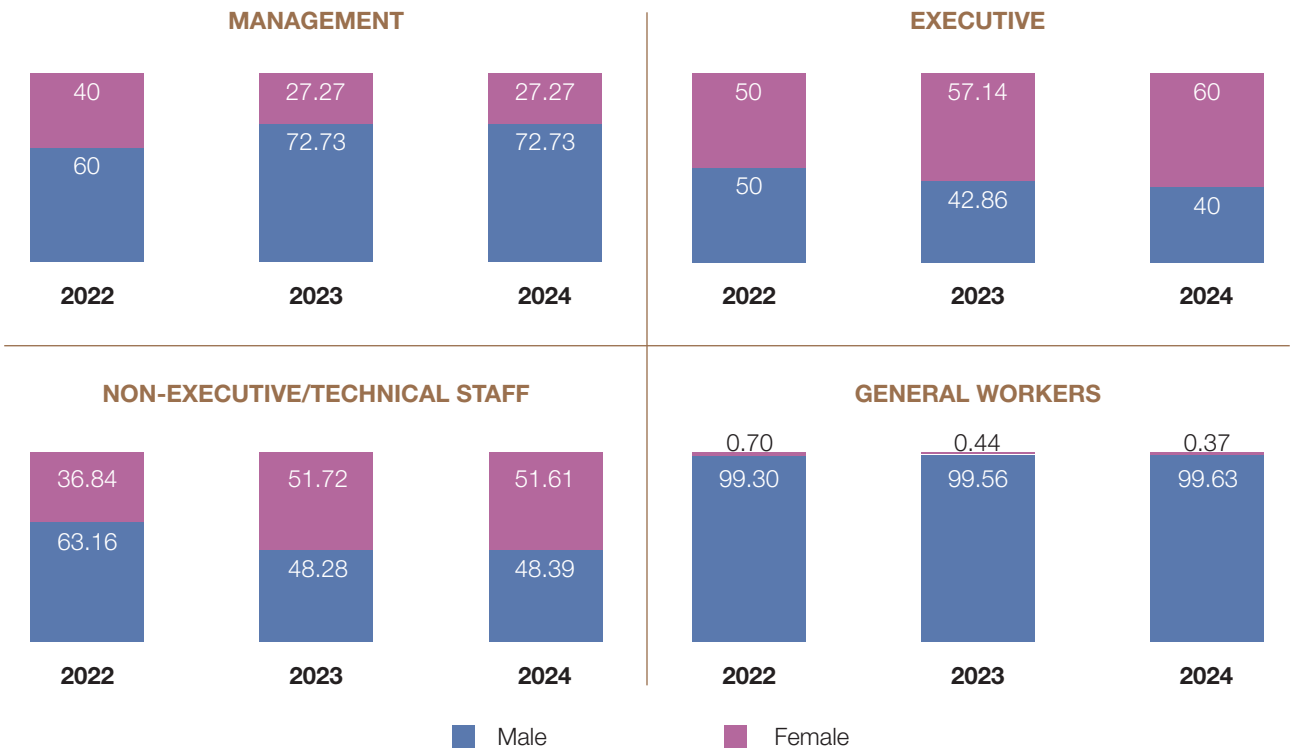
Our approach and performance (Cont'd)

The charts below highlight the Group's Board diversity performance and workforce profile. (Cont'd)

Workforce Profile (Cont'd)

Total Employees of three hundred twenty-four (324) in FYE 2024

Gender Diversity by Employee Category (%)



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Diversity, Equity and Inclusion (Cont'd)

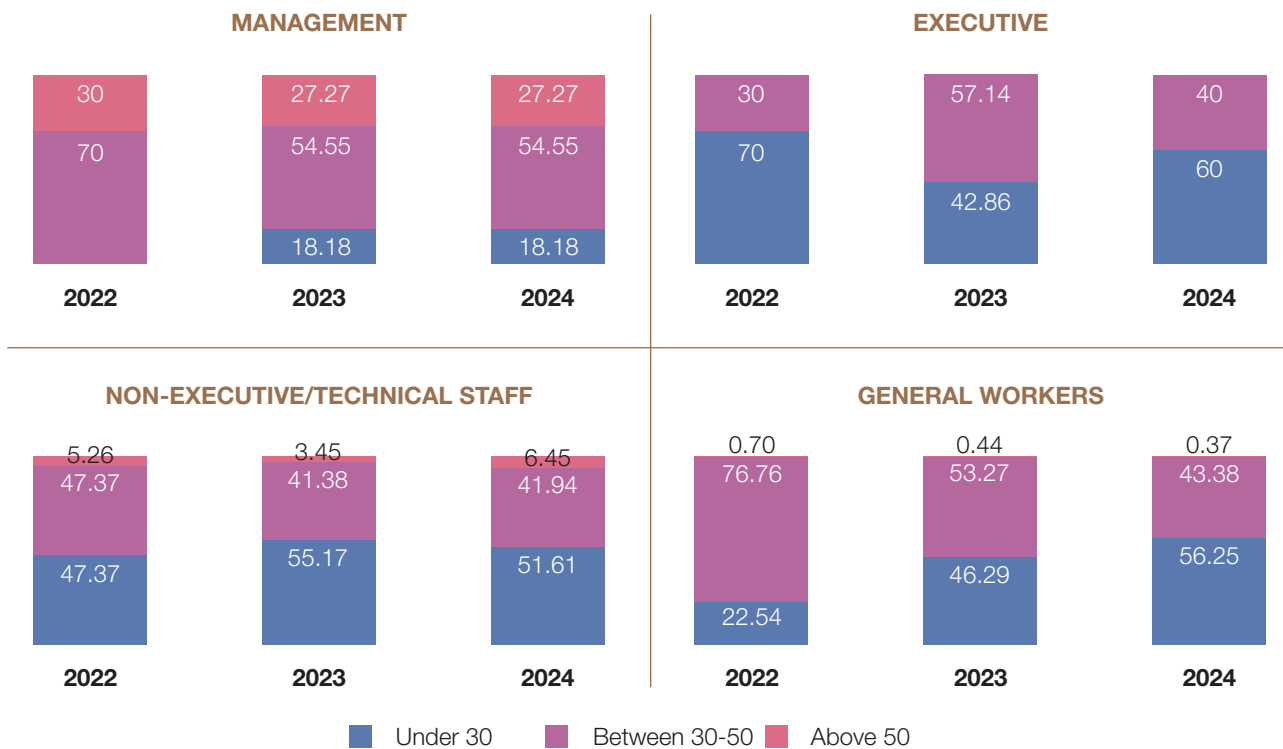
Our approach and performance (Cont'd)

The charts below highlight the Group's Board diversity performance and workforce profile. (Cont'd)

Workforce Profile (Cont'd)

Total Employees of three hundred twenty-four (324) in FYE 2024

Age Diversity by Employee Category (%)



Related UNSDGs:



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)


Community

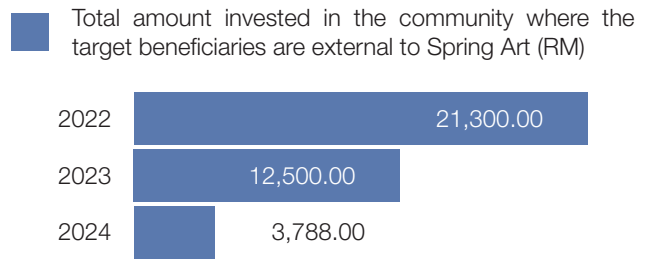
Contributing to local community development

Contributing to Local Communities/CSR

The Group is dedicated to building strong relationships with the community, promoting social inclusion, and creating lasting positive impact. Through various engagement initiatives, we strive to enhance our brand reputation while addressing the needs of local communities. Our active participation in welfare-driven programmes further strengthens these connections, reinforcing our commitment to meaningful and sustainable contributions.

Our approach and performance

Spring Art is committed to making a positive impact on the community through active participation in local initiatives and partnerships with educational institutions, community groups, and government agencies. In FYE 2024, we contributed RM3,788.00 in monetary donations to various charitable organisations, schools, and non-profits. Our key contributions included support for the 30 Hours Famine event, the UOB fundraiser promoting social inclusion, a photography organisation, temples, and government publications. Looking ahead, we aim to strengthen our community engagement efforts and expand our contributions to meaningful causes.



	2022	2023	2024
Total number of beneficiaries (institutions and categories) of the investment in the communities	2	5	5

Related UNSDGs:



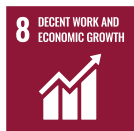
Customer Satisfaction

At Spring Art, we recognise that customer satisfaction is crucial to our long-term success, which is why we place customers at the centre of everything we do. We strive to remain committed to actively listening to customer feedback and using it to improve our products, services, and overall experience. By continuously responding to their evolving needs and expectations, we aim to exceed customer satisfaction, build lasting relationships based on trust and respect, and ensure that customer-centricity remains a key driver of our sustainable growth.

Our approach and performance

The Group is deeply committed to customer satisfaction by maintaining high-quality standards and continuously innovating to meet evolving needs. We integrate sustainability principles into our products and services, ensuring they not only serve functional purposes but also align with customers' environmental and social expectations. Through active engagement and feedback, we foster strong, lasting relationships built on trust and reliability. This commitment to responsible business practices underscores our dedication to delivering value while responding to the growing demand for sustainable solutions.

Related UNSDGs:



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)



Environment

Improving our environment by utilising greener alternatives

Climate Change (Energy Management and Emissions)

We prioritise making meaningful environmental contributions by integrating sustainability into our business practices. Acknowledging the impact of energy consumption and greenhouse gas emissions on climate change, we are committed to responsible growth that supports environmental conservation. Through proactive eco-friendly initiatives, we strive to reduce our carbon footprint while embracing opportunities in the transition to a low-carbon economy, ensuring lasting benefits for future generations.

Our approach and performance

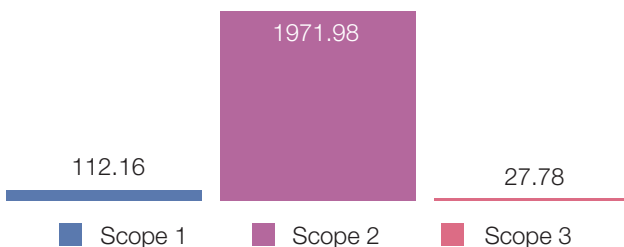
Recognising the growing importance of climate action within ESG frameworks, the Group remains committed to improving environmental performance and ensuring compliance with all relevant regulations. To support this, we have installed 904 solar photovoltaic (“PV”) systems across our factories, generating 488.16 kilowatt peak (“kWp”) of power for approximately twelve (12) hours daily—demonstrating our dedication to sustainable energy solutions.

Nonetheless, our total energy consumption increased to 9,101.46 gigajoule (“GJ”) (2,528.18 Megawatt-hour (“MWh”)) due to heightened operational activities and a rise in customisation requests from customers. Moving forward, we remain focused on integrating eco-friendly technologies and advancing sustainability across our operations.

	2022	2023	2024
Total energy consumption (GJ)	5,326.50	7,905.19	9,101.46
Total energy consumption (MWh)	1,479.58	2,195.89	2,528.18

In FYE 2024, we have strengthened our approach to recording and data collection for our scope emissions to enhance accuracy and transparency. As part of this improvement, we have incorporated company car emissions into Scope 1 and business travel emissions into Scope 3, ensuring a more precise and comprehensive disclosure. These refinements align with best practices in emissions reporting and enable us to better assess and manage our environmental impact.

TOTAL EMISSIONS BY SCOPE (tCO₂e) IN FYE 2024



Total emissions by scope (tCO ₂ e)	2024
Scope 1 (company cars; fuel & diesel)	112.16
Scope 2 (electrical)	1,971.98
Scope 3 (business travel)	27.78

Below is a comparison of our previous calculations and categories for scope emissions, highlighting the enhancements made in our reporting methodology.

Total emissions by scope (tCO ₂ e)	2022	2023
Scope 1 (power genset)	N/A	N/A
Scope 2 (electrical)	1,154.08	1,712.79
Scope 3 (fuel & diesel; forklift and machineries)	79.16	84.93

Related UNSDGs:



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Environment (Cont'd)

Waste Management

The Group is committed to responsible waste management to minimise environmental impact and promote sustainability. As a furniture manufacturer, we generate various types of waste, including general, non-hazardous, and recyclable waste, and recognise the risks that improper disposal poses to both the environment and human health. To address this, we prioritise efficient waste management practices across our operations, ensuring compliance with regulations while contributing to a cleaner and more sustainable future.

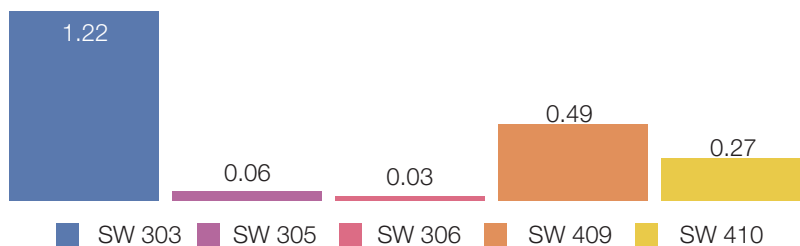
Our approach and performance

Spring Art remains committed to strict environmental compliance by ensuring the proper disposal of scheduled waste in accordance with the Department of Environment (“DOE”) regulations. We adhere to stringent waste management protocols to minimise environmental risks and uphold sustainable practices across our operations. Additionally, we continuously review and improve our waste management strategies to align with evolving environmental standards, reinforcing our dedication to sustainability and corporate responsibility.

In FYE 2024, we generated a total of 1,027.39 Metric Tonnes (“MT”) of waste as a result of our operational activities. In line with our commitment to responsible waste management, 881.89 MT of waste was successfully diverted from disposal through reuse, recycling, and other recovery initiatives. Meanwhile, 145.50 MT of waste was directed to disposal. Additionally, we recorded a total of 2.07 MT of scheduled waste, which was managed in accordance with regulatory requirements.

Moving forward, we remain committed to strengthening our waste reduction and diversion strategies, ensuring responsible waste management practices to minimise environmental impact.

TOTAL SCHEDULED WASTE (“SW”) GENERATED (MT) IN 2024



	2022	2023	2024
Waste diverted from disposal (MT)	N/A	N/A	881.89
Waste directed to disposal (MT)	N/A	N/A	145.50
Total waste generated (MT)	N/A	N/A	1,027.39

Related UNSDGs:



SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Environment (Cont'd)

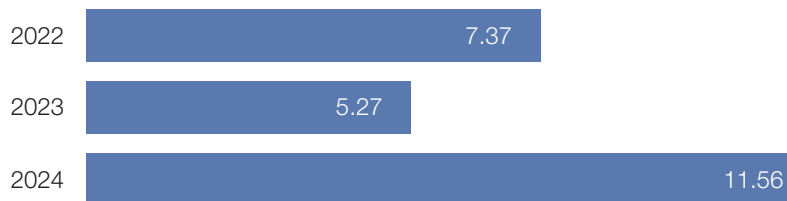
Water Management

High water consumption can strain natural resources and lead to wastewater contamination, posing risks to both ecosystems and local communities. Recognising these challenges, we are committed to reducing our overall water usage by actively implementing and promoting water-saving initiatives.

Our approach and performance

We are committed to efficient water management practices to reduce our environmental impact. In FYE 2024, our total water consumption reached 11.56 megalitres, marking an increase from the previous year. Despite this rise, we have consistently maintained a focus on sustainability by implementing measures to optimise water usage. While our overall consumption remains moderate, we acknowledge the importance of every conservation effort in ensuring the responsible management of this essential resource.

TOTAL VOLUME OF WATER USED (MEGALITRES)



Related UNSDGs:



Performance Data Table

Indicator	Unit	2022	2023	2024	Target
Bursa (Anti-Corruption)					
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category					
Management	Percentage	100	100	100	
Executive	Percentage	100	100	100	
Non-executive/Technical Staff	Percentage	100	100	100	
General Workers	Percentage	100	100	100	
Bursa C1(b) Percentage of operations assessed for corruption-related risks					
	Percentage	100	100	100	

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Performance Data Table (Cont'd)

Indicator	Unit	2022	2023	2024	Target
Bursa (Anti-Corruption) (Cont'd)					
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	
Bursa (Community/Society)					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	21,300.00	12,500.00	3,788.00	
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2	5	5	
Bursa (Diversity)					
Bursa C3(a) Percentage of employees by gender and age group, for each employee category					
Age Group by Employee Category					
Management Under 30	Percentage	0.00	18.18	18.18	
Management Between 30-50	Percentage	70.00	54.55	54.55	
Management Above 50	Percentage	30.00	27.27	27.27	
Executive Under 30	Percentage	70.00	42.86	60.00	
Executive Between 30-50	Percentage	30.00	57.14	40.00	
Executive Above 50	Percentage	0.00	0.00	0.00	
Non-executive/Technical Staff Under 30	Percentage	47.37	55.17	51.61	
Non-executive/Technical Staff Between 30-50	Percentage	47.37	41.38	41.94	
Non-executive/Technical Staff Above 50	Percentage	5.26	3.45	6.45	
General Workers Under 30	Percentage	22.54	46.29	56.25	
General Workers Between 30-50	Percentage	76.76	53.27	43.38	
General Workers Above 50	Percentage	0.70	0.44	0.37	
Gender Group by Employee Category					
Management Male	Percentage	60.00	72.73	72.73	
Management Female	Percentage	40.00	27.27	27.27	
Executive Male	Percentage	50.00	42.86	40.00	
Executive Female	Percentage	50.00	57.14	60.00	
Non-executive/Technical Staff Male	Percentage	63.16	48.28	48.39	
Non-executive/Technical Staff Female	Percentage	36.84	51.72	51.61	
General Workers Male	Percentage	99.30	99.56	99.63	
General Workers Female	Percentage	0.70	0.44	0.37	
Bursa C3(b) Percentage of directors by gender and age group					
Male	Percentage	80.00	80.00	80.00	
Female	Percentage	20.00	20.00	20.00	
Under 30	Percentage	0.00	0.00	0.00	

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Performance Data Table (Cont'd)

Indicator	Unit	2022	2023	2024	Target
Bursa (Diversity) (Cont'd)					
Bursa C3(b) Percentage of directors by gender and age group (Cont'd)					
Between 30-50	Percentage	40.00	40.00	40.00	
Above 50	Percentage	60.00	60.00	60.00	
Bursa (Energy management)					
Bursa C4(a) Total energy consumption	Megawatt	1,479.58	2,195.89	2,528.18	
Bursa (Health and safety)					
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	5.37	1.13	0	
Bursa C5(c) Number of employees trained on health and safety standards	Number	52	40	41	
Bursa (Labour practices and standards)					
Bursa C6(a) Total hours of training by employee category					
Management	Hours	543	332	346	
Executive	Hours	90	14	206	
Non-executive/Technical Staff	Hours	293	362	484	
General Workers	Hours	468	617	684	
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	-	-	
Bursa C6(c) Total number of employee turnover by employee category					
Management	Number	1	2	1	
Executive	Number	6	6	5	
Non-executive/Technical Staff	Number	18	3	7	
General Workers	Number	76	35	38	
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	
Bursa (Supply chain management)					
Bursa C7(a) Proportion of spending on local suppliers	Percentage	69.00	70.00	63.00	
Bursa (Data privacy and security)					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	
Bursa (Water)					
Bursa C9(a) Total volume of water used	Megalitres	7.37	5.27	11.56	
Bursa (Waste management)					
Bursa C10(a) Total waste generated	Metric tonnes	-	-	1,027.39	
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	881.89	

SUSTAINABILITY STATEMENT 2024

SUSTAINABILITY STRATEGY (CONT'D)

Performance Data Table (Cont'd)

Indicator	Unit	2022	2023	2024	Target
Bursa (Waste management) (Cont'd)					
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	145.50	
Bursa (Emissions management)					
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	-	112.16	
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	1,154.08	1,712.79	1,971.98	
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	79.16	84.93	27.78	

Internal assurance	External assurance	No assurance	(*) Restated
--------------------	--------------------	--------------	--------------

ASSURANCE STATEMENT

To bolster the credibility of our Sustainability Statement, specific sections have been subjected to the following:

- Internal Review by the Group's Management Internal Audit Team
- Independent Assurance in accordance with recognised standards for selected indicators and has been approved by the Group's Audit and Risk Management Committee (*Refer to Independent Limited Assurance Statement on page 057*)

The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below:

Type of Assurance	Material Matters	Subject Matter	Scope	Conclusion
Review by Independent Assurance Auditor	Climate Change	Total energy consumption	Operations assessed: Malaysia	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 2024 have not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.
		Scope 1 emissions in tonnes of CO ₂ e		
		Scope 2 emissions in tonnes of CO ₂ e		
		Scope 3 emissions in tonnes of CO ₂ e		
Internal Review by Management Internal Audit Team	Economic Performance	Direct economic value generated and distributed	Operations assessed: Malaysia	Currently in review by the management team.
	Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category		
		Percentage of operations assessed for corruption-related risk		
		Confirmed incidents of corruption and action taken		

SUSTAINABILITY STATEMENT 2024

ASSURANCE STATEMENT (CONT'D)

Type of Assurance	Material Matters	Subject Matter	Scope	Conclusion
	Cybersecurity and Data Protection	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data		
	Employee Management	Total number of employee turnover by employee category		
		Total hours of training by employee category		

Moving forward, we are committed to enhancing the accuracy and quality of our data to bolster our disclosures. We aim to achieve this by subjecting all indicators to independent assurance over the next five (5) years. This proactive approach underscores our dedication to transparency and accountability in our sustainability reporting practices.

**Note: 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

LOOKING FORWARD

We are dedicated to maintaining transparency, integrity, and ethical business practices across all aspects of our operations. As a publicly listed company, we actively engage with stakeholders through our Sustainability Statement, which outlines our ongoing commitments and initiatives in sustainability.

The Group continues to uphold strong governance through established policies, including the Anti-Bribery and Corruption Policy and the Whistleblowing Policy. These policies, which have been in place, reinforce our zero-tolerance stance on fraud, bribery, corruption, money laundering, and insider trading, ensuring accountability and ethical conduct at all levels of the organisation.

Moving forward, we remain committed to strengthening our capabilities to better serve our customers while integrating sustainability into our core business strategy. Through continuous improvements in environmental performance and responsible social and ethical engagement, we strive to create lasting value for our stakeholders and contribute positively to society and the environment.

SUSTAINABILITY STATEMENT 2024

RELATIONSHIP WITH UNSDGS

Sustainable Development Goals	Main Activity	Detailed Information	
 1 NO POVERTY	No Poverty	<ul style="list-style-type: none"> Implementation of ISO 9001:2015 Providing equal work opportunities 	<ul style="list-style-type: none"> Marketplace Workplace
 2 ZERO HUNGER	Zero Hunger	-	-
 3 GOOD HEALTH AND WELL-BEING	Good Health and Well-being	<ul style="list-style-type: none"> Safe working environment 	<ul style="list-style-type: none"> Workplace
 4 QUALITY EDUCATION	Quality Education	<ul style="list-style-type: none"> Training and development for employees, as well as investing in educational institutions 	<ul style="list-style-type: none"> Workplace Community
 5 GENDER EQUALITY	Gender Equality	<ul style="list-style-type: none"> Employment policy of no discrimination 	<ul style="list-style-type: none"> Workplace
 6 CLEAN WATER AND SANITATION	Clean Water and Sanitation	<ul style="list-style-type: none"> Promoting water conservation 	<ul style="list-style-type: none"> Environment
 7 AFFORDABLE AND CLEAN ENERGY	Affordable and Clean Energy	<ul style="list-style-type: none"> Investing in solar PV systems 	<ul style="list-style-type: none"> Environment
 8 DECENT WORK AND ECONOMIC GROWTH	Decent Work and Economic Growth	<ul style="list-style-type: none"> Good management 	<ul style="list-style-type: none"> Financial Marketplace Workplace Community
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> Implementation of ISO 9001:2015 	<ul style="list-style-type: none"> Marketplace
 10 REDUCED INEQUALITIES	Reducing Inequality	<ul style="list-style-type: none"> Employment policy of no discrimination 	<ul style="list-style-type: none"> Workplace
 11 SUSTAINABLE CITIES AND COMMUNITIES	Sustainable Cities and Communities	<ul style="list-style-type: none"> Implementation of pollution prevention initiatives 	<ul style="list-style-type: none"> Environment
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible Consumption and Production	<ul style="list-style-type: none"> Implementation of ISO 9001:2015 Promise to deliver safe and quality products 	<ul style="list-style-type: none"> Marketplace Environment
 13 CLIMATE ACTION	Climate Action	<ul style="list-style-type: none"> Reduce CO₂ emission 	<ul style="list-style-type: none"> Environment
 14 LIFE BELOW WATER	Life Below Water	<ul style="list-style-type: none"> Implementation of ISO 9001:2015 	<ul style="list-style-type: none"> Marketplace
 15 LIFE ON LAND	Life On Land	-	-
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Peace, Justice, and Strong Institutions	<ul style="list-style-type: none"> Anti-corruption, cybersecurity and data protection 	<ul style="list-style-type: none"> Marketplace Governance
 17 PARTNERSHIPS FOR THE GOALS	Partnerships for the Goals	<ul style="list-style-type: none"> Sustainability report initiative 	<ul style="list-style-type: none"> Looking Forward

SUSTAINABILITY STATEMENT 2024

TCFD-ALIGNED DISCLOSURES

(As recommended by IFRS1 and IFRS2, we can continue using the TCFD recommendations)

TCFD Recommendation	Spring Art Disclosure	Reference
Governance – Disclose the organisation’s governance around climate-related risks and opportunities		
a) Describe the Board’s oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> • Risk management Board skills and experience – climate change • ESG Committee – role and focus 	<ul style="list-style-type: none"> • Chairman Statement • Governance
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> • Risk management Climate change – managing risk and opportunity • ESG Committee – role and focus FYE 2024 	<ul style="list-style-type: none"> • Governance • Supply Chain Management • Environment
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<ul style="list-style-type: none"> • Risk management – Risk factors (climate change, greenhouse gas emissions and energy) • Climate change – managing risk and opportunity 	<ul style="list-style-type: none"> • Materiality Matrix
b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	<ul style="list-style-type: none"> • Risk management – Risk factors (climate change, greenhouse gas emissions and energy) • Climate change – managing risk and opportunity 	<ul style="list-style-type: none"> • Materiality Matrix
c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> • Climate change – evaluating the resilience of our portfolio 	<ul style="list-style-type: none"> • Energy Management & Emissions
Risk management – Disclose how the organisation identifies, assesses, and manages climate-related risks		
a) Describe the organisation’s processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> • Risk management 	<ul style="list-style-type: none"> • Materiality Matrix
b) Describe the organisation’s processes for managing climate-related risks.	<ul style="list-style-type: none"> • Risk management – Risk factors (climate change, greenhouse gas emissions and energy) 	<ul style="list-style-type: none"> • Materiality Matrix • Energy Management & Emissions
c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation’s overall risk management.	<ul style="list-style-type: none"> • Risk management non-financial Key Performance Indicators (“KPIs”) – sustainability KPIs • Risk management – Risk factors (climate change, greenhouse gas emissions and energy) 	<ul style="list-style-type: none"> • Materiality Matrix • Energy Management & Emissions
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> • Non-financial KPIs – sustainability • KPIs Climate change – Operational emissions • Climate change – Scope 3 emissions 	<ul style="list-style-type: none"> • Energy Management & Emissions

SUSTAINABILITY STATEMENT 2024

TCFD-ALIGNED DISCLOSURES (CONT'D)

(As recommended by IFRS1 and IFRS2, we can continue using the TCFD recommendations) (Cont'd)

TCFD Recommendation	Spring Art Disclosure	Reference
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material (Cont'd)		
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (“GHG”) emissions, and the related risks.	<ul style="list-style-type: none"> • Non-financial KPIs – sustainability KPIs • Climate change – operational emissions performance • Climate change – Scope 3 emissions performance Climate change data 	<ul style="list-style-type: none"> • Energy Management & Emissions
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> • Non-financial KPIs – sustainability KPIs • Climate change – operational emissions performance FYE 2024 performance outcomes 	<ul style="list-style-type: none"> • Energy Management & Emissions

SUSTAINABILITY STATEMENT 2024

INDEPENDENT LIMITED ASSURANCE STATEMENT

Independent Limited Assurance Statement

Independent Limited Assurance Statement to the Directors of Spring Art Holdings Berhad on Sustainability Metrics within the Sustainability Report 2024.

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 2024 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 Holdings Berhad ("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 2024 Sustainability Statement ("SS2024") for the financial year ended 31 December 2024.

Subject Matter

Our limited assurance engagement was performed for the Subject Matter listed in the table below, as presented in the SS2024:

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

The scope of our work was limited to the Subject Matter presented in the SS2024 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 SS2024, 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

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.

SUSTAINABILITY STATEMENT 2024

INDEPENDENT LIMITED ASSURANCE STATEMENT (CONT'D)

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 SS2024 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 SS2024 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 SS2024, 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 SS2024. 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 contained within the International Integrated Reporting Council ("IIRC"), Task Force on Climate related Financial Disclosures ("TCFD").

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.

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

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.

SUSTAINABILITY STATEMENT 2024

INDEPENDENT LIMITED ASSURANCE STATEMENT (CONT'D)

Description of Procedures Performed (Cont'd)

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 as per 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
 - 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.

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 SS2024. 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 SS2024 or to our independent limited assurance report that may have occurred since the initial date of presentation on the Spring Art's website.

SUSTAINABILITY STATEMENT 2024

INDEPENDENT LIMITED ASSURANCE STATEMENT (CONT'D)

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 SS2024 for the financial year ended 31 December 2024, provided it is clearly understood by recipients of the SS2024 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
7 March 2025

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 2024.

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 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 2024 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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

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	^ 5/5	5/5	1/1	^1/1
Datuk Lim Kok Eng	^1/1	5/5	-	-	-
Datin Kwan Chian Poh	1/1	5/5	-	-	-
Law Sang Thiam	1/1	5/5	^5/5	1/1	1/1
Tan Meng Loon	1/1	5/5	5/5	^1/1	1/1

^ *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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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.

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.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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)

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 008 to 012 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.

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 2024, the NC has carried out their duties annunciated in its Terms of Reference, which is published on the Company's website and undertaken the following activities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

3. NC (Cont'd)

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 shareholder's 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

3. NC (Cont'd)

b. Annual Assessment (Cont'd)

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 Profiles of Key Management of this Annual Report on pages 008 to 015 for further information.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

3. NC (Cont'd)

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

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	- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	10-11 July 2024
	- Conflict of Interest and Governance of Conflict of Interest	17 October 2024
Datuk Lim Kok Eng	- E-Invoice Strategy	11 June 2024
	- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	10-11 July 2024
Datin Kwan Chian Poh	- E-Invoicing Implementation and Workflow	7 May 2024
	- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	10-11 July 2024
Law Sang Thiam	- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	10-11 July 2024
	- Malaysian Taxation: An Advanced Course - A practical guide on Tax Principles and Practice (Module 2: Capital Allowances & Losses)	18 September 2024
	- Tax Consideration in Financing of Corporations	24 September 2024
	- Tax Implications and Audit Issues on Cross Border Transactions: What's new in 2024?	3 October 2024
	- 2025 Budget Seminar	13 November 2024
- Audit Quality Enhancement Programme for SMPs	18-19 December 2024	
Tan Meng Loon	- 1-Day Program on Financial Analysis for Legal Professionals	26 June 2024
	- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	10-11 July 2024
	- Conflict of Interest and Governance of Conflict of Interest	17 October 2024

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 MCCG 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

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 2024 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 2024 for the approval of the shareholders at the Company's Sixth 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)
Executive Directors				
Datuk Lim Kok Eng	Nil	562,467	108,000	670,467
Datin Kwan Chian Poh	Nil	473,717	94,500	568,217
Non-Executive Directors				
Haji Ismail Bin Tunggak	36,000	1,800	Nil	37,800
Law Sang Thiam	42,000	3,000	Nil	45,000
Tan Meng Loon	36,000	1,800	Nil	37,800

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
Executive Directors:	
RM100,000 to RM1,000,000	2
Non-Executive Directors:	
Below RM100,000	3

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2024, 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 and detailed disclosure on the role and activities undertaken by the ARMC during the financial year is provided in the ARMC Report on pages 074 to 078 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 074 to 078 and pages 079 to 081 respectively.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

c. Internal audit function (Cont'd)

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 074 to 078 and pages 079 to 081 respectively.

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

PART I – COMMUNICATION WITH STAKEHOLDERS (CONT'D)

1. Continuous Communication between Company and Stakeholders (Cont'd)

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 2024 in this Annual Report on pages 016 to 022 and pages 023 to 060 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.

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 seventh AGM will include the chairman’s briefing on the Company’s overall performance for FYE 2024, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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)

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 Practice 1.4, 4.5, 5.9, 5.10, 8.2 & 8.3 of MCCG 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 MCCG and all applicable laws and regulations throughout FYE 2024.

This Statement was approved by the Board on 10 April 2025.

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 2024.

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.

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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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 (%)
Law Sang Thiam	Chairman	5/5	100
Haji Ismail Bin Tunggak	Member	5/5	100
Tan Meng Loon	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.

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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

The duties and responsibilities of the ARMC shall be as follows and will cover the Group: (Cont'd)

- 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

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

SUMMARY OF ACTIVITIES AND WORK OF ARMC (CONT'D)

During the financial year under review, the activities of the ARMC included the following: (Cont'd)

- Reviewed, monitor and report 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 MCGG.
- Reviewed and approved the Whistleblowing Policy 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

SUMMARY OF THE WORK OF INTERNAL AUDITORS (CONT'D)

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.

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 RM34,500.

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 2024.

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 079 to 081 of the Annual Report.

This Report was approved by the Board on 10 April 2025.

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 2024 ("FYE 2024"). For the purpose of disclosure, this Statement is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Principle 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

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 the information technology general control, human resources management and safety and health management.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION (CONT'D)

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 RM34,500.

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 respects, in accordance with the disclosures required by Rule 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

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 10 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

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 2024 were as follows:

	The Company (RM'000)	The Group (RM'000)
Audit fees	25	84
Non-audit fees	5	5

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.

Utilisation of the IPO Proceeds

The status of utilisation of the IPO proceeds as at 31 December 2024 is as follows:

Purpose	Approved Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Estimated timeframe for use (from the listing date)
a) Machinery for Factory C	17,550	17,550	-	24 months
b) General working capital	3,672	3,672	-	24 months
c) Estimated listing expenses	3,200	3,200	-	Within 1 month
Total	24,422	24,422	-	

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 2024, 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.

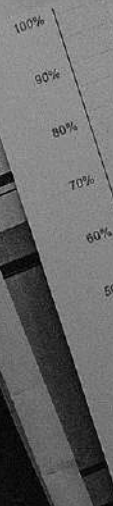
FINANCIAL STATEMENTS

Directors' Report	085
Statement by Directors	090
Statutory Declaration	090
Independent Auditors' Report	091
Statements of Financial Position	094
Statements of Profit or Loss and Other Comprehensive Income	095
Statements of Changes in Equity	096
Statements of Cash Flows	099
Notes to the Financial Statements	101

Trading Graph

...ion to focus resources on the greatest opportunities to increase sales and
strategy's goal is to increase sales and achieve the advantage over other

Inform
It is a process to
achieve the company's
competitions.



Issue 764
Monday, Jun 14, 2016
#Citydailynews

y of the n Union

Are you innovative or are you the experienced type? or do you offer a high-cost, high-quality product, or low-cost, high-value products? It's impossible to be both. You should consider on thinking what your customers need you to be. Your logo is the main foundation of your brand. All the promotional materials should be connected with your logo to communicate with your brand. Having a good brand strategy allows you to have a large advantage in gaining a competitive increase in your market conditions. Your brand tells your customers what they can have or expect from the products and services you offer. The branding strategy as it have should be consistent as it leads to a strong brand equity. The branding strategy you have should be consistent a ... more on p.5-11

It includes short term and long term activities of marketing that has to do with the analysis of a company's situation contribute to its objectives. The objectives will be based on how you gain sales by acquiring and keeping customers. strategy helps convey effective messages with the right twist of marketing approaches that will maximize your ...

10,357	20,775	24,765	45,556
3,541		354	1,876
		133	134

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 2024.

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

RESULTS

	The Group RM	The Company RM
Profit after tax for the financial year	9,240,299	2,663,880
Attributable to: Owners of the Company	9,240,299	2,663,880

DIVIDENDS

A final dividend of 0.5 sen per ordinary share amounting to RM 2,078,457 in respect of the financial year ended 31 December 2023 was approved by the shareholders at the annual general meeting held on 13 June 2024 and paid on 20 June 2024.

On 12 March 2025, the Company declared an interim dividend of 0.7 sen per ordinary share amounting to RM 2,909,840 in respect of the financial year ending 31 December 2025, payable on 5 June 2025, to shareholders whose names appeared in the record of depositors on 7 May 2025. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) the Company increased its issued and paid-up share capital from RM 54,754,613 to RM 54,755,173 by way of issuance of 2,000 new ordinary shares from the exercise of Warrants 2021/2025 at the exercise price of RM 0.28 per warrant as disclosed in Note 13 to the financial statements which amounted to RM 560. The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company; and
- (b) there were no issues of debentures by the Company.

DIRECTORS' REPORT (CONT'D)

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.

WARRANTS

Warrants 2021/2025

As at 31 December 2024, the summary of the movements of Warrants is as follows:

Issue Date	Expiry Date	Number of Warrants			At 31.12.2024
		At 01.01.2024	Exercised	Disposed	
25.02.2021	24.02.2025	166,272,400	(2,000)	-	166,270,400

The new ordinary shares issued from the exercise of Warrants shall rank equally in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividend, right, allotment and/or other distribution declared, made or paid prior to the relevant date of allotment and issuance of the new shares arising from the exercise of Warrants. Further details on the Warrants are detailed in Note 13 to the financial statements.

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.

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.

DIRECTORS' REPORT (CONT'D)

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 other than as disclosed in Note 24 to the financial statements.

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 of the Company and its related corporations during the financial year are as follows:

The Company

		Number of Ordinary Shares			
		At 01.01.2024	Bought	Sold	At 31.12.2024
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 01.01.2024	Entitled	Disposed	At 31.12.2024
Datuk Lim Kok Eng	- Direct interest	88,393,216	-	(50,000,000)	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⁾	88,393,216	-	(50,000,000)	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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29(b) to the financial statements.

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' REPORT (CONT'D)

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	The Group RM	The Company RM
Fees	114,000	114,000
Salaries, bonuses and other benefits	1,021,534	6,600
Defined contribution plan	202,500	-
	1,338,034	120,600
Estimated monetary value of benefits-in-kind	21,250	-

INDEMNITY AND INSURANCE COST

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM 3,000,000 and RM 7,500 respectively.

There was no indemnity given to or professional indemnity insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 7 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

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:

	The Group RM	The Company RM
Audit fees	84,000	25,000
Non-audit fees	5,000	5,000
	89,000	30,000

Signed in accordance with a resolution of the directors dated 10 April 2025.

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 094 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 2024 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 10 April 2025

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 094 to 141 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 10 April 2025

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 as at 31 December 2024 of the Group and of the Company, 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 094 to 141.

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 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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"), 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.

We have determined the matters described below to be the key audit matter to be communicated in our report.

Carrying amount of inventories 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 11,301,415 as at 31 December 2024.</p> <p>The carrying amount of inventories is stated at the lower of cost and net realisable value.</p> <p>We have considered carrying amount 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"> 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. Performing ageing test on the inventories and reviewing the impairment for slow-moving inventories, where applicable.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SPRING ART HOLDINGS BERHAD (CONT'D)

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, International Financial Reporting 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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SPRING ART HOLDINGS BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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: (Cont'd)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance 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.

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: 10 April 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	68,185,397	66,010,764	-	-
Right-of-use assets	6	11,391,878	10,477,306	-	-
Investment in subsidiaries	7	-	-	53,299,980	53,299,980
		79,577,275	76,488,070	53,299,980	53,299,980
CURRENT ASSETS					
Inventories	8	11,301,415	8,046,558	-	-
Trade and other receivables	9	3,218,597	12,119,040	1,000	1,000
Short-term investment	10	3,007,491	3,083,364	-	-
Dividend receivable		-	-	3,010,000	2,580,000
Current tax assets		1,157,365	73,830	21,068	30,500
Derivative assets	11	1,170	13,525	-	-
Deposits, bank and cash balances	12	18,985,031	14,149,441	1,232,971	1,067,556
		37,671,069	37,485,758	4,265,039	3,679,056
TOTAL ASSETS		117,248,344	113,973,828	57,565,019	56,979,036
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	54,755,173	54,754,613	54,755,173	54,754,613
Merger deficit	14	(31,299,980)	(31,299,980)	-	-
Reserves	15	70,311,171	63,149,329	2,779,846	2,194,423
TOTAL EQUITY		93,766,364	86,603,962	57,535,019	56,949,036
NON-CURRENT LIABILITIES					
Term loans	16	12,457,842	13,785,299	-	-
Lease liability	17	902,025	-	-	-
Hire purchase payable	18	2,475,541	-	-	-
Deferred tax liabilities	19	1,536,000	4,154,000	-	-
		17,371,408	17,939,299	-	-
CURRENT LIABILITIES					
Trade and other payables	20	3,890,854	7,732,268	30,000	30,000
Term loans	16	1,326,723	1,244,254	-	-
Lease liability	17	306,766	-	-	-
Hire purchase payable	18	524,459	-	-	-
Current tax liabilities		-	447,085	-	-
Derivative liabilities	11	61,770	6,960	-	-
		6,110,572	9,430,567	30,000	30,000
TOTAL LIABILITIES		23,481,980	27,369,866	30,000	30,000
TOTAL EQUITY AND LIABILITIES		117,248,344	113,973,828	57,565,019	56,979,036

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 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
REVENUE	21	49,571,721	56,232,144	3,010,000	2,580,000
COST OF SALES		(35,855,072)	(42,787,523)	-	-
GROSS PROFIT		13,716,649	13,444,621	3,010,000	2,580,000
OTHER INCOME		1,095,316	350,481	32,175	11,641
SELLING EXPENSES		(1,452,896)	(1,334,114)	-	-
ADMINISTRATIVE EXPENSES		(5,383,032)	(4,101,103)	(375,803)	(337,612)
OTHER EXPENSES		(639,545)	(296,313)	-	-
FINANCE COSTS	23	(617,311)	(603,975)	-	(15)
PROFIT BEFORE TAX	24	6,719,181	7,459,597	2,666,372	2,254,014
TAX CREDIT/(EXPENSE)	25	2,521,118	(1,971,277)	(2,492)	-
PROFIT AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY		9,240,299	5,488,320	2,663,880	2,254,014
OTHER COMPREHENSIVE INCOME					
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Revaluation of property, plant and equipment		-	714,863	-	-
Revaluation of right-of-use assets		-	240,803	-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	955,666	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		9,240,299	6,443,986	2,663,880	2,254,014
EARNINGS PER SHARE (SEN)	26				
Basic		2.22	1.32		
Diluted		2.22	1.32		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Share capital RM	Non-distributable Merger deficit RM	Revaluation reserve RM	Distributable Retained profits RM	Total equity RM
The Group					
Balance at 1 January 2023	54,754,613	(31,299,980)	10,013,883	46,691,460	80,159,976
Profit after tax for the financial year	-	-	-	5,488,320	5,488,320
Other comprehensive income for the financial year:					
- Revaluation of property, plant and equipment	-	-	714,863	-	714,863
- Revaluation of right-of-use assets	-	-	240,803	-	240,803
Total comprehensive income for the financial year	-	-	955,666	5,488,320	6,443,986
Amortisation of revaluation reserve	-	-	(245,174)	245,174	-
Balance at 31 December 2023	54,754,613	(31,299,980)	10,724,375	52,424,954	86,603,962

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

	Note	Non-distributable		Distributable		Total equity RM
		Share capital RM	Merger deficit RM	Revaluation reserve RM	Retained profits RM	
The Group						
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	27	-	-	-	(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

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

	Note	Share capital RM	Distributable (Accumulated losses)/ Retained profits RM	Total equity RM
The Company				
Balance at 1 January 2023		54,754,613	(59,591)	54,695,022
Profit after tax and total comprehensive income for the financial year		-	2,254,014	2,254,014
Balance at 31 December 2023/1 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	27	-	(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		54,755,173	2,779,846	57,535,019

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before tax		6,719,181	7,459,597	2,666,372	2,254,014
Adjustments for:					
Depreciation of property, plant and equipment		2,481,657	2,178,953	-	-
Depreciation of right-of-use assets		418,158	272,334	-	-
Dividend income		(54,922)	(83,364)	(3,010,000)	(2,580,000)
Fair value loss on derivatives		67,165	16,460	-	-
Gain on disposal of property, plant and equipment		(120,463)	-	-	-
Inventories written down		41,296	134,539	-	-
Reversal of impairment loss on revaluation of property, plant and equipment		-	(90,000)	-	-
Unrealised (gain)/loss on foreign exchange		(353,977)	36,803	-	-
Interest expenses		617,311	603,975	-	15
Interest income		(523,363)	(161,024)	(32,175)	(11,634)
Operating profit/(loss) before working capital changes		9,292,043	10,368,273	(375,803)	(337,605)
Inventories		(3,296,153)	2,023,052	-	-
Trade and other receivables		8,976,217	(5,586,806)	-	-
Trade and other payables		(3,484,702)	3,103,104	-	6,000
CASH FROM/(FOR) OPERATIONS		11,487,405	9,907,623	(375,803)	(331,605)
Interest paid		(617,311)	(603,975)	-	(15)
Interest received		523,363	161,024	32,175	11,634
Tax paid		(1,639,502)	(1,453,988)	(5,060)	(7,500)
Tax refund		12,000	457,150	12,000	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		9,765,955	8,467,834	(336,688)	(327,486)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additions to fixed deposits with tenure more than 3 months		(1,491,000)	(1,510,000)	-	-
Dividend received		54,922	83,364	2,580,000	-
Proceeds from disposal of property, plant and equipment		129,298	-	-	-
Proceeds from disposal of short-term investment		3,130,795	-	-	-
Purchase of property, plant and equipment	5(f)	(1,789,171)	(4,251,915)	-	-
Purchase of short-term investment		(3,054,922)	(3,083,364)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(3,020,078)	(8,761,915)	2,580,000	-
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid		(2,078,457)	-	(2,078,457)	-
Additions to pledged fixed deposit		(5,339)	(4,424)	-	-
Proceeds from term loans		61,887	2,039,847	-	-
Proceeds from issuance of shares upon warrants exercised		560	-	560	-
Repayment of term loans		(1,306,875)	(2,803,959)	-	-
Repayment of lease liability		(123,939)	-	-	-
NET CASH FOR FINANCING ACTIVITIES		(3,452,163)	(768,536)	(2,077,897)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,293,714	(1,062,617)	165,415	(327,486)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		45,537	262,456	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		12,458,793	13,258,954	1,067,556	1,395,042
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28(c)	15,798,044	12,458,793	1,232,971	1,067,556

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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 10 April 2025.

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”), International Financial Reporting 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)

Amendment to MFRS 16: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101: Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

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 2024 (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:

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective Date
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 121: Lack of Exchangeability	1 January 2025
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:

(a) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of 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 the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (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)

(b) Property, plant and equipment or right-of-use assets 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 location 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

Reviews are made periodically by management on 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 the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such 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 its 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.

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 the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 Financial instruments

(a) Financial assets

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets 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 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 significant financing component which are measured at 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.

(d) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with 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, recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Basis of consolidation

The Group applies the acquisition method of accounting for those business combinations which were accounted for using merger method of accounting.

Under the merger method of accounting, the assets and liabilities of the merger entities are reflected in the consolidated financial statements 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 separate 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 3 or 5 years, less subsequent depreciation for 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.

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 represent factory building under construction and production machinery under installation. They are not depreciated until such time when the asset is available for use.

4.6 Right-of-use-assets and lease liability

(a) Short-term leases and leases of low-value assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.6 Right-of-use-assets and lease liability (cont'd)

(b) Right-of-use assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, all 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 3 or 5 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.

(c) 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 entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liability is measured at amortised cost and 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 method 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 2024 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

	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
The Group							
At cost/valuation							
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	-	-	(92,867,013)	-
At 31 December 2024	20,068,601	21,497,258	43,787,803	1,770,576	1,761,752	880,034	89,766,024
Representing							
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 2024 (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
Less : Accumulated depreciation							
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
Representing							
At valuation	-	855,028	-	-	-	-	855,028
At cost	-	56,147	18,520,746	1,118,013	1,030,693	-	20,725,599
Carrying amount							
At 31 December 2024	20,068,601	20,586,083	25,267,057	652,563	731,059	880,034	68,185,397
Representing							
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 2024 (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
The Group							
At cost/valuation							
At 1 January 2023	19,670,361	9,439,000	21,352,728	1,367,743	1,373,554	29,031,673	82,235,059
Additions	3,180	-	144,926	74,658	500	3,660,676	3,883,940
Revaluation	391,820	583,191	-	-	-	-	975,011
At 31 December 2023	20,065,361	10,022,191	21,497,654	1,442,401	1,374,054	32,692,349	87,094,010
Representing							
At valuation	20,065,361	10,022,191	-	-	-	-	30,087,552
At cost	-	-	21,497,654	1,442,401	1,374,054	32,692,349	57,006,458
	20,065,361	10,022,191	21,497,654	1,442,401	1,374,054	32,692,349	87,094,010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (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
Less : Accumulated depreciation							
At 1 January 2023	-	428,254	16,730,866	796,447	948,726	-	18,904,293
Charge for the financial year	-	208,527	1,661,002	157,237	152,187	-	2,178,953
At 31 December 2023	-	636,781	18,391,868	953,684	1,100,913	-	21,083,246
Representing							
At valuation	-	636,781	-	-	-	-	636,781
At cost	-	-	18,391,868	953,684	1,100,913	-	20,446,465
Carrying amount							
At 31 December 2023	20,065,361	9,385,410	3,105,786	488,717	273,141	32,692,349	66,010,764
Representing							
At valuation	20,065,361	9,385,410	-	-	-	-	29,450,771
At cost	-	-	3,105,786	488,717	273,141	32,692,349	36,559,993
At 31 December 2024	20,065,361	9,385,410	3,105,786	488,717	273,141	32,692,349	66,010,764

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (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 16(a)):

	The Group	
	2024 RM	2023 RM
Carrying amount		
Freehold land	17,763,601	17,760,361
Factory buildings	20,586,083	9,385,410
Capital work-in-progress	-	11,122,140
	38,349,684	38,267,911

- (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 3,864,501 (2023 : RM Nil). This asset has been pledged as security for the hire purchase payable of the Group (Note 18(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 the 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 level 1 and level 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:

	The Group	
	2024 RM	2023 RM
Freehold land	18,119,544	18,116,304
Factory buildings	15,382,016	4,064,607
	33,501,560	22,180,911

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(f) Purchase of property, plant and equipment are as follows:

	The Group	
	2024	2023
	RM	RM
Cost of property, plant and equipment purchased	4,665,125	3,883,940
Acquired through hire purchase arrangement	(3,000,000)	-
Unpaid balances included under sundry payables (Note 20(b))	(66,954)	(274,916)
Cash disbursed in respect of purchase in previous financial year	274,916	508,621
Deposits and prepayments made for future purchase (Note 9(b))	50,354	134,270
Prepayments made in previous financial year	(134,270)	-
	<hr/>	<hr/>
Cash disbursed for purchase of property, plant and equipment	1,789,171	4,251,915

(g) There have been no property, plant and equipment in the Company throughout the current and previous financial years.

6. RIGHT-OF-USE ASSETS

	Leasehold land RM	Leasehold factory building RM	Factory building RM	Total RM
The Group				
At cost/valuation				
Carrying amount				
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)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024	2,899,241	7,298,733	1,193,904	11,391,878
Representing				
At valuation	2,899,241	7,298,733	-	10,197,974
At cost	-	-	1,193,904	1,193,904
	<hr/>	<hr/>	<hr/>	<hr/>
	2,899,241	7,298,733	1,193,904	11,391,878

	Leasehold land RM	Leasehold factory building RM	Total RM
The Group			
At valuation			
Carrying amount			
At 1 January 2023	2,979,921	7,452,873	10,432,794
Depreciation charges	(81,601)	(190,733)	(272,334)
Revaluation	84,880	231,966	316,846
	<hr/>	<hr/>	<hr/>
At 31 December 2023	2,983,200	7,494,106	10,477,306

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

6. RIGHT-OF-USE ASSETS (CONT'D)

- (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 (2023 : 60) years with no renewal or purchase option included in the agreement.

- (ii) Factory building

The Group has leased a factory building that run for 3 years (2023 : Nil), 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 10,197,974 (2023: RM 10,477,306) have been pledged to a licensed bank as security for banking facilities granted to the Group (Note 16(a)).

- (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 it reversed a revaluation deficit of the same asset previously recognised in profit or loss, 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 level 1 and level 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:

	The Group	
	2024 RM	2023 RM
Leasehold land	1,818,054	1,871,055
Leasehold factory building	2,007,913	2,084,275
	3,825,967	3,955,330

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

6. RIGHT-OF-USE ASSETS (CONT'D)

(f) The cash disbursed for the addition of right-of-use assets is as follows:

	The Group	
	2024 RM	2023 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	-	-

7. INVESTMENT IN SUBSIDIARIES

	The Company	
	2024 RM	2023 RM
Unquoted shares, at cost	53,299,980	53,299,980

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business and Country of incorporation	Percentage of issued share capital held by parent		Principal activities
		2024	2023	
Spring Art Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of ready-to-assemble furniture products.
Elisa Home Sdn. Bhd.	Malaysia	100%	100%	Trading of ready-to-assemble furniture products.

8. INVENTORIES

	The Group	
	2024 RM	2023 RM
Raw materials	4,419,683	4,083,640
Work-in-progress	2,975,596	2,158,493
Finished goods	3,906,136	1,804,425
	11,301,415	8,046,558
Recognised in profit or loss		
Inventories recognised as cost of sales	35,855,072	42,787,523
Inventories written down	41,296	134,539

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

9. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade receivables	1,692,148	9,934,142	-	-
Other receivables				
Deposits	475,576	763,163	1,000	1,000
Prepayments	899,761	1,257,287	-	-
Sundry receivables	151,112	164,448	-	-
	1,526,449	2,184,898	1,000	1,000
	3,218,597	12,119,040	1,000	1,000

- (a) The Group's normal trade terms range from cash term - 90 days of credit (2023 : cash term - 90 days of credit).
- (b) Included in deposits and prepayments of the Group is an amount of RM 50,354 (2023 : RM 134,270) paid for the future purchase of property, plant and equipment (Note 5(f)).

10. SHORT-TERM INVESTMENT

	The Group	
	2024 RM	2023 RM
Unit trusts fund, at fair value		
- AmIncome	-	3,083,364
- Maybank Corporate Money Market-I Fund	3,007,491	-
	3,007,491	3,083,364

11. DERIVATIVE ASSETS/(LIABILITIES)

	The Group		2024 RM	2023 RM
	Contract/Notional amount			
	2024 RM	2023 RM		
Derivative assets				
Forward currency contracts	224,645	1,161,400	1,170	13,525
Derivative liabilities				
Forward currency contracts	2,396,455	681,765	(61,770)	(6,960)

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 2025 to April 2025 (2023 : January 2024 to March 2024).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

12. DEPOSITS, BANK AND CASH BALANCES

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	11,798,044	7,458,793	732,971	567,556
Fixed deposits with licensed banks	7,186,987	6,690,648	500,000	500,000
	18,985,031	14,149,441	1,232,971	1,067,556

- (a) The fixed deposit with licensed bank of RM 185,987 (2023 : RM 180,648) has been pledged to a licensed bank as security for term loan facility granted to the Group (Note 16(a)).
- (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 at 2.6% - 3.8% and 3.4% (2023 : 2.3% - 3.8% and 3.7%) per annum respectively. The fixed deposits have maturity periods of 3 to 12 months and 3 months (2023 : 1 to 6 months and 3 months) for the Group and the Company respectively.

13. SHARE CAPITAL

	The Group and The Company			
	2024 Number of shares	2023 Number of shares	2024 RM	2023 RM
Issued and fully paid-up				
Ordinary shares				
At 1 January	415,689,400	415,689,400	54,754,613	54,754,613
Issuance of new shares upon warrants exercised	2,000	-	560	-
At 31 December	415,691,400	415,689,400	54,755,173	54,754,613

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

13. SHARE CAPITAL (CONT'D)

Warrants 2021/2025 (Cont'd)

The salient terms of the above Warrants 2021/2025 are as follows: (cont'd)

- (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.

15. RESERVES

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-distributable				
Revaluation reserve	10,464,643	10,724,375	-	-
Distributable				
Retained profits	59,846,528	52,424,954	2,779,846	2,194,423
	70,311,171	63,149,329	2,779,846	2,194,423

Revaluation reserve

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. TERM LOANS

	The Group	
	2024 RM	2023 RM
Secured		
Current liabilities	1,326,723	1,244,254
Non-current liabilities	12,457,842	13,785,299
	13,784,565	15,029,553

- (a) The term loans of the Group are secured against the followings:
- Certain freehold land, factory buildings and capital work-in-progress of the Group held as property, plant and equipment (Note 5(a));
 - Leasehold land and leasehold factory building of the Group held as right-of-use assets (Note 6(b));

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

16. TERM LOANS (CONT'D)

(a) The term loans of the Group are secured against the followings: (cont'd)

(iii) Fixed deposit with licensed bank (Note 12(a)); and

(iv) Corporate guarantee provided by the Company.

(b) The major covenants of the term loans are as follows:

Term loan 1 of RM 4,334,469 (2023 : RM 4,856,730)

(i) A subsidiary's adjusted gearing ratio shall not exceed 2.8 times; or

(ii) Dividend made by the subsidiary shall not exceed its respective year's profit before tax.

Term loan 2 of RM 7,597,510 (2023 : RM 8,234,700)

(i) A subsidiary's adjusted 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.

Term loan 3 of RM 1,852,586 (2023 : RM 1,938,123)

(i) A subsidiary's adjusted 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 term loans of the Group at the end of reporting period bear effective interest rates at 4.4% - 4.7% (2023: 4.4% - 4.8%) per annum.

17. LEASE LIABILITY

	The Group	
	2024	2023
	RM	RM
At 1 January	-	-
Addition	1,332,730	-
Interest expense recognised in profit or loss	23,261	-
Repayment of principal	(123,939)	-
Repayment of interest expense	(23,261)	-
At 31 December	1,208,791	-
Analysed by		
Current liabilities	306,766	-
Non-current liabilities	902,025	-
	1,208,791	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

18. HIRE PURCHASE PAYABLE

	The Group	
	2024 RM	2023 RM
Minimum hire purchase payments		
- not later than one year	696,000	-
- later than one year and not later than five years	2,784,000	-
	3,480,000	-
Less : Future finance charges	(480,000)	-
Present value of hire purchase payable	3,000,000	-
Analysed by		
Current liabilities	524,459	-
Non-current liabilities	2,475,541	-
	3,000,000	-

- (a) The hire purchase payable is secured by certain plant and machinery under finance lease (Note 5(b)). The hire purchase arrangement of the Group is expiring within 5 years (2023 : Nil).
- (b) The hire purchase payable is guaranteed by the Company.
- (c) The hire purchase payable of the Group at the end of the reporting period bears effective interest rate at 6.0% (2023: Nil) per annum. The interest rate is fixed at the inception of the hire purchase arrangement of the Group.

19. DEFERRED TAX LIABILITIES

	At 1 January RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At 31 December RM
The Group				
2024				
Deferred tax assets				
Unabsorbed capital allowances	-	(28,000)	-	(28,000)
Unutilised reinvestment allowance	-	(4,526,000)	-	(4,526,000)
Deferred tax liabilities				
Property, plant and equipment*	2,266,000	1,963,000	-	4,229,000
Right-of-use assets*	1,888,000	(27,000)	-	1,861,000
	4,154,000	(2,618,000)	-	1,536,000
2023				
Deferred tax liabilities				
Property, plant and equipment*	2,357,000	(261,148)	170,148	2,266,000
Right-of-use assets*	1,838,000	(26,043)	76,043	1,888,000
	4,195,000	(287,191)	246,191	4,154,000

* Includes the deferred tax from the revaluation of property, plant and equipment and right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

19. DEFERRED TAX LIABILITIES (CONT'D)

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of approximately RM 19,000 (2023 : RM Nil) and RM 4,000 (2023 : RM Nil) respectively that are available for offset against future taxable profits. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

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.

20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade payables	2,029,005	3,030,681	-	-
Other payables				
Advance from customers	449,085	842,625	-	-
Accruals	948,034	1,021,721	30,000	30,000
Sales and services tax payable	10,887	7,780	-	-
Sundry payables	453,843	2,829,461	-	-
	1,861,849	4,701,587	30,000	30,000
	3,890,854	7,732,268	30,000	30,000

- (a) The normal trade terms granted to the Group range from cash term - 90 days of credit (2023 : cash term - 90 days of credit).
- (b) Included in sundry payables of the Group is an amount of RM 66,954 (2023 : RM 274,916) payable for the purchase of property, plant and equipment (Note 5(f)).

21. REVENUE

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contracts with customers recognised at a point in time				
Sale of ready-to-assemble furniture products and its related services	49,571,721	56,232,144	-	-
Revenue from other sources				
Dividend income	-	-	3,010,000	2,580,000
	49,571,721	56,232,144	3,010,000	2,580,000

- (a) The information on the disaggregation of revenue by geographical market is disclosed in Note 30(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

21. REVENUE (CONT'D)

(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 and its related services	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.

22. DIRECTORS' REMUNERATION

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Executive directors of the Company				
Salaries, bonuses and other benefits	1,014,934	977,318	-	-
Defined contribution plan	202,500	195,000	-	-
	1,217,434	1,172,318	-	-
Estimated monetary value of benefits-in-kind	21,250	34,000	-	-
	1,238,684	1,206,318	-	-
Non-executive directors of the Company				
Fees	114,000	112,000	114,000	112,000
Salaries, bonuses and other benefits	6,600	6,600	6,600	6,600
	120,600	118,600	120,600	118,600
Total directors' remuneration	1,359,284	1,324,918	120,600	118,600
Analysis excluding monetary value of benefits-in-kind				
Total executive directors' remuneration	1,217,434	1,172,318	-	-
Total non-executive directors' remuneration	120,600	118,600	120,600	118,600
	1,338,034	1,290,918	120,600	118,600

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

23. FINANCE COSTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest expenses on financial liabilities that are not at fair value through profit or loss				
- advance from a subsidiary	-	-	-	15
- term loans	594,050	603,975	-	-
Interest expense on lease liability	23,261	-	-	-
	617,311	603,975	-	15

24. PROFIT BEFORE TAX

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
This is arrived at after charging:				
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	2,481,657	2,178,953	-	-
Depreciation of right-of-use assets	418,158	272,334	-	-
Fair value loss on derivatives	67,165	16,460	-	-
Inventories written down	41,296	134,539	-	-
Realised loss on foreign exchange	572,380	243,050	-	-
Staff costs (including key management personnel (Note 29(c)))				
- short-term employee benefits	9,470,938	8,190,890	120,600	118,600
- defined contribution plan	511,196	457,551	-	-
- others	1,273,038	1,184,834	-	-
Unrealised loss on foreign exchange	-	36,803	-	-
And crediting:				
Dividend income	(54,922)	(83,364)	-	-
Gain on disposal of property, plant and equipment	(120,463)	-	-	-
Reversal of impairment loss on revaluation of property, plant and equipment	-	(90,000)	-	-
Total interest income on financial assets measured at amortised cost	(523,363)	(161,024)	(32,175)	(11,634)
Unrealised gain on foreign exchange	(353,977)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

25. TAX (CREDIT)/EXPENSE

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current tax expense				
- for the financial year	88,000	2,291,527	-	-
- under/(over) provision in previous financial year	8,882	(33,059)	2,492	-
	96,882	2,258,468	2,492	-
Deferred tax (income)/expense				
- origination/reversal of temporary differences	(2,618,000)	(287,191)	-	-
	(2,521,118)	1,971,277	2,492	-

A reconciliation of income tax expense applicable to the profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	6,719,181	7,459,597	2,666,372	2,254,014
Tax at the statutory tax rate	1,613,000	1,787,500	640,000	541,000
Tax effects of:				
- non-deductible expenses	391,000	258,836	82,000	78,000
- non-taxable income	(13,000)	(42,000)	(722,000)	(619,000)
Deferred tax assets not recognised	5,000	-	-	-
Deferred tax assets recognised in respect of unabsorbed reinvestment allowances	(4,526,000)	-	-	-
Under/(Over) provision of current tax expense in previous financial year	8,882	(33,059)	2,492	-
	(2,521,118)	1,971,277	2,492	-

The income tax is calculated at the Malaysian statutory tax rate of 24% (2023 : 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

26. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2024	2023
	RM	RM
Profit after tax attributable to owners of the Company	9,240,299	5,488,320
	2024	2023
	Units	Units
Weighted average number of ordinary shares in issue	415,690,837	415,689,400
Basic earnings per share (sen)	2.22	1.32

(b) Diluted 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 earnings per share. As a result, the diluted earnings per share is the same as basic earnings per share.

27. DIVIDENDS

	The Group and The Company	
	2024	2023
	RM	RM
In respect of the financial year ended 31 December 2023		
Final dividend of 0.5 sen per ordinary share	2,078,457	-

On 12 March 2025, the Company declared an interim dividend of 0.7 sen per ordinary share amounting to RM 2,909,840 in respect of the financial year ending 31 December 2025, payable on 5 June 2025, to shareholders whose names appeared in the record of depositors on 7 May 2025. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

28. CASH FLOWS INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:

	Term loans RM	Lease liability RM	Hire purchase payable RM	Total RM
The Group 2024				
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	(1,306,875)	(123,939)	-	(1,430,814)
Repayment of interests	(594,050)	(23,261)	-	(617,311)
	(1,839,038)	(147,200)	-	(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	594,050	23,261	-	617,311
	594,050	1,355,991	3,000,000	4,950,041
At 31 December	13,784,565	1,208,791	3,000,000	17,993,356
			Term loans RM	Total RM
The Group 2023				
At 1 January			15,793,665	15,793,665
<u>Changes in financing cash flows</u>				
Proceeds from drawdown			2,039,847	2,039,847
Repayment of principal			(2,803,959)	(2,803,959)
Repayment of interests			(603,975)	(603,975)
			(1,368,087)	(1,368,087)
<u>Other changes</u>				
Interest expenses recognised in profit or loss			603,975	603,975
At 31 December			15,029,553	15,029,553

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

28. CASH FLOWS INFORMATION (CONT'D)

(b) The total cash outflows for leases as a lessee are as follows:

	The Group	
	2024 RM	2023 RM
Interest paid on lease liability	23,261	-
Payment of lease liability	123,939	-
	147,200	-

(c) The cash and cash equivalents comprise the following:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deposits, bank and cash balances	18,985,031	14,149,441	1,232,971	1,067,556
Less: Fixed deposit pledged to licensed bank	(185,987)	(180,648)	-	-
Fixed deposits with tenure more than 3 months	(3,001,000)	(1,510,000)	-	-
	15,798,044	12,458,793	1,232,971	1,067,556

29. 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:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Subsidiary				
- Dividend income	-	-	(3,010,000)	(2,580,000)
Company controlled by directors				
- Lease payment	147,200	-	-	-

(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 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

30. 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:

	The Group	
	2024	2023
	RM	RM
Africa	831,553	1,125,467
Asia (excluding Malaysia)	1,720,267	2,855,462
Europe	1,914,619	559,327
Middle East	38,408,973	40,171,343
North America and Latin America	3,877,442	3,458,287
Oceania	228,860	-
Malaysia	2,590,007	8,062,258
	49,571,721	56,232,144

(c) Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	The Group	
	2024	2023
	RM	RM
Customer A	33,939,609	37,393,754
Customer B	*	5,779,125

* Not being major customer by definition herein for the reporting period.

31. CAPITAL COMMITMENTS

	The Group	
	2024	2023
	RM	RM
Purchase of property, plant and equipment	256,012	812,602

32. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 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 functional currency, Ringgit Malaysia ("RM"). 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:

Foreign currency exposure

	USD RM	SGD RM	EUR RM	RM RM	Total RM
The Group					
2024					
<i>Financial assets</i>					
Trade and other					
receivables (N1)	1,534,096	119,355	-	189,809	1,843,260
Short-term investment	-	-	-	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
<i>Financial liabilities</i>					
Trade and other					
payables (N2)	(140,940)	-	-	(3,289,942)	(3,430,882)
Term loans	-	-	-	(13,784,565)	(13,784,565)
Hire purchase payable	-	-	-	(3,000,000)	(3,000,000)
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

	USD RM	SGD RM	EUR RM	RM RM	Total RM
The Group					
2023					
<u>Financial assets</u>					
Trade and other					
receivables (N1)	9,798,111	102,603	-	197,876	10,098,590
Short-term investment	-	-	-	3,083,364	3,083,364
Derivative assets	13,525	-	-	-	13,525
Deposits, bank and cash					
balances	3,975,599	-	25	10,173,817	14,149,441
	13,787,235	102,603	25	13,455,057	27,344,920
<u>Financial liabilities</u>					
Trade and other					
payables (N2)	(487,374)	-	(2,215,288)	(4,179,201)	(6,881,863)
Term loans	-	-	-	(15,029,553)	(15,029,553)
Derivative liabilities	(6,960)	-	-	-	(6,960)
	(494,334)	-	(2,215,288)	(19,208,754)	(21,918,376)
Net financial assets/ (liabilities)	13,292,901	102,603	(2,215,263)	(5,753,697)	5,426,544
Less : Net financial					
liabilities denominated					
in the respective					
entities' functional					
currency	-	-	-	5,753,697	5,753,697
Less : Forward currency					
contracts (contracted					
notional principal)	(1,843,165)	-	-	-	(1,843,165)
Currency exposure	11,449,736	102,603	(2,215,263)	-	9,337,076

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 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 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	
	2024 RM	2023 RM
Effects on profit after tax		
USD/RM		
- strengthened by 5%	218,690	435,090
- weakened by 5%	(218,690)	(435,090)
SGD/RM		
- strengthened by 5%	13,358	3,899
- weakened by 5%	(13,358)	(3,899)
EUR/RM		
- strengthened by 5%	1	(84,180)
- weakened by 5%	(1)	84,180

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 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 16.

The Company does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

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 profit after tax and equity of the Group and hence, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(iii) Equity price risk

The exposure to equity price risk arises mainly from changes in unit trusts prices of the Group. The Group manages its 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 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 investment, 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.

(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	
	2024 RM	2023 RM
Africa	183,780	107,887
Asia (excluding Malaysia)	283,849	102,603
Europe	215,965	-
Middle East	927,382	8,978,439
North America and Latin America	42,474	648,536
Malaysia	38,698	96,677
	1,692,148	9,934,142

At the end of the reporting period, the Group's major concentration of credit risk relates to the amounts owing by 2 (2023 : 1) customers which constituted approximately 66% (2023 : 85%) of its trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(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 statement 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 16,784,565 (2023 : RM 15,029,553), 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.

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 difficult 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Trade receivables (cont'd)

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 (2023 : 1 year) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlate to the historical loss rates.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for impairment losses

The information about the credit exposure for trade receivables is as follows:

	The Group	
	2024	2023
	RM	RM
Carrying amount		
Current (not past due)	1,443,240	9,934,142
1 to 30 days past due	128,494	-
31 to 60 days past due	120,414	-
	1,692,148	9,934,142

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 have 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 hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Financial guarantee contracts

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contracts.

Inputs, assumptions and techniques used for estimating impairment losses

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers 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 of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(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):

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (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
The Group						
2024						
<u>Non-derivative financial liabilities</u>						
Trade and other payables (N1)	-	3,430,882	3,430,882	3,430,882	-	-
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	-
Hire purchase payable	6.0	3,000,000	3,480,000	696,000	2,784,000	-
<u>Derivative financial liabilities</u>						
Forward currency contracts (gross settled)	-	61,770	-	-	-	-
- gross payments	-	-	2,396,455	2,396,455	-	-
		21,486,008	27,441,447	8,798,414	11,427,989	7,215,044
2023						
<u>Non-derivative financial liabilities</u>						
Trade and other payables (N1)	-	6,881,863	6,881,863	6,881,863	-	-
Term loans	4.4 - 4.8	15,029,553	18,789,481	1,900,925	7,687,189	9,201,367
<u>Derivative financial liabilities</u>						
Forward currency contracts (gross settled)	-	6,960	-	-	-	-
- gross payments	-	-	681,765	681,765	-	-
		21,918,376	26,353,109	9,464,553	7,687,189	9,201,367

N1 - Excluding advance from customers and certain payables

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM
The Company			
2024			
<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
	30,000	16,814,565	16,814,565
2023			
<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	-	15,029,553	15,029,553
	30,000	15,059,553	15,059,553

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

32.2 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	
	2024 RM	2023 RM	2024 RM	2023 RM
Term loans	13,784,565	15,029,553	-	-
Hire purchase payable	3,000,000	-	-	-
	16,784,565	15,029,553	-	-
Less : Cash and cash equivalents	(15,798,044)	(12,458,793)	(1,232,971)	(1,067,556)
Net debt/(Net cash)	986,521	2,570,760	(1,232,971)	(1,067,556)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 Capital risk management (cont'd)

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Total equity	93,766,364	86,603,962	57,535,019	56,949,036
Debt-to-equity ratio	0.01	0.03	*	*

* 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.

32.3 Classification of financial instruments

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets				
<u>Fair value through profit or loss</u>				
Short-term investment	3,007,491	3,083,364	-	-
Derivative assets	1,170	13,525	-	-
	3,008,661	3,096,889	-	-
<u>Amortised cost</u>				
Trade and other receivables (N1)	1,843,260	10,098,590	-	-
Dividend receivable	-	-	3,010,000	2,580,000
Deposits, bank and cash balances	18,985,031	14,149,441	1,232,971	1,067,556
	20,828,291	24,248,031	4,242,971	3,647,556
Financial liabilities				
<u>Fair value through profit or loss</u>				
Derivative liabilities	61,770	6,960	-	-
<u>Amortised cost</u>				
Trade and other payables (N2)	3,430,882	6,881,863	30,000	30,000
Term loans	13,784,565	15,029,553	-	-
Hire purchase payable	3,000,000	-	-	-
	20,215,447	21,911,416	30,000	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 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.4 Gains or losses arising from financial instruments

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets				
<u>Fair value through profit or loss</u>				
Net gains recognised in profit or loss	42,567	73,864	-	-
<u>Amortised cost</u>				
Net gains recognised in profit or loss	728,590	275,173	32,175	11,634
Financial liabilities				
<u>Fair value through profit or loss</u>				
Net losses recognised in profit or loss	(54,180)	(6,960)	-	-
<u>Amortised cost</u>				
Net losses recognised in profit or loss	(445,300)	(754,927)	-	(15)

32.5 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 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.5 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	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
The Group								
2024								
Financial assets								
Short-term investment								
- unit trusts	-	3,007,491	-	-	-	-	3,007,491	3,007,491
Derivative assets								
- forward currency contracts	-	1,170	-	-	-	-	1,170	1,170
Financial liabilities								
Term loans								
Hire purchase payable	-	-	-	-	(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 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.5 Fair value information (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		
The Group								
2023								
Financial assets								
Short-term investment								
- unit trusts	-	3,083,364	-	-	-	-	3,083,364	3,083,364
Derivative assets								
- forward currency contracts	-	13,525	-	-	-	-	13,525	13,525
Financial liabilities								
Term loans								
Derivative liabilities								
- forward currency contracts	-	(6,960)	-	-	(15,029,553)	-	(15,029,553)	(15,029,553)
	-	(6,960)	-	-	-	-	(6,960)	(6,960)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.5 Fair value information (cont'd)

(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 value of unit trusts is 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 level 1 and level 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 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.
- (ii) 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% (2023 : Nil) per annum.

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 /34 years	10,198	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	13,228	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, Kawasan Perindustrian 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	17,609	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 28 MARCH 2025

Class of Share : Ordinary shares

Voting Rights : One 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	0.100	100	0.000
100 - 1,000	208	10.369	83,700	0.020
1,001 - 10,000	731	36.441	4,622,500	1.112
10,001 - 100,000	872	43.469	32,913,700	7.918
100,001 - Less than 5%	191	9.521	81,449,700	19.594
5% and above	2	0.100	296,621,700	71.356
TOTAL	2,006	100.000	415,691,400	100.000

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 ⁽¹⁾	14.000
2	Datin Kwan Chian Poh	58,196,160	14.000	238,425,540 ⁽¹⁾	57.356

DIRECTORS' SHAREHOLDINGS

No	Name of Directors	No. of Shares Held			
		Direct	%	Indirect	%
1	Haji Ismail Bin Tunggak	150,000	0.036	-	-
2	Datuk Lim Kok Eng	238,425,540	57.356	58,196,160 ⁽¹⁾	14.000
3	Datin Kwan Chian Poh	58,196,160	14.000	238,425,540 ⁽¹⁾	57.356
4	Law Sang Thiam	300,000	0.072	-	-
5	Tan Meng Loon	300,000	0.072	-	-

Note: ⁽¹⁾ Deemed interest by virtue of his/her spouse's interest of the Company.

ANALYSIS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

LIST OF TOP THIRTY (30) SHAREHOLDERS

No	Name of Shareholders	Holdings	%
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	3,266,800	0.785
5	Lim Jun Yi	3,221,400	0.774
6	Tan Tsi Hua	2,972,000	0.714
7	Mohd Annuar Choon Bin Abdullah	2,595,000	0.624
8	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chan Kok San	1,800,000	0.433
9	Esther Lim Kai Ching	1,456,700	0.350
10	Tan Cheow Heng	1,430,000	0.344
11	New Aik Pin	1,397,400	0.336
12	Phang Foong Sin	1,225,700	0.294
13	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Ka Siong (CCTS)	1,188,500	0.285
14	Lim Leong Chuan	1,125,000	0.270
15	Lim Ge Fang	1,100,000	0.264
16	Lim Soon Ann	1,050,000	0.252
17	Ng Teng Song	1,035,100	0.249
18	Chan Sau Lai	1,000,000	0.240
19	Liew Fook Meng	1,000,000	0.240
20	To Swee Kim	1,000,000	0.240
21	Yap Choon Wah	1,000,000	0.240
22	Hong Li Wood Resources Sdn. Bhd.	950,300	0.228
23	Lim Ka Boon	876,000	0.210
24	Lim Bee Lan	869,000	0.209
25	CS Corporate Consultancy Sdn. Bhd.	860,800	0.207
26	Lim Soon Chier	850,000	0.204
27	Lim Yen Wen	800,000	0.192
28	Ng Guat Ngoh	800,000	0.192
29	Lee Ngok Sen	787,500	0.189
30	Kenanga Nominees (Tempatan) Sdn. Bhd. Exempt An For Phillip Securities Pte Ltd (Client Account)	752,400	0.180
Total		338,279,200	81.363

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh 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 Thursday, 12 June 2025 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 2024 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 2025 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) Datuk Lim Kok Eng
 - ii) Tan Meng Loon
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 for the time being (“Proposed General Mandate”).

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;

NOTICE OF ANNUAL GENERAL MEETING

- b. 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
- c. 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 for 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

30 April 2025

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 5 June 2025 shall be regarded as members and be entitled to attend, participate, speak and vote at the Seventh Annual General Meeting.
2. A member shall be entitled to appoint any 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 Seventh 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

- 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, Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via TIIH Online website at <https://tiih.online> 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 Seventh Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide for the Seventh Annual General Meeting.

EXPLANATORY NOTES TO THE AGENDA:-

- 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.

- Item 2 of the Agenda – Ordinary Resolution 1
Approval of Directors' fees and benefits for the financial year ending 31 December 2025**

Directors' fees and benefits approved for the financial year ended 31 December 2024 was RM150,000.00. The Directors' fees and benefits proposed for the financial year ending 31 December 2025 are calculated based on the number of scheduled Board and Committee Meetings for year 2025 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.

- Item 3 of the Agenda – Ordinary Resolutions 2 and 3
Re-election of Datuk Lim Kok Eng and Tan Meng Loon, who retire in accordance with Clause 90 of the Company's Constitution as Directors**

Leveraging the annual evaluation of the Board's contribution and performance and an independent assessment of the Directors, the Nomination Committee had on 10 April 2025 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 Group 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 Seventh 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 Seventh Annual General Meeting.

The profile of the Directors standing for re-election is set out in the Directors' Profile in the Annual Report 2024.

NOTICE OF ANNUAL GENERAL MEETING

11. 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 Seventh 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 13 June 2024 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.

12. ANNUAL REPORT

The Annual Report for the financial year ended 31 December 2024 is now available at the Company’s corporate website, 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://tiih.online> by select “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 or email your request to is.enquiry@vistra.com.

STATEMENT ACCOMPANYING NOTICE OF SEVENTH 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 Seventh 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 11– 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 SEVENTH ANNUAL GENERAL MEETING ("7TH AGM") OF SPRING ART HOLDINGS BERHAD

Date : **Thursday, 12 June 2025**
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 **Tuesday, 10 June 2025 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 **Tuesday, 10 June 2025 at 11.00 a.m.** to attend and vote at the 7th AGM.

2. GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

1. Only a depositor whose name appears on the ROD as at **5 June 2025** shall be entitled to attend, participate, speak and vote at the 7th 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 **TIIH Online** website at <https://tiih.online> not later than **Tuesday, 10 June 2025 at 11.00 a.m.**
2. Alternatively, submit your Form of Proxy to Tricor by fax at +603-2783 9222 or e-mail to 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, Tricor Drop-in Box located at Unit G-2, 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 7th AGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid.

4. ELECTRONIC LODGEMENT OF FORM OF PROXY

1. The procedures to lodge your Form of Proxy electronically via Tricor's **TIIH Online** website are summarised below:

Procedure	Action
1. Steps for Individual Members	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> • Please access the website at https://tiih.online. Register as a user under the "e-Services". Select the "Sign Up" button and followed by "Create Account by Individual Holder". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b) Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "SPRING ART HOLDINGS BERHAD 7th AGM – Submission of Form of Proxy". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print Form of Proxy for your record.

ADMINISTRATIVE GUIDE

FOR THE SEVENTH ANNUAL GENERAL MEETING (“7TH AGM”) OF SPRING ART HOLDINGS BERHAD

Procedure	Action
2. Steps for Corporation or Institutional Members	
(c) Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online website at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects “Create Account by Representative of Corporate Holder”. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by e-mail within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the e-mail and re-set your own password. <p>Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
(d) Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> • Login to TIIH Online website at https://tiih.online. • Select the corporate exercise name: “SPRING ART HOLDINGS BERHAD 7th AGM – Submission of Form of Proxy”. • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for “Submission of Form of Proxy” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxy by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

5. **POLL VOTING**

1. The Voting at the 7th 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 7th 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 7th AGM, the Scrutineers will verify the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

6. **ANNUAL REPORT 2024**

1. The Company’s Annual Report 2024 is available at the Company’s website at www.springart.com.
2. Should you require a printed copy of the Annual Report 2024, please request at our Share Registrar’s website at <https://tiih.online> 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.

ADMINISTRATIVE GUIDE FOR THE SEVENTH ANNUAL GENERAL MEETING ("7TH AGM") OF SPRING ART HOLDINGS BERHAD

7. **REGISTRATION**

1. The registration will commence at 10.00 a.m. on Thursday, 12 June 2025 and will remain open until the conclusion of the 7th 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.

8. **RECORDING OR PHOTOGRAPHY**

1. Strictly **NO** unauthorised recording or photography of the proceedings of the 7th AGM is allowed.

9. **ENQUIRY**

1. If you have any enquiries on the above, please contact the following person 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@vistra.com

Contact Person :
Mohamad Khairudin Tel : +603-2783 7973 Email: Mohamad.Khairudin@vistra.com

SPRING ART HOLDINGS BERHAD
 REGISTRATION NO.: 201801016143 (1278159-A)
 (Incorporated in Malaysia)

CDS Account No.	
No. of shares held	

*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 Seventh 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 Thursday, 12 June 2025 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 2025		
2	Re-election of Datuk Lim Kok Eng as Director		
3	Re-election of Tan Meng Loon 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 2025

.....
 Signature of Shareholder or Common Seal

Notes:

- Only depositors whose names appear in the Record of Depositors as at 5 June 2025 shall be regarded as members and be entitled to attend, participate, speak and vote at the Seventh Annual General Meeting.
- A member shall be entitled to appoint any 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 initialed 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 Seventh 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 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, Tricor Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via TIIH Online website at <https://tiih.online> 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 Seventh Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide for the Seventh 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 Seventh Annual General Meeting and any adjournment thereof.



Please fold here

**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

Please fold here

www.springart.com

SPRING ART®

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