



DATE: 13 JUNE 2024, THURSDAY

TIME: 11:00 AM

VENUE: BEI BOUTIQUE HOTEL

Centro Meeting Hall,

Level 3, 8-3,

Jalan Abdul Rahman, 84000 Muar, Johor.



SCAN MF

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





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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 RM54,754,613 and divided into 415,689,400 ordinary shares.



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

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

On 12 November 2020, the Company had incorporated a wholly-owned subsidiary, namely Elisa Home Sdn. Bhd. ("Elisa"). Elisa will cater the online sales to local market through the local online sales platforms and own website. This is the first time that

the Company involved in conducting B2C e-commerce business and launch the new brand products to the Malaysia market.

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

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



Design & Development



Manufacturing



Marketing & Sales









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.

OUR MISSION

Enhancing the lifestyle of people.

OUR VISION

To establish a strong brand as a leading furniture manufacturer.

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.

 $T_{
m echnology}$

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.

otability

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.









CORPORATE INFORMATION

BOARD OF DIRECTORS



Haji Ismail Bin Tunggak Independent Non-Executive Chairman



Lim Kok Eng Managing Director



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

Telephone number: +606-952 4328 Fax number: +606-952 7328

REGISTERED OFFICE

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

Telephone number: +606-954 1705
Fax number: +606-954 1707
Email address: lsca-muar@lsca.com.my

HEAD/MANAGEMENT OFFICE

Lot PLO 49, Jalan Rami 4 Kawasan Perindustrian Bukit Pasir 84300 Bukit Pasir, Muar, Johor

Telephone number: +606-985 9971 Fax number: +606-985 9972 Email address: info@springart.com Website: www.springart.com

PRINCIPLE BANKERS

CIMB Islamic Bank Berhad Hong Leong Bank Berhad Hong Leong Islamic Bank Berhad HSBC Bank Malaysia 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

Telephone number: +606-953 3500 Fax number: +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

Telephone number: +603-2783 9299 Fax number: +603-2783 9222

Email address: is.enquiry@my.tricorglobal.com

KEY FINANCIAL HIGHLIGHTS

	FIVE YEARS FINANCIAL HIGHLIGHTS	2019	2020	2021	2022	2023
-	Revenue (RM'000)	61,006	53,931	54,782	45,324	56,232
-	Profit Before Tax (RM'000)	10,442	8,263	7,281	2,869	7,460
	Profit After Tax (RM'000)	8,069	6,502	5,766	2,170	5,488
	Net Assets (RM'000)	63,997	73,524	77,628	80,160	86,604
-	Net Profit Attributable To Equity Holders (RM'000)	8,069	6,502	5,766	2,170	5,488
	Weighted Average Number Of Shares In Issue ('000)	185,446	415,687	415,689	415,689	415,689
	Earnings Per Share ("EPS") (sen)	4.35	1.56	1.39	0.52	1.32
	Net Assets Per Share (RM)	0.15	0.18	0.19	0.19	0.21



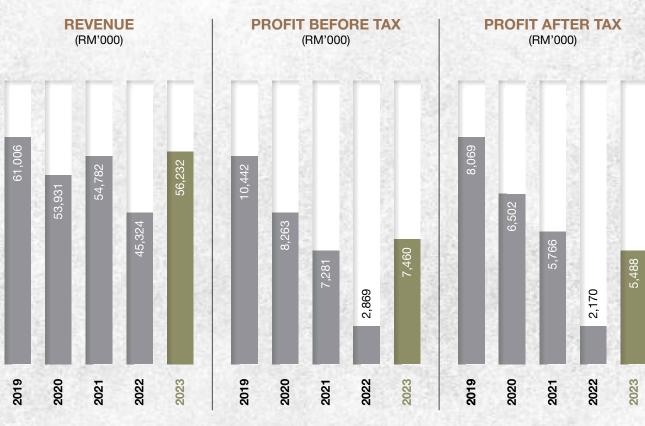


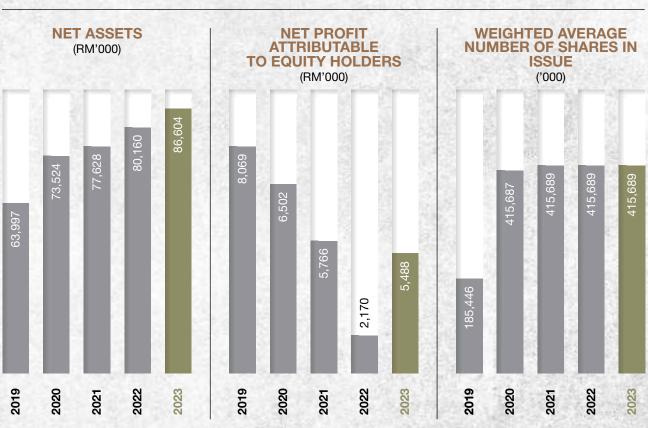






KEY FINANCIAL







PERSONAL DETAILS







Tenure of service

5 Years 4 Months

POSITION

Remuneration Committee Nomination Committee Audit and Risk Management Committee Chairman Member Member

HAJI ISMAIL BIN TUNGGAK*

Independent Non-Executive Chairman

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

In 1970, he started working in his family's grocery business, where he worked as a helper. In 1972, he left his family's grocery business and joined the Johor Bahru branch of Postal Services Department (now known as POS Malaysia & Services Holdings Berhad) as a Cashier. In 1976, he was promoted to the Head of Branch in Bukit Tangkak.

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 Tangkak 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 listed companies.

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.







LIM KOK ENG

Managing Director

Lim Kok Eng is responsible for our Group's strategic planning as well as overseeing the overall operations for Spring Art. 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 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, Lim Kok Eng together with his wife, 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 listed companies.

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



PERSONAL DETAILS







Tenure of service

5 Years 4 Months



PERSONAL DETAILS







Tenure of service 5 Years 4 Months

KWAN CHIAN POH*

Executive Director

Kwan Chian Poh is responsible for the purchasing, design, development and QC functions of Spring Art. 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 20 years of experience in the furniture industry encompassing design and development, manufacturing as well as marketing and sales of furniture products.

In 1989, 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, Kwan Chian Poh and her husband, 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, Kwan Chian Poh does not hold any directorships in any other public listed companies.

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







LAW SANG THIAM

Senior Independent Non-Executive Director

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

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

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

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

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



PERSONAL DETAILS









Tenure of service

5 Years 4 Months

POSITION

Audit and Risk Management Committee Remuneration Committee Nomination Committee

Chairman Member Member



PERSONAL DETAILS







Tenure of service

5 Years 4 Months

POSITION

Nomination Committee
Remuneration Committee
Audit and Risk Management Committee

Chairman Member Member

TAN MENG LOON

Independent Non-Executive Director

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

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

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

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

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

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

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 5 years other than traffic offence.

* Director who are standing for re-election.







5)

KEY MANAGEMENT'S PROFILE

Teo Miow Loo, Malaysian, female, aged 43, is our Chief Financial Officer. She is responsible for managing our Group's finances, including financial planning, financial reporting and administration.

She graduated with Bachelor of Accounting from the University of Malaya in 2006. She is a member of Malaysian Institute of Accountants since 2010. She has over 14 years of experience in internal control matters, cost management as well as financial reporting.

Upon graduation, Teo Miow Loo joined Messrs PricewaterhouseCoopers in 2006 as an Audit Associate. During her tenure in Messrs PricewaterhouseCoopers, she was involved in audit assignments of companies in various industries as well as assisting clients in corporate exercises such as initial public offering in the capacity of reporting accountant.

In 2009, Teo Miow Loo left Messrs PricewaterhouseCoopers and joined Micron Semiconductor Malaysia Sdn. Bhd. as an Accountant where she was responsible for internal control matters and management costing.

In 2011, she left Micron Semiconductor Malaysia Sdn. Bhd. as Senior Accountant and joined SWS Capital Berhad as Group Financial Controller. In 2016, she was re-designated as Chief Financial Officer and was appointed as an Executive Director in 3 subsidiaries in SWS Capital Berhad, namely SWS Industries Sdn. Bhd., U.D. Panelform Sdn. Bhd. and U.D. Wood Products Sdn. Bhd. She was responsible for the overall operations in the finance department for all the subsidiaries of SWS Capital Berhad. In addition, she was involved in overseeing the manufacturing operations in the aforementioned 3 subsidiaries.

In January 2018, she left SWS Capital Berhad and its related companies and joined our Group as Chief Financial Officer in February 2018.

She does not hold any directorships in any Public Listed Companies.

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

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

TEO MIOW LOO

Chief Financial Officer

PERSONAL DETAILS







Nationality Malaysian Age **43** Gender **Female**





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 2023 ("FYE 2023").











OPERATING ENVIRONMENT

The global economy is on a steady path to recovery from the pandemic and Russia's invasion of Ukraine. The COVID-19 health crisis is officially behind us, and supplychain disruptions are back to pre-pandemic levels.

However, risks to the inflation outlook remain highly subject to changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments. Besides, red sea crisis may face delays in delivery, difficulties managing inventory, higher shipping costs, and increased insurance rates by the importer and exporter. These challenges can arise from factors like supply chain issues, transportation problems, geopolitical tensions, and changes in regulations.

¹ The global economy growth is expected to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024, well below the 2000-2019 average of 3.8%. Global inflation is forecasted to drop from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, helped by tighter monetary policy and lower commodity prices. ² In Malaysia, the gross domestic product ("GDP") growth forecast for 2024 is expected to exceed the initial projections of 4.5%-5.0%, indicating a positive outlook for the Malaysian economy.

In Malaysia, one upward revision made by Bank Negara Malaysia to the Overnight Policy Rate ("OPR") saw rates climb to 3.0%. Along with rising interest rates, the furniture manufacturing sectors continued to face labour shortage and high raw material costs.

In the face of these challenges, the Group will stick to what it does best, stay alert, implement cost-cutting measures, and act promptly to lessen any negative impact on its financial performance.

Source:

- https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023 1.
- 2. https://theedgemalaysia.com/node/697834

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.

The Group's revenue is mainly derived from sales of Ready-To-Assemble ("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 85.3% of our revenues were denominated in USD for FYE 2023 with the remainder denominated in RM and SGD.

The completion of Factory C will be postponed to Q2 2024 as the Group await the Certificate of Completion

and Compliance ("CCC"). Despite the delay, the Group is hopeful about better prospects once Factory C is operating.

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 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







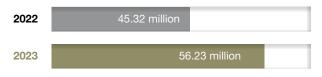


FINANCIAL PERFORMANCE REVIEW

1. ANALYSIS OF FINANCIAL RESULTS AND FINANCIAL CONDITION

• REVENUE

OVERALL REVENUE (RM)



For FYE 2023, the Group's overall revenue increased by 24.1% to RM56.23 million as compared to RM45.32 million recorded in FYE 2022. However, total sales volume for the financial year under review increased by 17.3% was mainly due to increased consumer spending power and rebound of retail expenditure.

The revenue from bedroom furniture and living room furniture contributed 89.8% of the Group's revenue for the financial year under review and 88.8% of total sales volume. Sales volume for bedroom furniture increased by 27.1% and living room decreased by 0.01% while sales volume for office furniture decreased by 32.0%.

Sales volume increased from 226,698 units in FYE 2022 to 265,972 units in FYE 2023, mainly due to increase in bedroom furniture from 155,659 units in FYE 2022 to 197,901 units in FYE 2023 and increase in kitchen furniture from 2,048 units in FYE 2022 to 7,784 units in FYE 2023.

In FYE 2023, we experienced sales growth in Middle East by RM11.79 million or 41.5% as well as in North America and Latin America countries of RM1.11 million or 47.1% mainly due to increase of demands from new customers.

The Group aims to further increase the group's presence in the North America and European markets to secure orders for coming increase production capacity from Factory C.

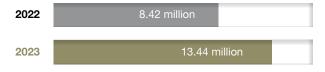






COST OF SALES AND GROSS PROFIT ("GP")

OVERALL GROSS PROFIT ("GP") (RM)



The Group's cost of sales increased by RM5.88 million or 15.9% from RM36.91 million in FYE 2022 to RM42.79 million in FYE 2023. The increase was mainly due to increase in the Group's overall revenue from RM45.32 million in FYE 2022 to RM56.23 million in FYE 2023.

In FYE 2023, the Group's GP increased by approximately RM5.02 million or 59.6% to RM13.44 million as compared to RM8.42 million in FYE 2022. This increase was mainly attributable to increase in sales and the strengthening of the USD against RM, especially since the most of the Group's sales are in USD.

• **INVENTORIES**

Our Group's inventories consist of raw materials, goods in transit, packaging 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 decrease from 147 days in FYE 2022 to 78 days in FYE 2023.

Our Group's raw materials mainly consist of boards (particle boards and 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 2023, the inventories of our Group amounting to approximately RM8.05 million. From the total of RM8.05 million, 49.6% is comprised of raw material as heightened demand experienced in the last quarter and faster usage of raw materials. Meanwhile, another 22.4% is comprised of finished goods.

PROFIT BEFORE TAX ("PBT") AND PROFIT AFTER TAX ("PAT")

PROFIT BEFORE TAX ("PBT") (RM)



The Group's PBT and PBT margin increased from approximately RM2.87 million and 6.3% for FYE 2022 to approximately RM7.46 million and 13.3% for FYE 2023. Correspondingly, the Group's PAT and PAT margin increased from approximately RM2.17 million or 4.8% for FYE 2022 to approximately RM5.49 million and 9.8% in FYE 2023.

The effective tax rate was higher at 26.4% in FYE 2023 compared with the effective tax rate to 24.4% in FYE 2022.

• TRADE RECEIVABLES

As at 01 March 2024, approximately RM9.87 million or 99.4% of our Group's total trade receivables as at 31 December 2023 have been collected.

Our Group's normal trade terms are cash term to 90 days. 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 2023.

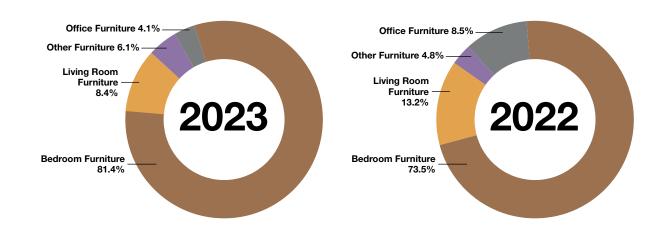
• TRADE PAYABLES

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

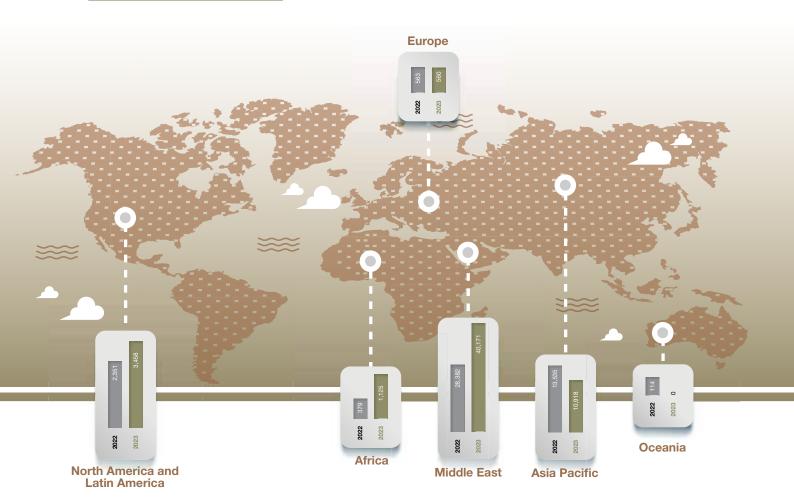
As at 01 March 2024, approximately RM3.02 million or 99.5% of our Group's total trade payables as at 31 December 2023 have been paid.

2. REVIEW OF OPERATING ACTIVITIES

• REVENUE BY PRODUCT CATEGORY



• REVENUE BY PRODUCT REGION







PRODUCT	FYE 2022		FYE 2023	
	RM'000	%	RM'000	%
Office Furniture	3,848	8.5	2,310	4.1
Bedroom Furniture	33,313	73.5	45,778	81.4
Living Room Furniture	5,982	13.2	4,729	8.4
Other Furniture	2,181	4.8	3,415	6.1
Total	45,324	100.0	56,232	100.0

REGION	FYE 2	022	FYE 2	2023
	RM'000	%	RM'000	%
Middle East	28,382	62.6	40,171	71.4
Asia Pacific	13,535	29.9	10,918	19.4
North America and Latin America	2,351	5.2	3,458	6.2
Europe	563	1.2	560	1.0
Africa	379	0.8	1,125	2.0
Oceania	114	0.3	0	0
Total	45,324	100.0	56,232	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.

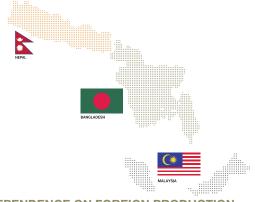
• SUPPLY CHAIN DISRUPTIONS

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.

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.

• 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



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.

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.

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 completion of Factory C will be postponed to Q2 2024 as the Group wait for the Certificate of Completion and Compliance ("CCC"). The Group has obtained Certificate of Practical Completion ("CPC") on 28 March 2023. Despite the delay, the Group is hopeful about better prospects once Factory C is operating. 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 Statement on Corporate Governance, the Audit and Risk Management Committee Report and Statement on 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. Our deepest gratitude also goes to the management and staff for their commitment and dedication throughout the years and to all our shareholders for their steadfast support and confidence in the Group. Our sincere appreciation also goes to our business partners, clients, bankers and other associates for their continued support for the Group.

Lim Kok Eng Managing Director





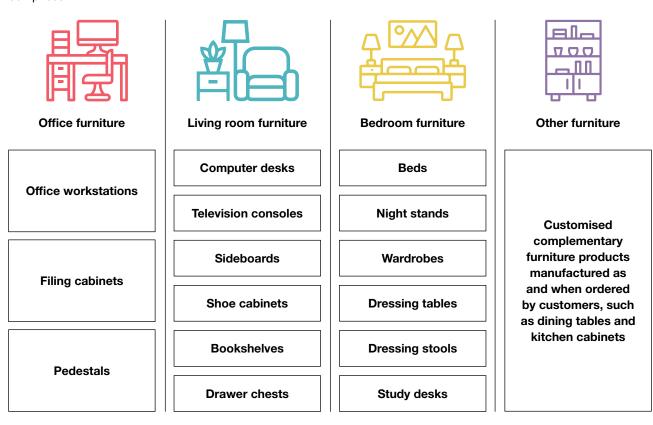
66 ABOUT THE **COMPANY**

Spring Art Holdings Berhad ("Spring Art Holdings" or the "Company") and its subsidiaries (the "Group"), is renowned for its prominent role as a manufacturer of ready-to-assemble furniture in Malaysia. Our core focus lies in the design, development, manufacturing, marketing and sales of our products. With a strong commitment to sustainability, we strive to integrate eco-friendly practices into every aspect of our operations. At the same time, we remain steadfast in our dedication to providing top-notch products and services. Through collaborative efforts, our team ensures customer satisfaction while offering sustainable solutions, all while maintaining our commitment to environmental stewardship.



Our Core Businesses

The Group specialises in manufacturing ready-to-assemble furniture across various categories, including office furniture, bedroom furniture, living room furniture, and other types of furniture. Our extensive range of ready-to-assemble products comprises:



ABOUT THIS STATEMENT

The Group is dedicated to promoting excellence and providing quality developments that enrich lives and empower communities. Our commitment remains unwavering as we strive to build a brighter future through ethical business practices, maintaining a clear focus on our objectives, and operating with utmost efficiency. This statement summarises our promise to make a positive impact on the local economy, society, environment, and governance through the concerted efforts and endeavours of our organisation.

Scope and Basis of Scope

The reporting period aligns with our fiscal year, running from 1 January to 31 December 2023. This Statement comprehensively addresses the Group's sustainability performance and highlights the progress of our business operations in Malaysia.

Details of Spring Art Holdings' subsidiaries are shown in the table below.

Name of subsidiaries	Country of Incorporation/Operation
Spring Art Industries Sdn. Bhd.	Malaysia
Elisa Home Sdn. Bhd.	

1







SUSTAINABILITY STATEMENT 2023

ABOUT THIS STATEMENT (CONT'D)

Reporting Framework and Standards

This report is prepared in accordance with the Bursa Malaysia Sustainability Reporting Guide 3rd Edition and is adopted in line with the International Financial Reporting Standards ("IFRS") Foundations - International Integrated Reporting Framework and Integrated Thinking Principles. The Group also decided to adopt the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations and Sustainable Development Goals ("SDGs") as part of the report as well.















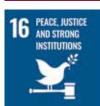












Feedback

We welcome and encourage our stakeholders to provide feedback pertaining to this Statement and the issues covered to our Environmental, Social, and Governance ("ESG") Committee at info@springart.com.

SUSTAINABILITY STRATEGY

Sustainability Governance

Spring Art Holdings and its subsidiaries place significant emphasis on sustainability as a core component of its approach. To ensure the attainment of sustainability objectives, the Group has implemented a well-structured governance framework. The Board of Directors (the "Board") assumes a leading role in advancing sustainability by overseeing the sustainability strategy, achieving key goals, and ensuring the efficacy of internal controls and risk management systems. Contributing to performance and risk management, the Audit and Risk Management Committee, Nomination Committee, and Remuneration Committee, play pivotal roles.

In line with its commitment to sustainability and the pursuit of sustainability objectives, the Group has established a dedicated ESG Committee. This committee focuses on objectives, policies, and practices concerning sustainability or ESG matters. Their responsibilities encompass the development of sustainability strategies, assessment of associated risks, evaluation of performance, and vigilant monitoring of the implementation of sustainability policies and practices. The Group's dedication to establishing a robust governance framework is evident in the outlined roles and responsibilities of the Board and committees outlined in the provided framework.

SUSTAINABILITY STRATEGY (CONT'D)

Board of Directors

- a) Supervises sustainability affairs within the Group, encompassing sustainability strategy and objectives, materiality assessment, and evaluation of climate-related risks and opportunities.
- b) Guarantees the incorporation of sustainability factors into both the Group's overall operations and specific business segments, fostering a consistently strong sustainability culture across the entire organisation.
- c) Evaluates the efficiency of the Group's execution of its risk management system and internal control framework.
- d) Communicates sustainability strategies, priorities, and targets, along with performance against targets, to internal and external stakeholders.

Audit and Risk Management Committee

Ensures the accuracy and reliability of the Group's financial reporting, confirming adherence to legal and regulatory requirements, and assessing the efficiency of the Group's enterprise-wide risk management and internal control framework.

Nomination Committee

Guarantees the formation of a wellorganised and capable leadership team, promoting diversity and ongoing professional growth within the organisation.

Remuneration Committee

Ensures a fair and efficient remuneration framework aligned with the Group's strategic objectives and human resources policies.

ESG Committee

Responsible for crafting sustainability strategies, identifying and evaluating sustainability-related risks, assessing sustainability performance and objectives, and closely monitoring the execution of sustainability-related policies and practices.

Stakeholder Engagement

The Group acknowledges the impact of its operations on diverse stakeholder groups, including customers, employees, suppliers, investors, government agencies, and local communities, particularly as a sustainable business entity.

Understanding the valuable insights these stakeholders offer into our operations, we actively maintain open communication channels and cultivate positive relationships to ensure a sustainable business model. This commitment is upheld through regular engagements employing both formal and informal approaches, which are integral for gathering feedback and addressing stakeholder needs and concerns effectively.

The table below outlines the key stakeholders of the Group along with the various engagement methods and channels employed. Through these multifaceted engagement strategies, we endeavour to foster mutual understanding, trust, and collaboration, thereby promoting sustainable business practices and favourable outcomes for all stakeholders involved.

Stakeholder	Areas of Concern/ Interest	Engagement Approach	Our Responses
Customers	 Product quality, safety and compliance Customer service and experience 	Customer relationship management Reliable service and on-time delivery Exhibition	Adhere to quality standards (i.e. ISO 9001:2015 Quality Management Systems)









SUSTAINABILITY STRATEGY (CONT'D)

Stakeholder	Areas of Concern/ Interest	Engagement Approach	Our Responses
Employees	 Health and safety Welfare and remuneration Workplace diversity Training and career development Value equal opportunities 	 Performance appraisal Management and staff meeting Annual event Training programmes 	 Encourage transparent communication with employees Ensure equal employment opportunities for all individuals without discrimination Provide reasonable benefits and remuneration package
Suppliers	 Transparent procurement practices Payment schedule Anti-bribery Sustainable supply of quality services and materials 	Evaluation on performanceAnti-bribery commitmentRegular site visits	 Prioritise the establishment of transparent procurement processes Require suppliers to undergo a Due Diligence assessment
Investors	Financial performanceBusiness strategyShareholder value	 Annual report Annual general meeting Financial report Corporate website Company announcements Investor relations activities 	 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
Government Agencies	 Governance compliance Environment management and compliance Fair labour practices Policy matters (public, health and safety) Anti-bribery 	 Annual report Meeting and seminar Public announcement Inspection/audit by local authority Anti-bribery commitment 	 Full compliance with regulatory requirements Adoption of practices outlined in the Malaysian Code on Corporate Governance and anti-bribery practices
Local Communities	Impact of business operation Social issue	 Community programmes Customer relationship and engagement 	Investing in welfare to enhance community well- being

Materiality Matrix

The Group acknowledges the significant impact that our material issues can have on our capacity to create lasting value for stakeholders, whether through direct or indirect means. To underscore our commitment to sustainable practices, we undertake a comprehensive materiality assessment each year. This assessment reassesses the importance of previously prioritised economic, environmental, social, and governance impacts stemming from our day-to-day operations. The objective of this initiative is to pinpoint the most relevant sustainability concerns relevant to both our business and its stakeholders. This process entails evaluating industry trends, advancements, and both global and local sustainability challenges.

SUSTAINABILITY STRATEGY (CONT'D)

2021

Conducted materiality assessment with both internal and external stakeholders of the Company.

Our materiality process was performed through identification, assessment, and ranking of the material matters.

Resulted in identifying twelve (12) relevant material matters being prioritised.

2022

Reviewed 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.

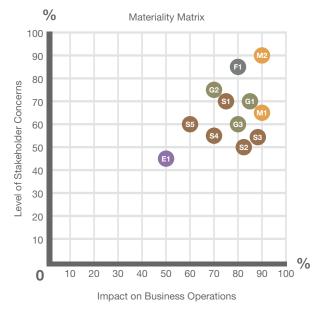
2023

Reviewed 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.

Outlined below are the material topics identified in 2023:



Note:

- Business profitability and business expansion are collectively managed under "Financial/Economic Performance".
- 2. Energy management and emissions management are collectively managed under "Climate Change".
- 3. Employees diversity and equal opportunities are collectively managed under "Labour Standards and Human Right".

		· · · · · · · · · · · · · · · · · · ·
S	Material Sustainability Matter	Relevant Stakeholders
F1 –	Financial/Economic Performance	Investors and Customers
E1 –	Climate Change	Employees, Regulatory Agencies and Local Communities
S1 –	Customer Satisfaction	Investors and Customers
S2 -	Labour Standards and Human Right	Employees and Regulatory Agencies
S3 –	Occupational Health and Safety	Employees and Regulatory Agencies
S4 –	Training and Development	Employees and Regulatory Agencies
S5 –	Social Contribution	Investors and Public
G1 –	Business Ethics and Compliance	Regulatory Agencies and Local Communities
G2 –	Governing Purpose	Regulatory Agencies and Local Communities
G3 –	Risk Management	Regulatory Agencies and Local Communities
M1 –	Equipment Maintenance	Employees and Regulatory Agencies
M2 –	Supply Chain and Responsible Sourcing	Customers, Investors, and Local Communities







SUSTAINABILITY STRATEGY (CONT'D)

The table below provides a detailed analysis of the materiality level of sustainability matters:

High Pı	riority Materiality
F1 - Financial/Economic Performance	These material sustainability matters are vital for a sustainable furniture manufacturing company, ensuring
S2 - Labour Standards and Human Right	compliance and advancing sustainability efforts, ultimately
S3 - Occupational Health and Safety	delivering lasting value to stakeholders. Hence, we are profoundly dedicated to prioritising these material
G1 – Business Ethics and Compliance	sustainability matters to ensure the seamless operation of our business and the enhancement of stakeholder value.
G3 – Risk Management	
M1 - Equipment Maintenance	
M2 - Supply Chain and Responsible Sourcing	
Medium	Priority Materiality
E1 – Climate Change	Though these material sustainability matters may presently be classified as medium in terms of materiality, they hold considerable significance for the Group.
S1 – Customer Satisfaction	We strongly believe that by prioritising each of these sustainability matters, we can positively influence and enhance the overall performance of the organisation.
S4 - Training and Development	As a responsible company, we firmly believe that acquiring appropriate licensing and nurturing good governance are critical aspects of our operations. The
S5 – Social Contribution	governing purpose encompasses: • Board Charter and Terms of Reference • Anti-Bribery and Corruption Management
G2 – Governing Purpose	Anti Money Laundering Conflict of Interest Executive Pay

• Executive Pay

SUSTAINABILITY STRATEGY (CONT'D)

Sustainability Framework

The Group places significant emphasis on a balanced approach that encompasses economic, environmental, and social responsibilities, with a genuine commitment to the well-being of our stakeholders and the journey towards a brighter future. Responding to the dynamic business environment, we have embraced the IFRS Foundation's International Integrated Reporting Framework and Integrated Thinking Principles¹, employing the Six (6) Capitals model to provide financial clarity to our sustainability performance. This model enables us to generate enduring value for our business and stakeholders, reinforcing our sustainability strategy, policies, and practices, and aligning with global standards such as the United Nations Sustainable Development Goals ("UNSDGs"). The Six (6) Capitals framework identifies the value sources essential for the Group's value creation. These Six (6) Capitals are defined as follows:

Capitals	Aspects	Main Focus Areas
Financial	Funds available to firm from operations and financing Financial Highlight Resources to support the Group's operation and implement other Capitals	Economic Performance
Manufactured	Manufactured physical objects used in value creation Marketplace Implementing sustainability through product quality and compliance	 Cybersecurity and Data Protection Sustainable Supply Chain Management Sustainable Operation Management Product Quality and Safety Management
Governance	Governance, internal control system and procedures Governance Board engagement on strategy, internal control to enhance the sustainability initiative	Anti-corruption
Human	Skills, motivation, alignment with organisational goals Workplace Creating a safe and supportive working environment, training, and self-development	Health and SafetyEmployee ManagementDiversity, 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	 Contributing to Local Communities/Corporate Social Responsibility ("CSR") Customer Satisfaction
	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	Climate Change (Energy Management and Emissions)Waste ManagementWater Management
Natural	Environment Improving our environment by utilising greener alternatives	

Note:

¹ The Integrated Reporting Framework and Integrated Thinking Principles are maintained under the auspices of the IFRS Foundation, a global not-for-profit, public interest organisation established to develop high-quality, understandable, enforceable and globally accepted accounting and sustainability disclosure standards. (https://integratedreporting.ifrs.org/the-iirc-2/)









SUSTAINABILITY STRATEGY (CONT'D)

Management Approach for Material Matters



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

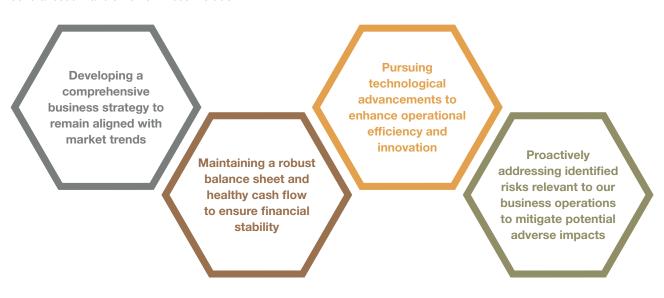
Economic Performance

The Group acknowledges that its financial performance is crucial to achieving lasting value and advancing our sustainability objectives. We are unwavering in our dedication to offering high-quality employment opportunities and promoting economic development within local communities. Our primary objective is to guarantee long-term resilience by effectively managing our assets and equitably distributing the wealth generated among our stakeholders. Through these efforts, our aim is to generate positive impacts that extend beyond mere financial returns, enhancing the well-being and prosperity of our stakeholders and the wider society.

Our approach and performance

In Financial Year Ended ("FYE") 2023, the Group achieved a total revenue and other income of RM 56.58 million, marking a significant increase of 22.8% compared to the previous year. This robust revenue growth underscores our dedication to generating wealth for our stakeholders. While celebrating this improvement in revenue, the Group remains steadfast in its commitment to achieving even greater lasting results, continually striving to enhance value and generate increased wealth for our stakeholders.

To demonstrate our commitment, the Group's strategy to sustain and achieve strong economic performance encompasses several essential elements. These include:



SUSTAINABILITY STRATEGY (CONT'D)

Economic (Cont'd)

By prioritising these strategic elements, the Group aims to sustain its growth trajectory, strengthen its economic performance, and ultimately create lasting value for its stakeholders.

Below are the financial results of the Group:

	2021 RM'000	2022 RM'000	2023 RM'000
Economic value generated (e.g., revenue, other income, and interest income)	55,798	46,066	56,583
Economic value distributed:			
Operating Costs	48,239	42,724	48,519
• Finance Costs	278	473	604
• Payment to government (e.g., tax)	1,515	699	1,972
Economic value retained	5,766	2,170	5,488

Related UNSDGs:





Implementing sustainability through product quality and compliance

Cybersecurity and Data Protection

With the rapid advancement of trends such as remote working, e-commerce, and automation in recent years, the adoption of digital technologies and infrastructure has increased significantly. However, this surge has also heightened the susceptibility of data to cybersecurity risks. Therefore, we firmly believe that we have a responsibility to effectively manage the growing threat of cyber-attacks on the Group. This includes implementing measures to safeguard our customers' sensitive information and prevent any leaks, threats, or loss of customer data.

Our approach and performance

In our continuous commitment to strengthening cybersecurity measures, we are dedicated to establishing a comprehensive framework and fully adhering to all regulatory obligations. At the Group, we highly prioritise both our employees' and customers' privacy and commit to safeguarding their personal data in accordance with the laws of Malaysia. As part of this commitment, we have crafted a Personal Data Protection Act ("PDPA") policy in accordance with the PDPA Act 2010, requiring acknowledgment from all our employees. Moreover, our privacy policy directed towards our investors is readily available on our website, ensuring easy access for all our stakeholders.

Furthermore, we are guided by our Information and Communication Technology ("ICT") Security policy, which outlines the responsibilities and obligations of employees in using the Group's ICT facilities properly and uprightly. We also ensure access rights and firewall settings are in place to enhance our cybersecurity measures. Concurrently, we have developed a Disaster Recovery Plan ("DRP") to prepare for and respond to disasters that may destroy or severely impact the Group's computer systems.









SUSTAINABILITY STRATEGY (CONT'D)

Marketplace (Cont'd)

As of 31 December 2023, the Group is pleased to report zero substantiated complaints related to breaches in customer privacy or data loss.

	2021	2022	2023
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

Related UNSDGs:



Sustainable Supply Chain Management

The Group acknowledges the crucial significance of sustainable procurement as the cornerstone of our supply chain management. We understand that cultivating dependable and sustainable supply chains for our business operations is paramount, given our heavy reliance on a network of suppliers. Despite the social and governance risks associated with engaging suppliers, we remain committed to upholding good governance principles. Therefore, the Group is dedicated to promoting responsible procurement practices and enhancing our supply chain resilience by integrating sustainability aspects into our procurement process. Moreover, we believe in supporting local businesses and contributing to economic growth in the communities where we operate. To achieve this, our goal is to prioritise sourcing from local suppliers and provide business opportunities to enhance their livelihoods.

Our approach and performance

The Group's commitment to upholding high standards throughout our supply chain entails close collaboration with approved and reputable suppliers, ensuring a stable and high-quality supply chain. We firmly believe that fostering close and positive relationships with suppliers is key, achieved through consistent maintenance, which involves ongoing communication and performance assessments. To ensure the integrity of our supply chain, each supplier undergoes a comprehensive due diligence process that evaluates various criteria to verify their credentials. The details of our supplier due diligence process are outlined as follows:

Supplier Assessment

• Establishing specific criteria for suppliers seeking partnership, encompassing financial stability, legal compliance, quality standards, and ethical practices.

Verification of Credentials

• Reviewing certifications, licenses, past performance records, and references to ensure the suitability and reliability of prospective partners.

Legal Compliance

• Ensuring that suppliers adhere to relevant laws, regulations, and industry standards.

Quality Standards

• Assessing the supplier's quality control processes and procedures.

Financial Due Diligence

· Reviewing the supplier's financial statements to assess their financial health, including an analysis of their creditworthiness and payment history.

• Assessing the supplier's production capabilities, facilities, and technology to ensure alignment with its requirements and standards. Geographic location is also considered in relation to logistics and transportation.

Ethical Considerations

• Ensuring compliance with anti-corruption and anti-bribery policies.

Data Security and Cybersecurity

Evaluating the supplier's data protection measures and cybersecurity protocols to safeguard sensitive information.

· Conducting on-site audits or inspections to verify the supplier's facilities, processes, and compliance with standards.

Documentation and Contracts

· Reviewing and verifying contracts, licenses, and certifications. Ensure that contractual terms are clear, and all parties understand and agree to them.

Continuous Monitoring

• Implementing mechanisms for ongoing monitoring of supplier performance and compliance throughout the relationship.

SUSTAINABILITY STRATEGY (CONT'D)

Marketplace (Cont'd)

Our procurement practices also incorporate a strategy of engaging multiple suppliers for critical components to reduce dependency on any single source and mitigate risks associated with supplier failures or disruptions. We believe that diversifying suppliers ensures a seamless and sufficient supply of materials. Additionally, we maintain close collaboration and strong relationships with suppliers through open communication and continuous monitoring of potential risks in the supply chain. This enables proactive implementation of measures such as developing contingency plans, identifying alternative suppliers, or investing in redundant production capacity.

Furthermore, as an organisation that values and supports local businesses, we prioritise local suppliers and conduct procurement procedures ethically and transparently. Supporting local suppliers contributes to the development of the local economy and reduces our carbon footprint by minimising transportation needs. While we may opt for global sourcing to access specialised materials or benefit from cost efficiencies in certain regions, the decision depends on factors such as availability, cost, quality, lead times, and sustainability considerations.

To ensure supply chain resilience while supporting local businesses, we aim to achieve 73% spending on local suppliers in our procurement purchases. In FYE 2023, we spent 70% on local suppliers, indicating improvement compared to previous years.

	2021	2022	2023
Proportion of spending on local suppliers (%)	60	69	70

We strongly believe that establishing fair and equitable supply chains is not only a responsible action but also a strategic measure to mitigate risks within our supply networks. By ensuring the security and integrity of our products through ethical and transparent supply chain practices, we aim to create long-term value for all stakeholders involved.

Related UNSDGs:





Sustainable Operation Management

The Group recognises the crucial importance of quality control and strives to regularly assess its operational processes. We are committed to integrating sustainable and environmentally friendly practices into our operations. Our dedication extends to reducing the carbon footprint in manufacturing, improving energy efficiency, and embracing circular practices to mitigate environmental and societal impact. Acknowledging the urgent need to address climate change, the Group remains steadfast in its commitment to environmental protection, regulatory compliance, and ongoing research aimed at enhancing sustainability strategies. Proactive measures are essential to adapt to and mitigate potential risks in the future. Through these endeavours, we aim to set an example in promoting sustainability and resilience within our industry and beyond.

Our approach and performance

To tangibly demonstrate our dedication to upholding environmental standards, we have ensured that our operations fully comply with relevant regulations. Our primary goal in sustainable operations is to conduct our activities responsibly, preserving the quality of our products while minimising any negative impacts on the environment and local communities. As part of this commitment, we undergo continuous monitoring and reporting by our management team, and we engage a third-party inspector to ensure that our procedures align with our sustainability goals and adhere to environmental compliance.





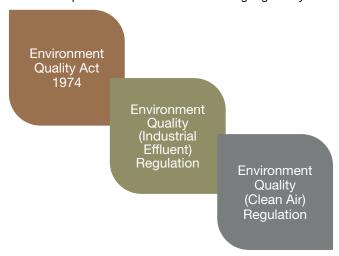




SUSTAINABILITY STRATEGY (CONT'D)

Marketplace (Cont'd)

Moreover, we rigorously ensure that our operations adhere to the following regulatory environmental acts:



By adhering to these regulations and implementing stringent monitoring practices, we are dedicated to maintaining environmental integrity and sustainability in all aspects of our operations.

Related UNSDGs:



Product Quality and Safety Management

As part of our commitment to value creation and long-term business growth, the Group places a strong emphasis on maintaining and delivering high standards of product quality. Our unwavering dedication to upholding industry-leading quality standards has resulted in positive outcomes, including heightened customer satisfaction, increased market value, enhanced reputation, effective risk mitigation, and an empowered workforce dedicated to excellence.

Our approach and performance

At the Group, we take pride in benchmarking our products and services against the industry's best standards. As a reliable organisation, we prioritise the manufacturing of high-quality products and services. This involves regularly conducting thorough assessments, overseeing production efficiency, and diligently managing waste. In line with our commitment to quality control, the Group has attained the following certification:

ISO 9001:2015 - Quality Management Systems

This certification reaffirms our unwavering commitment to upholding rigorous quality standards throughout our operations. By adhering to these stringent quality control measures and consistently striving for excellence, we reinforce our reputation as a reliable and trustworthy organisation dedicated to delivering exceptional products and services to our customers.

SUSTAINABILITY STRATEGY (CONT'D)



Board engagement on strategy, internal control to enhance the sustainability initiative

Increased Corporate Value

Company Policy

Risk Management and Strategies

Achieve Business Goals

Management Philosophy

Anti-corruption

The Group prioritises practicing good governance and upholding high standards of business ethics and compliance across the Company and its subsidiaries. The Board recognises the critical importance of a robust risk management framework and internal control system in fostering sound corporate governance. Through the disclosure of pertinent sustainability-related information, our objective is to improve the transparency of our management practices, thereby instilling greater confidence among our customers, stakeholders, and the broader public.

Our approach and performance

The Group remains unwavering in its dedication to conducting business with integrity, guided by our thorough Code of Conduct ("CoC"), which outlines fundamental principles and guidelines for all employees. In reaffirming our commitment to ethical business practices, we have adopted a zero-tolerance stance towards fraud, bribery, corruption, money laundering, and insider trading. Our Anti-Bribery and Corruption ("ABC") Policy and Whistle-blowing Policy play crucial roles in this endeavour, promoting transparency and fostering a governance-friendly atmosphere. These key policies, alongside our CoC, are easily accessible on our corporate website, ensuring accessibility for all stakeholders.

The Group also encourages whistle-blowing by urging employees and stakeholders to report any improper activities via email or mail to the Chairman of the Audit and Risk Management Committee, with assured whistleblower protection. As per Section 17(A) of the Malaysian Anti-Corruption Commission (Amendment) Act, 2018, all employees have been briefed on the Company's anti-corruption practices through the ABC Policy.

As of 31 December 2023, there have been no reported incidents of corruption across the Group's business operations.

	2021	2022	2023
Number of confirmed corruption incidents	0	0	0

Additionally, the Group has instituted mandatory annual training on the ABC policy and awareness, emphasising our dedication to transparency, accountability, and fostering a culture conducive to raising and addressing concerns effectively.

The provided table outlines the completion rate of trained employees at the Group.

Employee Category	Completion Rate (%)			
	2021	2022	2023	
Management	100	100	100	
Executive	100	100	100	
Non-executive/Technical Staff	100	100	100	
General Workers	100	100	100	









SUSTAINABILITY STRATEGY (CONT'D)

We also hold our suppliers to high ethical standards and expect adherence to anti-bribery and corruption guidelines. Each supplier undergoes a thorough due diligence process, including an assessment of their ethical practices. We are committed to ensuring that all suppliers adhere to relevant laws, regulations, and industry standards, as well as comply with anti-corruption and anti-bribery practices. We believe this measure is crucial for mitigating risk and upholding ethical standards throughout our supply chain.

	2021	2022	2023
Percentage of operations assessed for corruption-related risks (%)	100	100	100

The Group's subsidiary, Spring Art Industries Sdn. Bhd., is also a proud member of Malaysian Furniture Council and Muar Furniture Association.

Related UNSDGs:





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

Health and Safety

The Group prioritises the health and safety of employees across all our business operations and workplaces. Our goal is to provide a healthy, safe, and conducive work environment to prevent injuries and illnesses among our workforce. This commitment, in turn, enhances efficiency and productivity.

Our approach and performance

We have formed a Health, Safety, and Environment ("HSE") Committee and an Emergency Response Team ("ERT"), composed of carefully chosen members tasked with coordinating safety efforts across the Group. Their duties span overseeing operational activities to ensure compliance with environmental regulations, monitoring performance, and safeguarding employee health and safety, from spill control to first aid and fire rescue. Additionally, we ensure adherence to the Occupational Health and Safety Act ("OSHA") 1994 by all employees.

To ensure universal compliance with health and safety protocols, the Group hosts comprehensive training sessions and awareness courses. These include toolbox training, HSE committee meetings, HSE inductions for new hires, HSE walkabout audits, safety Materials, Methods, Machines, or Manpower ("4M") audits, and specialised sessions like chemical handling. In FYE 2023, 40 participants underwent training in health and safety standards, showcasing our dedication to prioritising our workforce's well-being.

	2021	2022	2023
Number of employees trained on health and safety standards	14	52	40

Ensuring the safety of our workers is paramount to us, with our primary goal being their safe return home at the end of each workday, free from harm. To uphold this commitment, we are steadfast in continuously refining and upholding our health and safety standards. Over the past three (3) years, our focus has been on maintaining a minimal level of reported injury cases. In FYE 2023, we successfully achieved a reduction in reported injury cases compared to previous years, underscoring our unwavering dedication to prioritising our workforce's well-being and cultivating a safe working environment.

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Looking ahead, our commitment remains resolute as we strive to sustain and enhance our occupational health and safety performance. Our target for Financial Year Ending 2024 and beyond is to further reduce reported injury cases to less than three (3), reaffirming our dedication to safeguarding the welfare of our employees and fostering a secure workplace environment.

	2021	2022	2023
Total hours worked	412,800	372,504	530,272
Number of work-related fatalities	0	0	0
Number of lost time injuries	9	10	3
Lost time incident rate	4.36	5.37	1.13

Related UNSDGs:





Employee Management

The Group places significant value on our employees, recognising them as the backbone of our organisation's sustained growth and success. As such, we prioritise the well-being and overall satisfaction of our stakeholders as a fundamental aspect of our management strategy. Our commitment extends to recruiting, nurturing, and retaining high-performing employees within a work environment that is both conducive and empowering. Furthermore, we make substantial investments in development programmes to ensure our employees remain competitive, forward-thinking, and prepared for the future.

Our approach and performance

The Group is dedicated to maintaining labour practices and standards within our existing employment terms. Our Human Resources department focuses on three (3) key aspects of employee management: Training and Development, Remuneration Packages and Performance Management, and Employee Engagement and Initiatives. We view these approaches as crucial for boosting employee productivity and promoting ongoing performance enhancement.

• Training and Development

We firmly believe that investing in workforce development is paramount for attracting and retaining top talent, ultimately fostering the growth of our business and enhancing financial performance. Consequently, we initiated training programmes in FYE 2022 and plan to consistently organise trainings for our employees in the future. As an organisation that prioritises employees' learning and development, we are dedicated to prioritising human capital in our operations by allocating resources to employee training, in line with evolving business needs. Our objective is to provide a comprehensive training experience that empowers employees to maximise their potential and acquire the skills necessary for effective performance. Additionally, we conduct an analysis of employees' training needs to identify and implement relevant training and development programmes, ensuring ongoing alignment with employee needs and business objectives.





SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

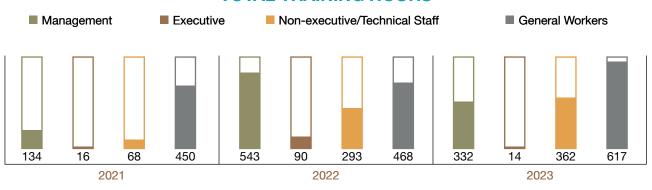
In FYE 2023, our training and development programmes include the following:

No.	Training and Development Programmes
1	Workplace Intelligence Transformation with Artificial Intelligence ("AI") and ChatGPT
2	Course for Certified Environmental Professional in Scheduled Waste Management
3	Emergency Response Team for Year 2023
4	MIA Webinar Series: Introduction to Environmental, Social, & Governance ("ESG") and Sustainable Finance
5	MIA Webinar Series: Effective Training Skills for Managers and Executives
6	OSH Principles of Prevention ("OSHPOP") on Mental Health at Workplace
7	Woodwop Drilling and Fitting
8	2023 Budget Webinar

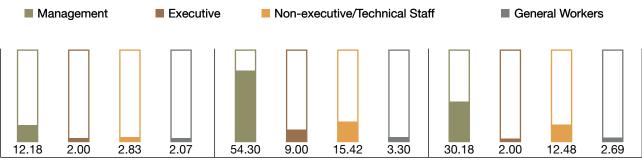
No.	Training and Development Programmes
9	Most Important Tax Updates in 2022 That You Must Know
10	2023 Budget Seminar
11	2024 Budget Seminar
12	Sharpening Practical Accounting Skills to Handle Full Set of Accounts
13	Understanding Internal Controls and Test of Control
14	Approaches and Techniques for Determining Fair Value - Accounting for transactions effects by fair value measurement
15	Optimising on Latest Tax Incentives in Malaysia
16	Sales Tax for Manufacturers and Sub-Contractors

In total, we have invested a sum of RM11,505.00 on training and the employees received a total of 1,325 training hours in FYE 2023. The details of the employees' training hours are detailed as follows:

TOTAL TRAINING HOURS



AVERAGE TRAINING HOURS PER EMPLOYEE

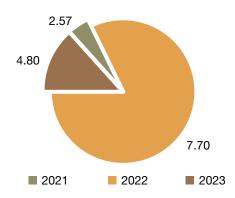


2021 2022 2023

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

OVERALL AVERAGE TRAINING HOURS PER EMPLOYEE



• Remuneration Packages and Performance Management

At the Group, our employees are esteemed for their pivotal role in driving our continual growth and accomplishments. We prioritise individual and team excellence by promoting a culture centred on achieving tangible results, taking ownership, fostering collaboration, and celebrating collective victories. To nurture a high-performance environment, we conduct annual performance evaluations and career development discussions, offering opportunities for self-reflection, feedback, mentorship, and guidance.

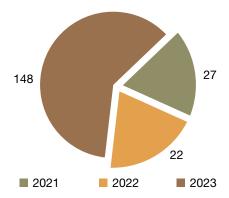
Our compensation and recognition framework strongly values exceptional performance, outstanding results, and exemplary conduct. Our aim is to cultivate an environment that motivates and supports employees through competitive compensation packages, thereby attracting and retaining top-tier talent.

In alignment with our commitment to prioritising employee well-being, our employment policies adhere to industry standards. Additionally, we provide a range of benefits, including:

Annual Leave	Hospitalisa	ntion Leave	Paternit	y Leave	Marriage Leave
Medical Leav	ve & Benefit	Maternit	y Leave	Compassi	onate Leave

Alongside achieving a 100% participation rate in performance reviews, we are proud to maintain a workforce that remains highly engaged. The charts below present data on new hires, employee turnover, and turnover rates over the past three (3) years.

TOTAL NUMBER OF NEW HIRES





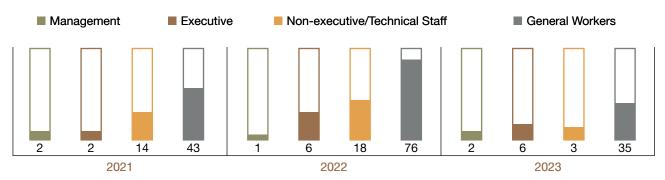




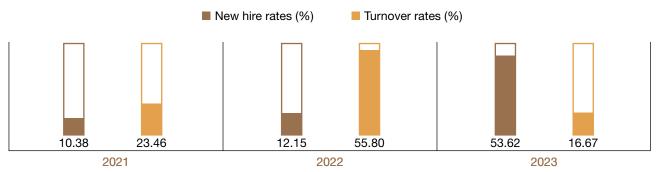
SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

TOTAL NUMBER OF EMPLOYEE TURNOVER



RATES OF NEW HIRES AND TURNOVER



• Employee Engagement and Initiatives

The Group places great importance on the mental well-being of its employees, in addition to prioritising their health and safety. We strongly believe that promoting an active lifestyle is crucial for enhancing the overall health and well-being of our employees, which contributes to a positive and vibrant workplace culture. As strong advocates of maintaining a healthy work-life balance, we actively organise a variety of engagement initiatives aimed at fostering camaraderie and increasing work productivity. Some of the employee engagement activities carried out in FYE 2023 include:

Annual Dinner

Birthday & Festive Celebrations

Sports & Recreational Activities

Below are images showcasing the various employee engagement events organised by the Group in FYE 2023.





Birthday celebrations

SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)





Sports activity







Chinese New Year celebration

Related UNSDGs:









Diversity, Equity and Inclusion

The Group remains resolute in its dedication to fostering a supportive work environment that strongly opposes all forms of unlawful discrimination. This principle stands unwavering regardless of characteristics such as race, colour, gender, religion, age, disability, or any other legally protected classification. Our steadfast commitment extends to cultivating a culture that champions inclusivity and provides equal opportunities for all our employees. Such an environment empowers them to thrive and excel to the fullest extent of their capabilities.

Our approach and performance

In line with our commitment to promoting diversity and equality, we recognise that building an inclusive workplace culture demands ongoing dedication and participation. Our Code of Conduct policy explicitly prohibits any form of harassment or discrimination based on protected characteristics. Our goal is to create an atmosphere where employees from all backgrounds feel embraced, appreciated, and empowered to share their distinct viewpoints and skills. In FYE 2023, we are pleased to report zero instances of complaints related to human rights violations.

	2021	2022	2023
Number of substantiated complaints concerning human rights violation	0	0	0

Additionally, we are committed to guaranteeing equitable access to career advancement opportunities and leadership roles for all employees, regardless of their individual attributes. Our talent management process includes ongoing skills assessments and career development planning for every employee, fostering equal chances for professional growth and advancement. This approach not only attracts and retains outstanding individuals but also contributes to overall business excellence.











SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

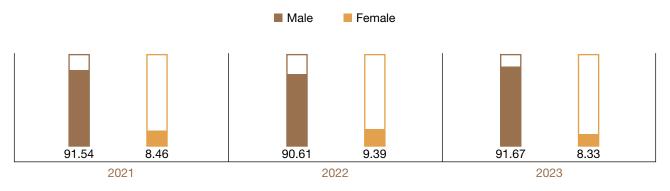
The charts below illustrate the Group's Board diversity performance and workforce profile.

Board Diversity Total Directors of 5 in FYE 2023 **GENDER (%) AGE (%)** Female Male Under 30 ■ Between 30-50 Above 50 80 80 0 40 60 0 40 60 0 40 60 2021 2021 2023 2021 2022 2023

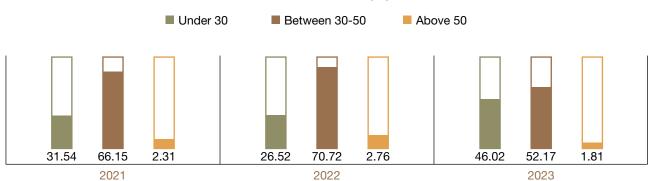
Workforce Profile

Total Employees of 276 in FYE 2023

GENDER DIVERSITY (%)



AGE DIVERSITY (%)



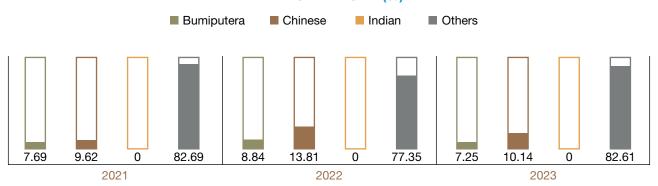
SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Workforce Profile (Cont'd)

Total Employees of 276 in FYE 2023 (Cont'd)

ETHNIC DIVERSITY (%)

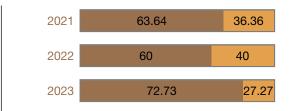


Gender Diversity by Employee Category (%)

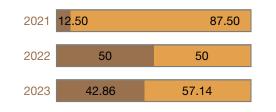
Female

Male

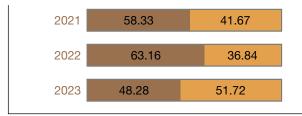




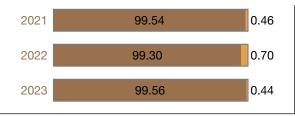
EXECUTIVE



NON-EXECUTIVE/TECHNICAL STAFF



GENERAL WORKERS









SUSTAINABILITY STRATEGY (CONT'D)

Workplace (Cont'd)

Workforce Profile (Cont'd)

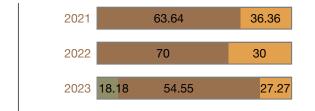
Total Employees of 276 in FYE 2023 (Cont'd)

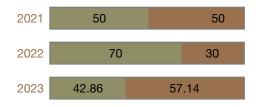
Age Diversity by Employee Category (%)

■ Under 30 ■ Between 30-50 ■ Above 50

MANAGEMENT

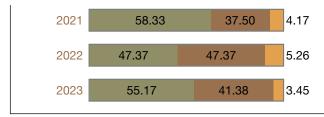
EXECUTIVE





NON-EXECUTIVE/TECHNICAL STAFF

GENERAL WORKERS





Related UNSDGs:







Contributing to local community development

Contributing to Local Communities/CSR

Recognising the significance of fostering robust ties between businesses and communities to foster social inclusion and achieve sustainable positive outcomes, the Group is committed to actively engaging with the community through a range of programmes. Our goal is to bolster our brand image and reputation while effectively addressing their needs and concerns. Moreover, our participation in welfare-driven initiatives designed to uplift local communities serves to deepen our connection with them.

Our approach and performance

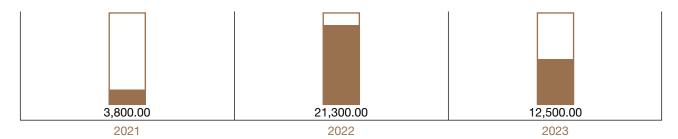
Aligned with our commitment to community engagement, the Group has contributed donations to several non-profit and non-governmental organisations, including a Bodhi meditation centre, an animal shelter, temples, and governmental bulletins. Moving forward, we endeavour to support the community whenever feasible and intend to expand our community service initiatives in fiscal year 2024 and beyond.

SUSTAINABILITY STRATEGY (CONT'D)

Community (Cont'd)

In FYE 2023, the Group invested RM 12,500.00 to community causes.

Total amount invested in the community where the target beneficiaries are external to Spring Art (RM)



	2021	2022	2023
Total number of beneficiaries (institutions and categories) of the	2	0	5
investment in the communities	2	2	S

Related UNSDGs:



Customer Satisfaction

Understanding the paramount importance of customer satisfaction, the Group is dedicated to enhancing it by maintaining high-quality standards across all our offerings. Moreover, we are continuously innovating and developing new ideas that integrate sustainability elements to elevate customer requirements and demands. This forward-thinking approach aims to seamlessly incorporate sustainability considerations into our products and services, ensuring they address not only the functional needs of our customers but also their environmental and social aspirations.

In addition, we are diligently working on cultivating positive customer relationship management. By integrating their concerns and feedback into our processes and operations, we aspire to not only meet but exceed customer expectations, thereby fostering enduring relationships built on trust and satisfaction. Through this initiative, we reaffirm our commitment to responsible business practices and strive to meet the evolving expectations of our customers in an increasingly sustainability-conscious world.

Related UNSDGs:









SUSTAINABILITY STRATEGY (CONT'D)



Improving our environment by utilising greener alternatives

Climate Change (Energy Management and Emissions)

As a company committed to environmental stewardship, we place a high priority on making meaningful contributions to the environment. Recognising the significant impact of our energy usage and greenhouse gas emissions on climate change, we are steadfast in developing our business in a sustainable and responsible manner. Our dedication extends to actively participating in efforts that promote environmental conservation and yield benefits for both the present and future generations. We actively implement and advocate for eco-friendly initiatives aimed at reducing our carbon footprint. Moreover, we embrace opportunities that arise during the transition to a low-carbon economy.

Our approach and performance

Acknowledging the increased importance of addressing climate change within ESG frameworks, the Group maintains a steadfast commitment to enhancing our environmental performance and adhering to all relevant environmental regulations. As part of our pollution prevention efforts, we have implemented an Air Pollution Control System ("APCS") specifically designed to efficiently capture dust particles. Simultaneously, we are actively pursuing additional initiatives to reduce our environmental footprint and foster sustainability throughout our operations.

In the fiscal year ended 2023, our commitment to sustainability was highlighted by significant investments in green technology. Specifically, we installed 904 solar photovoltaic ("PV") systems across all our factories, collectively generating 488.16 kilowatt peak ("kWp") of power for approximately 12 hours each day. This strategic initiative underscores our dedication to adopting eco-friendly practices and reducing our environmental footprint.



Solar PV systems at Spring Art Holdings' premises

Despite these efforts, we have observed an uptick in the Company's overall energy consumption, which reached 7,905.19 gigajoule ("GJ"), marking an increase compared to the previous year. This rise can be attributed to heightened operational activities driven by an increase in customisation requests from customers, resulting in a corresponding surge in unit product sales.

As we continue to integrate eco-friendly technologies into our operations, our focus remains unwaveringly on fostering a greener and more sustainable future.

	2021	2022	2023
Total energy consumption (GJ)	6,735.25	5,326.50	7,905.19

For the Group, there are no Scope 1 emissions since we do not own or operate any facilities involved in combustion-related activities

SUSTAINABILITY STRATEGY (CONT'D)

Environment (Cont'd)

Total emissions by scope (tCO ₂ e)	2021	2022	2023
Scope 1 (power genset)	N/A	N/A	N/A
Scope 2 (electrical)	1,459.30	1,154.08	1,712.79
Scope 3 (fuel & diesel; forklift and machineries)	75.77	79.16	84.93

Related UNSDGs:









Waste Management

As a furniture manufacturing company, the Group produces various types of waste, including general waste, non-hazardous waste such as domestic waste and recyclable waste. Consequently, we prioritise efficient waste management to reduce our environmental impact and make a positive contribution to the communities around us. Acknowledging the potential dangers of inadequate waste management to both the environment and human health, we are dedicated to advocating for responsible waste management practices across all aspects of our operations.

Our approach and performance

Adhering to environmental regulations, the Group consistently ensures the responsible management of our waste, underscoring our steadfast dedication to proper waste disposal. We uphold meticulous monitoring and documentation practices on a monthly basis, involving routine surveillance and comprehensive data recording, aligning with our environmentally conscious principles.

To elevate the accuracy of our waste management records, we aim to mark FYE 2024 as the starting financial year for disclosing this information. This commitment involves meticulous monitoring and thorough tracking of all waste management activities, encompassing the categorisation of recyclable waste types to maximise operational efficiency and mitigate potential environmental repercussions. Simultaneously, we are devoted to refining our data capture and management procedures to ensure heightened precision and reliability.

	2021	2022	2023
Waste diverted from disposal (Metric Tonnes "MT")	N/A	N/A	N/A
Waste directed to disposal (MT)	N/A	N/A	N/A
Total waste generated (MT)	N/A	N/A	N/A

Related UNSDGs:











SUSTAINABILITY STRATEGY (CONT'D)

Environment (Cont'd)

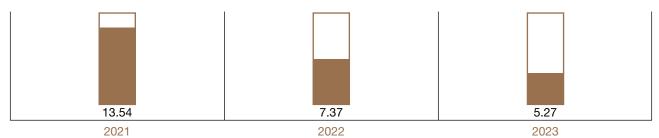
Water Management

High water consumption has the potential to strain water resources and lead to contamination of wastewater, posing significant risks to water quality. This can have adverse effects on ecosystem functions and negatively impact local communities. Therefore, our dedication to reducing total water consumption includes actively advocating for and implementing water-saving practices.

Our approach and performance

Recognising the critical importance of water conservation, we remain unwavering in our dedication to decreasing overall water usage through the adoption of efficient water management practices. In FYE 2023, the Group's average annual water consumption amounted to 5,267 m³, equivalent to 5.27 megalitres. We have consistently achieved a lower water consumption rate over the years. Despite our relatively modest water consumption, we acknowledge that every effort to conserve this precious resource is invaluable.

TOTAL VOLUME OF WATER USED (MEGALITRES)



Related UNSDGs:





Performance Data Table

Indicator	Unit	2021	2022	2023	Target	
Economic Performance						
Economic value generated (e.g., revenue and other income)	RM'000	55,798	46,066	56,583		
Economic value distributed (e.g., cost of sales, operating costs, payment ton providers of capital, and payment to government)	RM'000	50,032	43,896	51,095		
Economic value retained	RM'000	5,766	2,170	5,488		
Cybersecurity and Data Protection						
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer	Number	0	0	0		
Sustainable Supply Chain Management						
Bursa C7(a) Proportion of spending on local suppliers	Percentage	60	69	70	To achieve 73% spending on local suppliers in FYE 2024	

SUSTAINABILITY STRATEGY (CONT'D)

Indicator	Unit	2021	2022	2023	Target
	Offic	2021	2022	2023	larget
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	
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	
Health and Safety					
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	
Bursa C5(b) Lost Time Incident Rate ("LTIR")	Rate	4.36	5.37	1.13	
Bursa C5(c) Number of employees trained on health and safety standards	Number	14	52	40	
Labour Practices and Standards/Employee Managemen	t		'		
Bursa C6(a) Total hours of training by employee category					
Management	Hours	134	543	332	
Executive	Hours	16	90	14	
Non-executive/Technical Staff	Hours	68	293	362	
General Workers	Hours	450	468	617	
Bursa C6(c) Total number of employee turnover by employee category					
Management	Number	2	1	2	
Executive	Number	2	6	6	
Non-executive/Technical Staff	Number	14	18	3	
General Workers	Number	43	76	35	
Diversity, Equity and Inclusion					
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	
Bursa C3(a) Percentage of employees by gender and age by employee category					
Gender group by employee category					
Management - Male	Percentage	63.64	60	72.73	









SUSTAINABILITY STRATEGY (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Diversity, Equity and Inclusion (cont'd)			'	'	1
Management	Darcontogo	26.26	40	07.07	
- Female	Percentage	36.36	40	27.27	
Executive	Davasatasa	10.50		40.00	
- Male	Percentage	12.50	50	42.86	
Executive	Davasatasa	07.50		F7 4 4	
- Female	Percentage	87.50	50	57.14	
Non-executive/Technical Staff	Davasatasa	E0.00	00.10	40.00	
- Male	Percentage	58.33	63.16	48.28	
Non-executive/Technical Staff	Percentage	41.67	36.84	51.72	
- Female	Percentage	41.07	30.64	31.72	
General Workers	Davaantaga	00.54	00.20	00.56	
- Male	Percentage	99.54	99.30	99.56	
General Workers	Davaantaga	0.46	0.70	0.44	
- Female	Percentage	0.46	0.70	0.44	
Age group by employee category					
Management					
- Under 30	Percentage	0	0	18.18	
Management					
- Between 30-50	Percentage	63.64	70	54.55	
Management					
- Above 50	Percentage	36.36	30	27.27	
Executive					
- Under 30	Percentage	50	70	42.86	
Executive	_				
- Between 30-50	Percentage	50	30	57.14	
Executive					
- Above 50	Percentage	0	0	0	
Non-executive/Technical Staff		50.00	47.07		
- Under 30	Percentage	58.33	47.37	55.17	
Non-executive/Technical Staff		07.50	47.07	44.00	
- Between 30-50	Percentage	37.50	47.37	41.38	
Non-executive/Technical Staff		4.47	F 00	0.45	
- Above 50	Percentage	4.17	5.26	3.45	
General Workers	D	00.40	00.54	40.00	
- Under 30	Percentage	29.49	22.54	46.29	
General Workers	D	70.05	70.70	50.07	
-Between 30-50	Percentage	70.05	76.76	53.27	
General Workers		0.40	0.70	0.44	
- Above 50	Percentage	0.46	0.70	0.44	
Bursa C3(b) Percentage of directors by gender and age					
group					
Male	Percentage	80	80	80	Increase participation of
	1 2.00				women in leadership role
Female	Percentage	20	20	20	at director level to 30%
					by 2024
Under 30	Percentage	0	0	0	
Petusen 20 50	Dorocatos	40	40	40	
Between 30-50	Percentage	40	40	40	
	1				

SUSTAINABILITY STRATEGY (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Diversity, Equity and Inclusion (cont'd)	1	'	'		
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	N/A	N/A	N/A	
Gender diversity - Male	Percentage	91.54	90.61	91.67	
Gender diversity - Female	Percentage	8.46	9.39	8.33	
Age diversity - Under 30	Percentage	31.54	26.52	46.02	
Age diversity - Between 30-50	Percentage	66.15	70.72	52.17	
Age diversity - Above 50	Percentage	2.31	2.76	1.81	
Ethnic diversity - Bumiputera	Percentage	7.69	8.84	7.25	
Ethnic diversity - Chinese	Percentage	9.62	13.81	10.14	
Ethnic diversity - Indian	Percentage	0	0	0	
Ethnic diversity - Others	Percentage	82.69	77.35	82.61	
Contributing to Local Communities/CSR					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	3,800.00	21,300.00	12,500.00	
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2	2	5	
Climate Change (Energy Management and Emissions)					
Bursa C4(a) Total energy consumption	Gigajoule	6,735.25	5,326.50	7,905.19	
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e (power genset)	tCO ₂ e	N/A	N/A	N/A	
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e (electrical)	tCO ₂ e	1,459.30	1,154.08	1,712.79	
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (fuel & diesel; forklift and machineries)	tCO ₂ e	75.77	79.16	84.93	
Waste Management					
Bursa C10(a) Total waste generated	Metric tonnes	N/A	N/A	N/A	
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	N/A	N/A	N/A	
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	N/A	N/A	N/A	
Water Management					
Bursa C9(a) Total volume of water used	Megalitres	13.54	7.37	5.27	

Note: Italicised fonts represent indicators other than those under the common material matters.







ASSURANCE STATEMENT

Certain sectors have undergone a thorough review to strengthen the credibility of our Sustainability Statement by the following:

- a) Internal Review by the Group's Management Internal Audit Team
- b) Independent Assurance in accordance with recognised standards for selected indicators and has been approved by the Group's Audit and Risk Management Committee

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

Type of Assurance	Material Matters	Subject Matter	Scope	Conclusion	
		Total energy consumption		Based on the procedures we have performed and the evidence we have obtained, nothing has	
Review by Independent	Climate Change	Scope 1 emissions in tonnes of CO ₂ e	Operations assessed:	come to our attention that causes us to believe that the Subject Matter as presented in Spring	
Assurance Auditor	Cimate Change	Scope 2 emissions in tonnes of CO ₂ e	Malaysia	Art Holdings' Sustainability Statement 2023 have not been prepared and presented	
		Scope 3 emissions in tonnes of CO ₂ e		fairly, in all material respects, in accordance with the Criteria defined below.	
	Economic Performance	Direct economic value generated and distributed			
		Percentage of employees who have received training on anti-corruption by employee category			
	Anti-corruption	Percentage of operations assessed for corruption-related risk			
Internal Review by Management		Confirmed incidents of corruption and action taken	Operations assessed:	Currently in review by the management team.	
Internal Audit Team	Cybersecurity and Data Protection	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Malaysia		
	Employee	Total hours of training by employee category			
	Management	Total number of employee turnover by employee category			

Please refer to the following page for the Independent Limited Assurance Statement provided by ASAP Advisory PLT.

Moving forward, our focus is on improving the precision and quality of our data to strengthen our disclosures. We plan to accomplish this by subjecting all metrics to independent verification within the next five (5) years. This proactive strategy highlights our commitment to transparency and accountability in our sustainability reporting procedures.

*Note: In preparing the Subject Matter mentioned above, the Group applied the following criteria:

- IFRS Foundations International Integrated Reporting Framework and Integrated Thinking Principles
- The Group's relevant policies and procedures

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 2023.

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 Holdings' Sustainability Statement 2023 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 Holdings") 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 Holdings' 2023 Sustainability Statement ("SS2023") for the financial year ended 31 December 2023.

Subject Matter

Our limited assurance engagement was performed for the Subject Matter listed in the table below, as presented in the SS2023:

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

The scope of our work was limited to the Subject Matter presented in the SS2023 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 SS2023, comparisons against historical data, or management's forward-looking statements.

Criteria applied by Spring Art Holdings

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

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

Spring Art Holdings' Responsibilities

Spring Art Holdings' 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.









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 SS2023 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 Holdings, 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 SS2023 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 Holdings' use of the criteria specified as the basis of preparation used for the selected Subject Matter and related disclosures presented in the SS2023, 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 International Professional Practices Framework ("IPPF"), 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 Holdings, ensuring freedom from bias and conflicts of interest with the organisation, its subsidiaries, and stakeholders. The assurance team was carefully assembled based on their knowledge, experience, and qualifications for this assignment. The team members included:

Ong Tian Soon (Charlie)	Lead Auditor
Koh Chee Keng	Auditor

INDEPENDENT LIMITED ASSURANCE STATEMENT (CONT'D)

Description of Procedures Performed

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

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

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

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

Our procedures included:

- · Gaining an understanding of the Group's business, internal processes and approach to sustainability
- Conducting interviews with key personnel and collating evidence to understand the Group'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.





INDEPENDENT LIMITED ASSURANCE STATEMENT (CONT'D)

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 SS2023. The maintenance and integrity of Spring Art Holdings website is the responsibility of Spring Art Holdings' 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 SS2023 or to our independent limited assurance report that may have occurred since the initial date of presentation on the Spring Art Holdings' website.

Restriction of use

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

Our report is intended solely for the directors of Spring Art Holdings 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 Holdings, 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 Holdings' SS2023 for the financial year ended 31 December 2023, provided it is clearly understood by recipients of the SS2023 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 13 March 2024

LOOKING FORWARD

As a publicly listed company, we uphold transparency and integrity in all aspects of our operations. Our Sustainability Statement serves as a cornerstone for engaging with stakeholders and sharing insights into our sustainability initiatives. To uphold this commitment, we have implemented robust policies such as the Anti-Bribery and Corruption Policy and Whistle-blowing Policy. Our steadfast stance against fraudulent behaviour, bribery, corruption, money laundering, and insider trading demonstrates our zero-tolerance approach to unethical practices.

Looking ahead, our management is dedicated to enhancing our capabilities to better meet customer needs and promote sustainable practices across our operations. Our ongoing focus on sustainability builds on our progress in reducing our environmental footprint and engaging stakeholders on social and ethical issues. Through these efforts, we aim to create long-term value for all stakeholders while contributing positively to society and the environment.

RELATIONSHIP WITH UNSDGS

Sustainab	le Development Goals	Main Activity	Detailed Information
1	No Poverty	Providing equal work opportunities	Workplace
2 =	Zero Hunger	-	-
3===	Good Health and Well-being	Safe working environment	Workplace
4 men	Quality Education	Training and development for employees, as well as investing in governmental bulletins	Workplace Community
5 === © "	Gender Equality	Employment policy of no discrimination	Workplace
e marana	Clean Water and Sanitation	Promoting water conservation	Environment
7 :::::::::::::::::::::::::::::::::::::	Affordable and Clean Energy	Investing in solar PV system	Environment
8 ========	Decent Work and Economic Growth	Good management	EconomicMarketplaceWorkplaceCommunity
9====	Industry, Innovation, and Infrastructure	Evaluating suppliers to increase transparency and enhance social conditions across the entire supply chain	Marketplace
10 *****	Reducing Inequality	Employment policy of no discrimination	Workplace
alle	Sustainable Cities and Communities	Implementation of pollution prevention initiatives	Environment
12	Responsible Consumption and Production	Promise to deliver safe and quality products	Marketplace Environment
13 :==	Climate Action	Reduce CO ₂ emission	Environment
14 the same	Life Below Water	-	-
15 ****	Life On Land	-	-
16 military	Peace, Justice, and Strong Institutions	Anti-corruption, cybersecurity and data protection	Marketplace Governance
n=== ∰	Partnerships for the Goals	Sustainability report initiative	Looking Forward









TCFD-ALIGNED DISCLOSURES

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

TCFD Recommendation	Spring Art Holdings Disclosure	Reference
Governance - Disclose the organis	sation's governance around climate-related risks a	and opportunities
a) Describe the Board's oversight of climate-related risks and opportunities	 Risk management Board skills and experience – climate change ESG Committee – role and focus 	Chairman Statement Governance
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Risk management Climate change – managing risk and opportunity ESG Committee – role and focus FYE 2023	GovernanceSupply Chain ManagementEnvironment
	and potential impacts of climate-related risk ategy, and financial planning where such info	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	 Risk management – Risk factors (climate change, greenhouse gas emissions and energy) Climate change – managing risk and opportunity 	Materiality Matrix
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	 Risk management – Risk factors (climate change, greenhouse gas emissions and energy) Climate change – managing risk and opportunity 	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	Climate change – evaluating the resilience of our portfolio	Energy Management & Emissions
Risk management - Disclose h	now the organisation identifies, assesses, an	d manages climate-related risks
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Risk management	Materiality Matrix
b) Describe the organisation's processes for managing climate-related risks.	Risk management – Risk factors (climate change, greenhouse gas emissions and energy)	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.	 Risk management non-financial Key Performance Indicators ("KPIs") – sustainability KPIs Risk management – Risk factors (climate change, greenhouse gas emissions and energy) 	 Materiality Matrix Energy Management & Emissions

TCFD-ALIGNED DISCLOSURES (CONT'D)

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

TCFD Recommendation	Spring Art Holdings 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						
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	 Non-financial KPIs – sustainability KPIs Climate change – Operational emissions Climate change – Scope 3 emissions 	Energy Management & Emissions				
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	 Non-financial KPIs – sustainability KPIs Climate change – operational emissions performance Climate change – Scope 3 emissions performance Climate change data 	Energy Management & Emissions				
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	 Non-financial KPIs – sustainability KPIs Climate change – operational emissions performance FYE 2023 performance outcomes 	Energy Management & Emissions				

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 Overview Statement ("Statement") for the financial year ended 31 December 2023.

This Statement provides an overview of the Corporate Governance ("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 2023 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 annunciated 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 Chief Financial Officer ("CFO"). 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 four (4) 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, two (2) NC meeting and three (3) RC meeting were scheduled during the financial year under review.

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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	2/2	^3/3
Lim Kok Eng	^1/1	5/5	-	-	-
Kwan Chian Poh	1/1	5/5	-	-	-
Law Sang Thiam	1/1	5/5	^5/5	2/2	3/3
Tan Meng Loon	1/1	5/5	5/5	^2/2	3/3

[^] 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.

Uphold Integrity in Financial Reporting C.

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:

- 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. Whistle-blowing Policy

As an additional measure to safeguard the integrity of the Group, the Board has continually adopted a Whistle-blowing Policy and Procedures to encourage employees and other stakeholders to report legitimate ethical concerns. The Group's Whistle-blowing Policy and Procedures outlines the reporting channels available to stakeholders including reporting directly to employees' immediate superior/designated recipients and via a whistle-blowing email manage by an independent third party. The details of the Code of Conducts and Whistle-blowing Policy 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. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Charter in furtherance of their duties.





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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)

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

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

2. Board Composition

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

As at the date of this Statement, the Board consists of five (5) members comprising one (1) Independent Non-Executive Chairman, one (1) MD, one (1) ED, one (1) Senior Independent Non-Executive Director and one (1) Independent Non-Executive Director. Presently, one (1) out of five (5) members of the Board is woman Director. The current Board composition complies with Rule 15.02 of AMLR of Bursa Securities that requires at least one-third (1/3) of the Board to be Independent Directors and at least one (1) Director is a woman. The profile of each Director is set out on pages 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

3. NC

The NC was established by the Board on 20 November 2018, as the Board recognises the importance of the role the NC plays not only in the selection and assessment of Directors but also in other aspects of CG of which NC can assist the Board to discharge its fiduciary and leadership functions. The NC comprises exclusively of three (3) Non-Executive Directors, with all of them being Independent Directors which is in line with Rule 15.08A(1) of AMLR of Bursa Securities. The primary function of the NC is to assist the Board in identifying and recommending candidates for directorships of the Company along with the membership of the Board's various committees. The NC also undertakes in assessing on annual basis, the effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Director and also the independence of the Independent Directors.

During the FYE 2023, 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.

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.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

3. NC (cont'd)

b. Annual Assessment (cont'd)

From the annual assessment and review conducted, the NC was satisfied that all the Executive, Non-Executive and Independent Directors on the Board including those seeking re-election possess sufficient qualification to remain on the Board. Only those with satisfactory evaluation are recommended to the Board for re-election. Save for the NC members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the NC Members viewed that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

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

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

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

c. Gender Diversity Policy

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

d. Policy of Independent Director's Tenure

The Board has implemented a nine (9) year policy for Independent Non-Executive Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's redesignation 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. <u>Diverse Board and Senior Management Team</u>

Appointment of Board and Senior Management is based on objective criteria, merit and besides gender diversity, due regard is placed for diversity in skills, experience, age and cultural background. Please refer to the Board of Directors' Profile and the Key Senior Management's Profile of this Annual Report on pages 008 to 013 for further information.

f. <u>Directors' Training - Continuing Education Programme</u>

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

3. NC (cont'd)

f. <u>Directors' Training - Continuing Education Programme (cont'd)</u>

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors.

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

Name	Training Programmes	Date
Haji Ismail Bin Tunggak	- 2023 Budget Webinar - MIA Webinar Series: Introduction to Environmental, Social & Governance (ESG) and Sustainable Finance	9 March 2023 25 September 2023
Lim Kok Eng	- 2023 Budget Webinar	9 March 2023
Kwan Chian Poh	- 2023 Budget Webinar	9 March 2023
Law Sang Thiam	 Most Important Tax Updates in 2022 That You Must Know 2023 Budget Seminar Sharpening Practical Accounting Skills to Handle Full Set of Accounts Understanding Internal Controls and Test of Control Approaches and Techniques for Determining Fair Value - Accounting for transactions effects by fair value measurement 2024 Budget Seminar Optimising on Latest Tax Incentives in Malaysia Sales Tax for Manufacturers and Sub-Contractors 	15 February 2023 31 March 2023 24 May 2023 - 25 May 2023 31 October 2023 6 November 2023 14 November 2023 7 December 2023 12 December 2023
Tan Meng Loon	 2023 Budget Webinar MIA Webinar Series: Introduction to Environmental, Social & Governance (ESG) and Sustainable Finance 	9 March 2023 25 September 2023

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 annunciated in its Terms of Reference which is made available on the Company's website.

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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 2023 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 2023 for the approval of the shareholders at the Company's Fifth 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, is set out in the annual audited 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				
Lim Kok Eng	Nil	546,159	104,000	650,159
Kwan Chian Poh	Nil	465,159	91,000	556,159
Non-Executive Directors				
Haji Ismail Bin Tunggak	36,000	1,800	Nil	37,800
Law Sang Thiam	40,000	3,000	Nil	43,000
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 2023, 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 072 to 076 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 072 to 076 and pages 077 to 080 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.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

Internal audit function c.

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

d. Competency of internal auditors

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

The internal auditors, Tricor Axcelasia Sdn. Bhd. ("Tricor Axcelasia") which are led by Mr Chang Ming Chew (CIA (USA), CMIIA, CCA(UK)). 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 072 to 076 and pages 077 to 080 respectively.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH **STAKEHOLDERS**

PART I - COMMUNICATION WITH STAKEHOLDERS

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

Effective, transparent and regular communication with its stakeholders a.

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.

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)
 - a. Effective, transparent and regular communication with its stakeholders (cont'd)

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.

b. <u>Integrated reporting</u>

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 2023 in this Annual Report on pages 014 to 020 and pages 021 to 058 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. <u>Encourage shareholder participation at general meetings</u>

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.

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)

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 sixth AGM will include the chairman's briefing on the Company's overall performance for FYE 2023, 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.

Facilitate greater shareholder participation at general meetings C.

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 2023.

This Statement was approved by the Board on 27 March 2024.

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 2023.

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 I	
Haji Ismail Bin Tunggak	unggak Member Independent Non-Execut	
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;
 - He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1976; or
 - He must be a member of one 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 cooperate 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 four (4) 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 senior 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 CFO 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.

Duties and Responsibilities of ARMC 5.

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.
 - 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 Whistle-blowing Policy 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.





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 senior management within the Group.
- Reviewed and discussed the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the annual report.
- Reviewed internal audit's resource requirements, scope, adequacy and function.
- Reviewed the internal audit's plan and programs, Internal Audit reports, recommendations and Management responses. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors were discussed together with the Management Team in a separate forum as well as review of implementation of these recommendations through follow up audit reports.
- Briefed the Board on any major issues discussed at the ARMC meeting for further deliberation or decision as the case may be.
- Reviewed the related parties' transactions that arose within the Company or the Group.
- Considered the nomination of External Auditors for recommendation to the Board for re-appointment.
- Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the MCCG.
- Reviewed and approved the Whistle-blowing 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:
 - 0 any change in accounting policies and practices
 - significant adjustments arising from the audit O
 - the going concern assumption O
 - compliance with applicable financial reporting standards and other legal requirements 0

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.

Tricor Axcelasia Sdn. Bhd. 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 RM38,160.

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 Tricor Axcelasia Sdn. Bhd. 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 Tricor Axcelasia Sdn. Bhd. in providing an independent appraisal on the adequacy, efficiency and effectiveness of the Group's internal control system for FYE 2023.

Further details on the internal audit function are reported in the Statement on Risk Management and Internal Control on pages 077 to 080 of the Annual Report.

This Report was approved by the Board on 27 March 2024.

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 2023 ("FYE 2023"). 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 on-going 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 is 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK (CONT'D)

The Group has in place an on-going 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: (cont'd)

Risk Assessment (Cont'd)

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

- 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.

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 to ensure operational results are closely monitored and substantial variances are promptly explained.

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

- Operating procedures that set out the policies, procedures and practices adopted by the Group are properly
 documented and communicated to staff member so as to ensure clear accountabilities. The effectiveness of
 internal control procedures is subject to continuous assessments, reviews and improvements.
- The organisational structure is well defined; with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated.
- The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks.
- Financial results are reviewed quarterly by the Board and the 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 their competency is performed at least once a year.

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Tricor Axcelasia Sdn Bhd ("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 procurement function, sales and receivables cycles and inventory - quantity 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.

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 RM38,160.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

This Statement was approved by the Board on 27 March 2024.

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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 2023 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 2023 is as follows:

Pur	pose	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 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 2023, 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 MFRSs, 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 enable them 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

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Independent Auditors' Report 090

Statements of Financial Position 093

Statements of Profit or Loss and 094 Other Comprehensive Income

Statements of Changes in Equity 095

Statements of Cash Flows 098

Notes to the Financial Statements 100

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 2023.

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 T RM	he Company RM
Profit after tax for the financial year	5,488,320	2,254,014
Attributable to: Owners of the Company	5,488,320	2,254,014

DIVIDEND

At the forthcoming annual general meeting, a final dividend of 0.5 sen per ordinary share amounting to RM 2,078,447 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2024.

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS

Warrants 2021/2025

As at 31 December 2023, the summary of the movements of Warrants is as follows:

Number of Warrants

Issue Date	Expiry Date	At 01.01.2023	Exercised	Disposed	At 31.12.2023
25.02.2021	24.02.2025	166,272,400	-	-	166,272,400

The 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.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which (a) secures the liabilities of any other person; or
- any contingent liability of the Group and of the Company which has arisen since the end of the financial year. (b)

CONTINGENT AND OTHER LIABILITIES (CONT'D)

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 22 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:

Lim Kok Eng* Kwan Chian Poh* Law Sang Thiam Tan Meng Loon Haji Ismail Bin Tunggak

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		At	
		01.01.2023	Bought	Sold 31.12.202	3
Lim Kok Eng	- Direct interest	238,425,540	-	- 238,425,54	0
	 Indirect interest (1) 	58,196,160	-	- 58,196,16	0
Kwan Chian Poh	 Direct interest 	58,196,160	-	- 58,196,16	0
	- Indirect interest (1)	238,425,540	-	- 238,425,54	0
Law Sang Thiam	 Direct interest 	300,000	-	- 300,00	0
Tan Meng Loon	 Direct interest 	300,000	-	- 300,00	0
Haji Ismail Bin Tunggak	- Direct interest	150,000	-	- 150,00	0

^{*} Directors of the Company and the subsidiaries.

DIRECTORS' INTERESTS (CONT'D)

Warrants 2021/2025

		Number of Warrants			
		At 01.01.2023	Entitled	Disposed	At 31.12.2023
Lim Kok Eng	- Direct interest - Indirect interest (1)	88,393,216 23,278,464	-	-	88,393,216 23,278,464
Kwan Chian Poh	- Direct interest	23,278,464	-	-	23,278,464
Law Sang Thiam	 Indirect interest (1) Direct interest 	88,393,216 120,000	-	-	88,393,216 120,000
Tan Meng Loon Haji Ismail Bin Tunggak	Direct interestDirect interest	120,000 60,000	-	-	120,000 60,000

Notes:

By virtue of their shareholdings in the Company, Lim Kok Eng and 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" 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 27(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' 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	112,000	112,000
Salaries, bonuses and other benefits	983,918	6,600
Defined contribution plan	195,000	-
	1,290,918	118,600
Estimated monetary value of benefits-in-kind	34,000	-

Deemed interested through spouse's shareholding in the Company.

INDEMNITY AND INSURANCE COST

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM 3,000,000 and RM 7,430 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	The Company
	RM	RM
Audit fees	84,000	25,000
Audit fees Non-audit fees	5,000	5,000
	89,000	30,000

Signed in accordance with a resolution of the directors dated 27 March 2024

Lim Kok Eng

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lim Kok Eng and 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 093 to 134 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 2023 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 27 March 2024

Lim Kok Eng **Kwan Chian Poh**

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Teo Miow Loo, MIA Membership Number: 32031, 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 093 to 134 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 Teo Miow Loo at Muar in the State of Johor Darul Takzim on this 27 March 2024

Teo Miow Loo

Before me

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 2023 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 093 to 134.

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 2023, 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
The Group held inventories with carrying amount of RM8,046,558 as at 31 December 2023.	Our procedures included, among others:
The carrying amount of inventories is stated at the lower of cost and net realisable value.	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.
The Group determines the amount of impairment for slow-moving or obsolete inventories based on the ageing of the slow-moving inventories.	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.

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)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 03708/01/2025 J Chartered Accountant

Muar, Johor Darul Takzim

Date: 27 March 2024







STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 RM	Γ he Group 2022 RM	The 2023 RM	Company 2022 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	66,010,764	63,330,766	_	_
Right-of-use assets	6	10,477,306	10,432,794	_	_
Investment in subsidiaries	7	-	-	53,299,980	53,299,980
		76,488,070	73,763,560	53,299,980	53,299,980
CURRENT ACCETS					
CURRENT ASSETS Inventories	8	9 046 559	10 204 140		
Trade and other receivables	9	8,046,558 12,119,040	10,204,149 6,532,191	1,000	1,000
Short-term investment	10	3,083,364	0,332,191	1,000	1,000
Dividend receivable	10	3,063,364	-	2,580,000	_
Current tax assets		73,830	888,375	30,500	23,000
Derivative assets	11	13,525	37,105	30,300	23,000
Deposits, bank and cash balances	12	14,149,441	13,435,178	1,067,556	1,395,042
		37,485,758	31,096,998	3,679,056	1,419,042
TOTAL ASSETS		113,973,828	104,860,558	56,979,036	54,719,022
EQUITY AND LIABILITIES Equity attributable to owners of the Company Share capital Merger deficit	13 14	54,754,613 (31,299,980)		54,754,613	54,754,613 -
Reserves	15	63,149,329	56,705,343	2,194,423	(59,591)
TOTAL EQUITY		86,603,962	80,159,976	56,949,036	54,695,022
NON-CURRENT LIABILITIES					
Term loans	16	13,785,299	14,569,368	-	-
Deferred tax liabilities	17	4,154,000	4,195,000	-	-
		17,939,299	18,764,368	-	-
CURRENT LIABILITIES					
Trade and other payables	18	7,732,268	4,711,917	30,000	24,000
Term loans	16	1,244,254	1,224,297	,	
Current tax liabilities		447,085	-	-	-
Derivative liabilities	11	6,960	-	-	-
		9,430,567	5,936,214	30,000	24,000
TOTAL LIABILITIES		27,369,866	24,700,582	30,000	24,000
TOTAL EQUITY AND LIABILITIES		113,973,828	104,860,558	56,979,036	54,719,022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	T 2023 RM	he Group 2022 RM	The 2023 RM	Company 2022 RM
REVENUE	19	56,232,144	45,324,123	2,580,000	-
COST OF SALES		(42,787,523)	(36,908,283)	-	-
GROSS PROFIT		13,444,621	8,415,840	2,580,000	-
OTHER INCOME		350,481	741,452	11,641	281,336
SELLING AND MARKETING EXPENSES		(1,334,114)	(1,320,297)	-	-
ADMINISTRATIVE EXPENSES		(4,101,103)	(4,389,882)	(337,612)	(498,580)
OTHER EXPENSES		(296,313)	(105,575)	-	-
FINANCE COSTS	21	(603,975)	(472,502)	(15)	(49)
PROFIT/(LOSS) BEFORE TAX	22	7,459,597	2,869,036	2,254,014	(217,293)
INCOME TAX EXPENSE	23	(1,971,277)	(699,106)	-	(6,090)
PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY		5,488,320	2,169,930	2,254,014	(223,383)
OTHER COMPREHENSIVE INCOME Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		714,863	-	-	-
Revaluation of right-of-use assets		240,803	361,923	-	
TOTAL OTHER COMPREHENSIVE INCOME		955,666	361,923	-	
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		6,443,986	2,531,853	2,254,014	(223,383)
EARNINGS PER SHARE (SEN) Basic Diluted	24	1.32 1.32	0.52 0.52		

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

			Non-distributable Distributable	Istributable	
	Share	Merger F	Merger Revaluation	Retained	
	capital	deficit	reserve	profits	profits Total equity
	RM	RM	B M	RM	RM
The Group					
Balance at 1 January 2022	54,754,613	54,754,613 (31,299,980)	9,885,754	9,885,754 44,287,736 77,628,123	77,628,123
Profit after tax for the financial year	ı	ı	1	2,169,930	2,169,930
Other comprehensive income for the financial year - Revaluation of right-of-use assets	ı	1	361,923	1	361,923
Total comprehensive income for the financial year	ı	ı	361,923	2,169,930	2,531,853
Amortisation of revaluation reserve	ı	ı	(233,794)	233,794	ı
Balance at 31 December 2022	54,754,613	54,754,613 (31,299,980) 10,013,883 46,691,460 80,159,976	10,013,883	46,691,460	80,159,976

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

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

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STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Share capital	Distributable Retained profits/ Share (Accumulated losses) RM	rtable rtained profits/ rulated losses) Total equity RM RM
The Company			
Balance at 1 January 2022	54,754,613	163,792	54,918,405
Loss after tax and total comprehensive expense for the financial year	ı	(223,383)	(223,383)
Bolonco at 31 December 2022/1 January 2022	57 757 613	(50 501)	(FO FO1) F4 F0F 022
Datailce at 31 December 2022/ Formulary 2023	04,704,0	(186,86)	04,090,022
Profit after tax and total comprehensive income for the financial year	ı	2,254,014	2,254,014
Balance at 31 December 2023	54,754,613	2,194,423	56,949,036

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Т	he Group	The	Company
	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before tax Adjustments for:	7,459,597	2,869,036	2,254,014	(217,293)
Depreciation of property, plant and equipment	2,178,953	2,142,080	_	-
Depreciation of right-of-use assets	272,334	695,210	-	-
Dividend income	(83,364)	-	(2,580,000)	-
Fair value loss on derivatives	16,460	105,575	-	-
Gain on disposal of property, plant and equipment	-	(32,616)	-	-
Gain on modification of leases	-	(122,702)	-	-
Inventories written down	134,539	-	-	-
Reversal of impairment loss on revaluation of property,				
plant and equipment	(90,000)	-	-	-
Unrealised loss/(gain) on foreign exchange	36,803	(18,313)	-	-
Interest expenses	603,975	472,502	15	49
Interest income	(161,024)	(222,911)	(11,634)	(281,327)
Operating profit/(loss) before working capital changes	10,368,273	5,887,861	(337,605)	(498,571)
Inventories	2,023,052	9,216,650	-	-
Trade and other receivables	(5,586,806)	9,702,967	-	111,300
Trade and other payables	3,103,104	(7,907,493)	6,000	
CASH FROM/(FOR) OPERATIONS	9,907,623	16,899,985	(331,605)	(387,271)
Interest paid	(603,975)	(472,502)	(15)	(49)
Interest received	161,024	222,911	11,634	281,327
Tax paid	(1,453,988)	(1,490,106)	(7,500)	(18,090)
Tax refund	457,150	-	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES	8,467,834	15,160,288	(327,486)	(124,083)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Note	T 2023 RM	The Group 2022 RM	The 2023 RM	e Company 2022 RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Additions of fixed deposits with tenure more than					
3 months		(1,510,000)	-	-	-
Advance to a subsidiary		-	-	-	(12,453,574)
Dividend received		83,364	-	-	2,300,000
Proceeds from disposal of property, plant and equipment		-	32,616	-	-
Purchase of property, plant and equipment	5(e)		(34,645,117)	-	-
Purchase of short-term investment		(3,083,364)	-	-	
NET CASH FOR INVESTING ACTIVITIES		(8,761,915)	(34,612,501)	-	(10,153,574)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Additions to pledged fixed deposit		(4,424)	(176,224)	_	_
Drawdown of term loans		2,039,847		-	-
Repayment of term loans		(2,803,959)	(1,041,751)	-	-
Repayment of lease liabilities		-	(397,146)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(768,536)	10,203,519	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,062,617)	(9,248,694)	(327,486)	(10,277,657)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		262,456	(11,595)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		13,258,954	22,519,243	1,395,042	11,672,699
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26(c)	12,458,793	13,258,954	1,067,556	1,395,042

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. 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

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The consolidated financial statements 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 27 March 2024.

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)

MFRS 17 Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

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.

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
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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 Critical accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(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.

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.

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.







NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 Financial instruments (cont'd)

Financial liabilities (cont'd) (b)

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.

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 then 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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

Right-of-use assets, including leasehold land and leasehold factory building, are initially measured at cost. Subsequent to the initial recognition, the 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 for factory building. 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, not of tax

The leasehold land and leasehold factory building are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the leasehold land and leasehold factory building or the end of the lease term.

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.

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FINANCIAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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The Group	Freehold land RM	Factory buildings RM	Electrical installation, plant and machinery RM	Office equipment, furniture and fittings	Motor vehicles RM	Capital work- in-progress RM	Total RM
At 1 January 2023 Additions Revaluation	19,670,361 3,180 391,820	9,439,000	21,352,728 144,926	1,367,743 74,658	1,373,554 500 -	29,031,673 3,660,676	82,235,059 3,883,940 975,011
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 At cost	20,065,361	10,022,191	21,497,654	1,442,401	1,374,054	32,692,349	30,087,552 57,006,458
	20,065,361	10,022,191	21,497,654	1,442,401	1,374,054	32,692,349	87,094,010
Less: Accumulated depreciation At 1 January 2023 Charge for the financial year	1 1	428,254 208,527	16,730,866 1,661,002	796,447	948,726 152,187	1 1	18,904,293 2,178,953
At 31 December 2023	ı	636,781	18,391,868	953,684	1,100,913	ı	21,083,246
Representing: At valuation At cost	1 1	636,781	- 18,391,868	953,684	1,100,913	1 1	636,781 20,446,465
	•	636,781	18,391,868	953,684	1,100,913	1	21,083,246
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 At cost	20,065,361	9,385,410	3,105,786	- 488,717	273,141	32,692,349	29,450,771 36,559,993
	20,065,361	9,385,410	3,105,786	488,717	273,141	32,692,349	66,010,764

PROPERTY, PLANT AND EQUIPMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group	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
At 1 January 2022 Additions Disposals Write off	12,161,000 7,509,361	9,439,000	20,448,689 1,249,851 (335,612) (10,200)	941,740 426,003 -	1,373,554	1,242,919 27,788,754 -	45,606,902 36,973,969 (335,612) (10,200)
At 31 December 2022	19,670,361	9,439,000	21,352,728	1,367,743	1,373,554	29,031,673	82,235,059
Representing: At valuation At cost	12,161,000 7,509,361	9,439,000	21,352,728	1,367,743	1,373,554	- 29,031,673	21,600,000 60,635,059
	19,670,361	9,439,000	21,352,728	1,367,743	1,373,554	29,031,673	82,235,059
Less: Accumulated depreciation At 1 January 2022 Charge for the financial year Disposals Write off	1 1 1 1	221,671 206,583 -	15,435,334 1,641,344 (335,612) (10,200)	668,314 128,133	782,706 166,020 -	1 1 1 1	17,108,025 2,142,080 (335,612) (10,200)
At 31 December 2022	ı	428,254	16,730,866	796,447	948,726	ı	18,904,293
Representing: At valuation At cost	1 1	428,254	- 16,730,866	796,447	948,726	1 1	428,254 18,476,039
	1	428,254	16,730,866	796,447	948,726	-	18,904,293
Carrying amount At 31 December 2022	19,670,361	9,010,746	4,621,862	571,296	424,828	29,031,673	63,330,766
Representing: At valuation At cost	12,161,000 7,509,361	9,010,746	- 4,621,862	571,296	- 424,828	- 29,031,673	21,171,746 42,159,020
	19,670,361	9,010,746	4,621,862	571,296	424,828	29,031,673	63,330,766

PROPERTY, PLANT AND EQUIPMENT (CONT'D)









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

The following property, plant and equipment have been pledged to licensed banks as security for banking (a) facilities granted to the Group (Note 16(a)):

	TI	The Group	
	2023	2022	
	RM	RM	
Carrying amount			
Freehold land	17,760,361	17,370,361	
Factory buildings	9,385,410	9,010,746	
Capital work-in-progress	11,122,140	9,839,362	
	38,267,911	36,220,469	

- (b) 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, have been credited to 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, if any.
- (c) 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.

If the freehold land and factory buildings were measured using the cost model, the carrying amounts would (d) be as follows:

	TI	The Group		
	2023 RM	2022 RM		
Freehold land Factory buildings	18,116,304 4,064,607	10,606,943 4,166,118		
	22,180,911	14,773,061		

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

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

	The Group		
	2023	2022	
	RM	RM	
Cost of property, plant and equipment purchased	3,883,940	36,973,969	
Unpaid balances included under sundry payables (Note 18(b))	(274,916)	(2,328,852)	
Cash disbursed in respect of purchase in previous financial year	508,621	-	
Prepayments made for future purchase (Note 9(b))	134,270	-	
Cash disbursed for purchase of property, plant and equipment	4,251,915	34,645,117	

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

6. RIGHT-OF-USE ASSETS

The Group At valuation Carrying amount		Leasehold land RM	Leasehold factory building RM	Total RM
At 1 January 2023		2,979,921	7,452,873	10,432,794
Depreciation charges Revaluation		(81,601) 84,880	(190,733) 231,966	(272,334) 316,846
		04,000	231,900	
At 31 December 2023		2,983,200	7,494,106	10,477,306
The Group At cost/valuation Carrying amount	Leasehold land RM	Leasehold factory building RM	Buildings RM	Total RM
At 1 January 2022	2,915,561	7,304,579	2,240,025	12,460,165
Depreciation charges	(78,387)	(185,174)	(431,649)	(695,210)
Derecognition due to lease modification Revaluation	- 142,747	333,468	(1,808,376)	(1,808,376) 476,215
At 31 December 2022	2,979,921	7,452,873	-	10,432,794
Representing: At valuation	2,979,921	7,452,873	-	10,432,794

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

The Group leases a piece of leasehold land of which the leasing activity is summarised below: (a)

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 (2022: 60) years with no renewal or purchase option included in the agreement. The lease does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land.

- The leasehold land and leasehold factory building of the Group with carrying amount of RM 10,477,306 (b) (2022: RM 10,432,794) 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, has been credited to 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, 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.

If the leasehold land and leasehold factory building were measured using the cost model, the carrying (e) amounts would be as follows:

	The Group		
	2023	2022	
	RM	RM	
Leasehold land	1,871,055	1,924,056	
Leasehold factory building	2,084,275	2,160,637	
	3,955,330	4,084,693	

7. **INVESTMENT IN SUBSIDIARIES**

The Company		
2023	2022	
RM	RM	
	50 000 000	

Unquoted shares, at cost

53,299,980 53,299,980

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business and Country of incorporation	share capi	e of issued ital held by ent	Principal activities
		2023	2022	
Spring Art Industries Sdn. Bhd. ("SAI")	Malaysia	100%	100%	Manufacturing of ready-to-assemble furniture products.
Elisa Home Sdn. Bhd.	Malaysia	100%	100%	Trading of ready-to-assemble furniture products.

⁽b) During the previous financial year, the Company subscribed 21,000,000 new ordinary shares in SAI by way of offsetting the amount owing by SAI of RM 21,000,000.

8. INVENTORIES

	The Group		
	2023	2022	
	RM	RM	
Raw materials	3,989,960	6,546,213	
Packing materials	49,293	55,137	
Work-in-progress	2,158,493	1,224,896	
Goods-in-transit	47,990	9,969	
Finished goods	1,800,822	2,367,934	
	8,046,558	10,204,149	
Recognised in profit or loss			
Inventories recognised as cost of sales	42,787,523	36,908,283	
Inventories written down	134,539	_	

9.

TRADE AND OTHER RECEIVABLES

	T I 2023 RM	ne Group 2022 RM	The C 2023 RM	ompany 2022 RM
Trade receivables	9,934,142	2,328,637	-	-
Other receivables				
Deposits	763,163	2,835,889	1,000	1,000
Prepayments	1,257,287	1,104,599	-	-
Sundry receivables	164,448	263,066	-	-
	2,184,898	4,203,554	1,000	1,000
	12,119,040	6,532,191	1,000	1,000

⁽a) The Group's normal trade terms range from cash term - 90 days of credit (2022: cash term - 45 days of credit).

10. SHORT-TERM INVESTMENT

	The	The Group	
	2023	2022	
	RM	RM	
Unit trusts fund, at fair value			
- AmIncome	3,083,364		

11. DERIVATIVE ASSETS/(LIABILITIES)

	The Group Contract/Notional amount			
	2023 RM	2022 RM	2023 RM	2022 RM
Derivative assets Forward currency contracts	1,161,400	2,232,105	13,525	37,105
Derivative liabilities			(2.222)	
Forward currency contracts	681,765	-	(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 2024 to March 2024 (2022: April 2023 to July 2023).

⁽b) Include in prepayments of the Group is an amount of RM 134,270 (2022: RM Nil) paid for the future purchase of property, plant and equipment (Note 5(e)).

12. DEPOSITS, BANK AND CASH BALANCES

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances Fixed deposits with licensed banks	7,458,793	6,558,954	567,556	1,395,042
	6,690,648	6,876,224	500,000	-
	14,149,441	13,435,178	1,067,556	1,395,042

- (a) The fixed deposit with licensed bank of RM 180,648 (2022: RM 176,224) 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 2.3% 3.8% and 3.7% (2022: 1.6% 2.4% and Nil) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 6 months and 3 months (2022: 14 days to 3 months and Nil) for the Group and the Company respectively.

13. SHARE CAPITAL

Issued and fully paid-up

, p. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.	The Group and The Company				
	2023 2022	2023	2022		
	Number of shares	RM	RM		
Ordinary shares	415,689,400 415,689,400	54,754,613	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 will expire 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.





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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-distributable Revaluation reserve	10,724,375	10,013,883	-	-
Distributable Retained profits/(Accumulated losses)	52,424,954	46,691,460	2,194,423	(59,591)
	63,149,329	56,705,343	2,194,423	(59,591)

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

	TI	The Group		
	2023	2022		
	RM	RM		
Secured				
Current liabilities	1,244,254	1,224,297		
Non-current liabilities	13,785,299	14,569,368		
	15,029,553	15,793,665		

16. TERM LOANS (CONT'D)

- (a) The term loans of the Group are secured against the followings:
 - (i) Certain freehold land, factory buildings and capital work-in-progress of the Group held as property, plant and equipment (Note 5(a));
 - (ii) Leasehold land and leasehold factory building of the Group held as right-of-use assets (Note 6(b));
 - (iii) Fixed deposit with licensed bank (Note 12(a)); and
 - (iv) Corporate guarantee provided by the Company.
- (b) The term loans of the Group at the end of reporting period bear effective interest rates at 4.4% 4.8% (2022 : 4.0% 4.4%) per annum.

17. DEFERRED TAX LIABILITIES

	The Group		
	2023	2022	
	RM	RM	
Movements of deferred tax liabilities			
At 1 January	4,195,000	4,168,000	
Recognised in profit or loss (Note 23)	(287,191)	(87,292)	
Revaluation surplus	246,191	114,292	
At 31 December	4,154,000	4,195,000	
Components of deferred tax liabilities			
Property, plant and equipment	2,266,000	2,357,000	
Right-of-use assets	1,888,000	1,838,000	
	4,154,000	4,195,000	
	At 1 January Recognised in profit or loss (Note 23) Revaluation surplus At 31 December Components of deferred tax liabilities Property, plant and equipment	Movements of deferred tax liabilities At 1 January 4,195,000 Recognised in profit or loss (Note 23) (287,191) Revaluation surplus 246,191 At 31 December 4,154,000 Components of deferred tax liabilities Property, plant and equipment 2,266,000 Right-of-use assets 1,888,000	

18. TRADE AND OTHER PAYABLES

	The	The Group		ompany
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade payables	3,030,681	787,968	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. TRADE AND OTHER PAYABLES (CONT'D)

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other payables				
Advance from customers	842,625	723,308	-	-
Accruals	1,021,721	554,932	30,000	24,000
Sales and services tax payable	7,780	132,738	-	-
Sundry payables	2,829,461	2,512,971	-	-
	4,701,587	3,923,949	30,000	24,000
	7,732,268	4,711,917	30,000	24,000

- (a) The normal trade terms granted to the Group range from cash term - 90 days of credit (2022 : cash term - 90 days of credit).
- (b) Included in sundry payables of the Group is an amount of RM 274,916 (2022: RM 2,328,852) payable for the purchase of property, plant and equipment (Note 5(e)).

19. REVENUE

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contracts with customers recognised at a point in time				
Sale of ready-to-assemble furniture products and				
its related services	56,232,144	45,324,123	-	-
Revenue from other sources				
Dividend income	-	-	2,580,000	-
	56,232,144	45,324,123	2,580,000	-

- (a) The information on the disaggregation of revenue by geographical market is disclosed in Note 28(b).
- The information about the performance obligations in contracts with customers is summarised below: (b)

Nature of goods or services	Timing and method of revenue recognition	Significant payment terms	Variable considerations	Warranty and obligation for returns or refunds
Sale of ready-to- assemble furniture products and its related services	When the goods are delivered or shipped and accepted by customers	Cash term - 90 days of credit from the invoice date	Not applicable	Not applicable

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.

20. DIRECTORS' REMUNERATION

	7 0 23 RM	he Group 2022 RM	The 0 2023 RM	Company 2022 RM
Executive directors of the Company				
Salaries, bonuses and other benefits Defined contribution plan	977,318 195,000	1,089,504 217,500	-	-
	1,172,318	1,307,004	-	-
Estimated monetary value of benefits-in-kind	34,000	34,000	-	_
	1,206,318	1,341,004	-	-
Non-executive directors of the Company				
Fees	112,000	108,000	112,000	108,000
Salaries, bonuses and other benefits	6,600	5,500	6,600	5,500
	118,600	113,500	118,600	113,500
Total directors' remuneration	1,324,918	1,454,504	118,600	113,500
Analysis excluding monetary value of benefits-in-kind				
Total executive directors' remuneration	1,172,318	1,307,004	-	-
Total non-executive directors' remuneration	118,600	113,500	118,600	113,500
	1,290,918	1,420,504	118,600	113,500

21. FINANCE COSTS

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest expense on financial liabilities that are not at fair value through profit or loss				
- advance from a subsidiary	_	_	15	49
- term loans	603,975	419,198	-	-
	603,975	419,198	15	49
Interest expense on lease liabilities	-	53,304	-	-
	603,975	472,502	15	49

22. PROFIT/(LOSS) BEFORE TAX

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
This is arrived at after charging:				
Auditors' remuneration				
- audit fees	84,000	70,800	25,000	20,000
- non-audit fees:				
- auditors of the Company	5,000	4,000	5,000	4,000
Depreciation of property, plant and equipment	2,178,953	2,142,080	-	-
Depreciation of right-of-use assets	272,334	695,210	-	-
Fair value loss on derivatives	16,460	105,575	-	-
Inventories written down	134,539	-	-	-
Realised loss on foreign exchange	243,050	-	-	-
Staff costs (including key management personnel (Note 27(c)))				
- short-term employee benefits	8,190,890	6,427,652	118,600	113,500
- defined contribution plan	457,551	477,189	-	-
- others	1,184,834	833,939	-	-
Unrealised loss on foreign exchange	36,803	-	-	-
And crediting:				
COVID-19-related subsidies from government	(1,800)	(6,000)	-	-
Dividend income	(83,364)	-	-	-
Gain on disposal of property, plant and equipment	-	(32,616)	-	-
Gain on modification of leases	-	(122,702)	-	-
Realised gain on foreign exchange	-	(291,423)	-	-
Reversal of impairment loss on revaluation of property,	()			
plant and equipment	(90,000)	-	-	-
Total interest income on financial assets measured at	(4.04.00.1)	(000.044)	(44.00.1)	(004 007)
amortised cost	(161,024)	(222,911)	(11,634)	(281,327)
Unrealised gain on foreign exchange	-	(18,313)	-	-

23. INCOME TAX EXPENSE

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax expense				
- for the financial year	2,291,527	960,107	-	-
- (over)/under provision in previous financial year	(33,059)	(173,709)	-	6,090
	2,258,468	786,398	-	6,090
Deferred tax expenses (Note 17) - reversal of temporary differences	(287,191)	(87,292)	-	
	1,971,277	699,106	-	6,090

23. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	7,459,597	2,869,036	2,254,014	(217,293)
Tax at the statutory tax rate	1,787,500	690,000	541,000	(52,000)
Tax effects of:				,
- non-deductible expenses	258,836	182,815	78,000	52,000
- non-taxable income	(42,000)	-	(619,000)	-
(Over)/Under provision of current tax expense in				
previous financial year	(33,059)	(173,709)	-	6,090
	1,971,277	699,106	-	6,090

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022 : 24%) of the estimated assessable profit for the financial year.

24. 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.

	T 2023 RM	he Group 2022 RM
Profit after tax attributable to owners of the Company	5,488,320	2,169,930
	2023 Units	2022 Units
Weighted average number of ordinary shares in issue	415,688,848	415,688,848
Basic earnings per share (sen)	1.32	0.52

(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.

25. DIVIDEND

At the forthcoming annual general meeting, a final dividend of 0.5 sen per ordinary share amounting to RM 2,078,447 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2024.

26. CASH FLOWS INFORMATION

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

	2,039,847 (2,803,959) (603,975) (1,368,087) 603,975	2,039,847 (2,803,959) (603,975) (1,368,087) 603,975
	2,039,847 (2,803,959) (603,975) (1,368,087)	2,039,847 (2,803,959) (603,975) (1,368,087)
	2,039,847 (2,803,959) (603,975) (1,368,087)	2,039,847 (2,803,959) (603,975) (1,368,087)
	(2,803,959) (603,975) (1,368,087) 603,975	(2,803,959) (603,975) (1,368,087) 603,975
	(2,803,959) (603,975) (1,368,087) 603,975	(2,803,959) (603,975) (1,368,087) 603,975
	(2,803,959) (603,975) (1,368,087) 603,975	(2,803,959) (603,975) (1,368,087) 603,975
	(1,368,087) 603,975	(1,368,087) 603,975
	603,975	603,975
	603,975	603,975
	15,029,553	15,029,553
Town loons		Total
		RM
5,016,776	2,328,224	7,345,000
11.818.640	_	11,818,640
	(397,146)	(1,438,897)
(419,198)	(53,304)	(472,502)
10,357,691	(450,450)	9,907,241
_	(1.931.078)	(1,931,078)
419,198	53,304	472,502
419,198	(1,877,774)	(1,458,576)
15,793,665	-	15,793,665
_	11,818,640 (1,041,751) (419,198) 10,357,691 - 419,198 419,198	Term loans RM Lease liabilities RM 5,016,776 2,328,224 11,818,640 (1,041,751) (397,146) (53,304) 10,357,691 (450,450) - (1,931,078) 419,198 53,304 419,198 (1,877,774)

26. CASH FLOWS INFORMATION (CONT'D)

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

	The	The Group	
	2023	2022	
	RM	RM	
Interest paid on lease liabilities	-	53,304	
Payment of lease liabilities	-	397,146	
	-	450,450	

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

	The Group		The Company		
	2023 2022		2023	2022	
	RM	RM	RM	RM	
Deposits, bank and cash balances	14,149,441	13,435,178	1,067,556	1,395,042	
Less: Fixed deposit pledged to licensed bank	(180,648)	(176,224)	-	-	
Fixed deposits with tenure more than 3 months	(1,510,000)	-	-	-	
	12,458,793	13,258,954	1,067,556	1,395,042	

27. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries are disclosed in Note 7.

(b) Significant related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:

	The	Company
	2023 RM	2022 RM
Subsidiary - Dividend income - Advance to - Interest income	(2,580,000)	- 12,453,574 (219,006)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

(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 20.

28. 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	
	2023	2022
	RM	RM
Africa	1,125,467	378,845
Asia (excluding Malaysia)	2,855,462	6,199,125
Europe	559,327	563,723
Middle East	40,171,343	28,382,269
North America and Latin America	3,458,287	2,350,730
Oceania	-	113,701
Malaysia	8,062,258	7,335,730
	56,232,144	45,324,123

(c) Major customers

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

	Th	ne Group
	2023	2022
	RM	RM
Customer A	37,393,754	25,087,446
Customer B	5,779,125	*

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

29. CAPITAL COMMITMENTS

	Th	e Group	
	2023	2022	
	RM	RM	
Purchase of property, plant and equipment	812,602	3,089,391	

30. 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.

30.1 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 and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Euro ("EUR"), Singapore Dollar ("SGD") and United States Dollar ("USD"). 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

	EUR RM	SGD RM	USD RM	RM RM	Total RM
The Group 2023 Financial assets					
Trade and other receivables (N1) Short-term investment Derivative assets	- - -	102,603 - -	9,798,111 - 13,525	197,876 3,083,364 -	10,098,590 3,083,364 13,525
Deposits, bank and cash balances	25	-	3,975,599	10,173,817	14,149,441
	25	102,603	13,787,235	13,455,057	27,344,920

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. FINANCIAL INSTRUMENTS (CONT'D)

- 30.1 Financial risk management policies (cont'd)
 - (a) Market risk (cont'd)
 - (i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

	EUR RM	SGD RM	USD RM	RM RM	Total RM
The Group 2023 Financial liabilities					
Trade and other					
payables (N2)	(2,215,288)	-	(487,374)	(4,179,201)	(6,881,863)
Term loans Derivative liabilities	-	-	(6,960)	(15,029,553)	(15,029,553) (6,960)
	(2,215,288)	-	(494,334)	(19,208,754)	(21,918,376)
Net financial (liabilities) /assets Less: Net financial liabilities denominated in the respective	(2,215,263)	102,603	13,292,901	(5,753,697)	5,426,544
entities' functional currencies Less : Forward currency	-	-	-	5,753,697	5,753,697
contracts (contracted notional principal)	-	-	(1,843,165)	-	(1,843,165)
Currency exposure	(2,215,263)	102,603	11,449,736	-	9,337,076

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management policies (cont'd)

- (a) Market risk (cont'd)
 - (i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

	EUR RM	SGD RM	USD RM	RM RM	Total RM
The Group 2022					
Financial assets Trade and other receivab Derivative assets Deposits, bank and	les (N1) - -	261,458 -	2,016,253 37,105	313,992 -	2,591,703 37,105
cash balances	-	538,373	1,503,572	11,393,233	13,435,178
	-	799,831	3,556,930	11,707,225	16,063,986
Financial liabilities Trade and other					
payables (N2) Term loans	(1,820,231)	-	-	(2,035,640) (15,793,665)	(3,855,871) (15,793,665)
	(1,820,231)	-	-	(17,829,305)	(19,649,536)
Net financial (liabilities) /assets Less: Net financial liabilities denominated	(1,820,231)	799,831	3,556,930	(6,122,080)	(3,585,550)
in the respective entities' functional currencies Less: Forward currency contracts	-	-	-	6,122,080	6,122,080
(contracted notional principal)	-	-	(2,232,105)	-	(2,232,105)
Currency exposure	(1,820,231)	799,831	1,324,825	-	304,425

N1 - Excluding deposits and prepayments

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

N2 - Excluding advance from customers and certain payables





30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management policies (cont'd)

Market risk (cont'd) (a)

(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 2023	e Group 2022
	RM	RM
Effects on profit after tax EUR/RM		
- strengthened by 5% - weakened by 5%	(84,180) 84,180	(69,169) 69,169
SGD/RM		
- strengthened by 5%	3,899	30,394
- weakened by 5%	(3,899)	(30,394)
USD/RM		
- strengthened by 5%	435,090	50,343
- weakened by 5%	(435,090)	(50,343)

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 and the Company adopt a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's exposure to interest rate risk 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.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 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 and the Company manage their 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, deposits, bank and cash balances, and derivatives), 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's major concentration of credit risk relates to the amounts owing by one (2022: two) customers which constituted approximately 85% (2022: 93%) of its trade receivables at the end of the reporting period.

In addition, the Group also 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		
	2023	2022	
	RM	RM	
Africa	107,887	-	
Asia (excluding Malaysia)	102,603	372,618	
Middle East	8,978,439	1,905,094	
North America and Latin America	648,536	_	
Malaysia	96,677	50,925	
	9,934,142	2,328,637	





30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management policies (cont'd)

Credit risk (cont'd) (b)

(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 15,029,553 (2022: RM 15,793,665), 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 on-going 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.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

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

Trade receivables (cont'd)

Inputs, assumptions and techniques used for estimating impairment losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 1 year (2022: 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 exposure to credit risk for trade receivables is summarised below:

The G	The Group				
2023	2022				
RM	RM				

Carrying amount

Current (not past due) 9,934,142 2,328,637

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.

Sundry receivables

The Group measures the expected credit losses of sundry receivables that are credit impaired and with a high risk of default on individual basis.

At the end of the reporting period, there was no indication that the sundry receivables are not recoverable.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management policies (cont'd)

- (b) Credit risk (cont'd)
 - (iii) Assessment of impairment losses (cont'd)

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.

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.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

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):

Contractual

	Effective interest rate % per annum	Carrying amount RM	undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
The Group 2023 Non-derivative financial liabilities Trade and other payables (N1) Term loans	- 4.4 - 4.8	6,881,863 15,029,553	6,881,863 18,789,481	6,881,863 1,900,925	- 7,687,189	- 9,201,367
Derivative financial liabilities Forward currence contracts	у					
(gross settled) - gross payment	- s -	6,960 -	- 681,765	- 681,765	-	-
		21,918,376	26,353,109	9,464,553	7,687,189	9,201,367
2022 Non-derivative financial liabilities						
Trade and other payables (N1) Term loans	- 4.0 - 4.4	3,855,871 15,793,665	3,855,871 19,326,418	3,855,871 1,743,788	- 8,221,304	- 9,361,326
		19,649,536	23,182,289	5,599,659	8,221,304	9,361,326

N1 - Excluding advance from customers and certain payables

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial risk management policies (cont'd)

Liquidity risk (cont'd)

Maturity analysis (cont'd)

		Contractual	
	Carrying	undiscounted	Within
	amount	cash flows	1 year
	RM	RM	ŔМ
The Company			
2023			
Non-derivative financial liabilities			
Trade and other payables	30,000	30,000	30,000
Financial guarantee contracts in relation to	00,000	00,000	00,000
corporate guarantee given to subsidiaries	_	15,029,553	15,029,553
		10,020,000	10,020,000
	30,000	15,059,553	15,059,553
2022			
Non-derivative financial liabilities			
Trade and other payables	24,000	24,000	24,000
Financial guarantee contracts in relation to	24,000	24,000	24,000
corporate guarantee given to subsidiaries	_	15,793,665	15,793,665
		15,795,005	13,783,003
	24,000	15,817,665	15,817,665
	24,000	15,617,005	13,617,003

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.

30.2 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.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Capital risk management (cont'd)

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, loans and borrowings from financial institutions 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:

	Th	e Group	The Company		
	2023 2022		2023	2022	
	RM	RM	RM	RM	
Term loans	15,029,553	15,793,665	-	-	
Less: Cash and cash equivalents	(12,458,793)	(13,258,954)	(1,067,556)	(1,395,042)	
Net debt/(Net cash)	2,570,760	2,534,711	(1,067,556)	(1,395,042)	
Total equity	86,603,962	80,159,976	56,949,036	54,695,022	
Debt-to-equity ratio	0.03	0.03	Not applicable*	Not applicable*	

^{*} Not applicable as the Company's cash and cash equivalents exceed its borrowings.

There were no changes in the approach to capital management during the financial year.

30.3 Classification of financial instruments

	T	The Company		
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial assets				
Fair value through profit or loss				
Short-term investment	3,083,364	_	-	-
Derivative assets	13,525	37,105	-	-
	3,096,889	37,105	-	-
Amortised cost				
Trade and other receivables (N1)	10,098,590	2,591,703	-	-
Dividend receivable	-	-	2,580,000	-
Deposits, bank and cash balances	14,149,441	13,435,178	1,067,556	1,395,042
	24,248,031	16,026,881	3,647,556	1,395,042

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. FINANCIAL INSTRUMENTS (CONT'D)

30.3 Classification of financial instruments (cont'd)

	The Group		The Company		
	2023 2022		2023	2022	
	RM	RM	RM	RM	
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	6,960	-	-	-	
Amortised cost					
Trade and other payables (N2)	6,881,863	3,855,871	30,000	24,000	
Term loans	15,029,553	15,793,665	-	-	
	21,911,416	19,649,536	30,000	24,000	

N1 - Excluding deposits and prepayments

30.4 Gains or losses arising from financial instruments

	Th 2023 RM			Company 2022 RM
Financial assets Fair value through profit or loss Net gains/(losses) recognised in profit or loss	73,864	(105,575)	RM -	-
Amortised cost Net gains recognised in profit or loss	275,173	274,435	11,634	281,327
Financial liabilities Fair value through profit or loss Net losses recognised in profit or loss	(6,960)	-	-	-
Amortised cost Net losses recognised in profit or loss	(754,927)	(452,409)	(15)	(49)

N2 - Excluding advance from customers and certain payables

30. FINANCIAL INSTRUMENTS (CONT'D)

30.5 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.

The fair value of the Group's 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.

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:

	Fair valu				
	С	arried at fair valu	ue	Total	Carrying
	Level 1	Level 2	Level 3	fair value	amount
	RM	RM	RM	RM	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					
Derivative liabilities					
- forward currency contracts	_	(6,960)	_	(6,960)	(6,960)
		(0,000)		(0,000)	(0,000)
2022					
Financial assets					
Derivative assets					
		27 105		27 105	27 105
- forward currency contracts		37,105		37,105	37,105
·		·	·		

Fair value of financial instruments carried at fair value

- (i) The fair values above have been determined using the following basis:
 - (a) The fair value of unit trusts is based on the fund managers' statements at the reporting date.
 - (b) 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.







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 2 adjoining blocks of single storey factory building with three storey office and guard house	10,870 square metres	Office and furniture manufacturing facilities	60 years leasehold expiring in 16-09-2059 (40 years)	10,477	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	13,446	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. (pending the Certificate of Completion and Compliance "CCC")	Industrial land with 3 adjoining blocks of single storey factory building, two storey office with four storey hostel and guard house	17,688 square metres	Office and furniture manufacturing facilities	Freehold	17,312	26.12.2023
Lot 407 & Lot 408, Mukim of Sungai Raya, District of Muar, Johor.	Investment land	21,600 square metres	Vacant	Freehold	7,509	26.12.2023

ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024

Class of Share: Ordinary shares Voting Rights: One vote per share Issued Share Capital: 415,689,400

Category	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	2	0.100	100	0.000
100 - 1,000	201	10.035	86,700	0.021
1,001 - 10,000	683	34.099	4,296,300	1.033
10,001 - 100,000	912	45.531	35,087,900	8.441
100,001 - 20,784,469 (*)	203	10.135	79,596,700	19.148
20,784,470 and above (**)	2	0.100	296,621,700	71.357
TOTAL	2,003	100.000	415,689,400	100.000

Remark:

- * Less than 5% of issued shares
- ** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS

		No. of Shares Held			
No	Name of Substantial Holders	Direct	%	Indirect	%
1	Lim Kok Eng	238,425,540	57.357	58,196,160 ⁽¹⁾	14.000
2	Kwan Chian Poh	58,196,160	14.000	238,425,540(1)	57.357

DIRECTORS' SHAREHOLDINGS

		No. of Shares Held			
No	Name of Directors	Direct	%	Indirect	%
1	Haji Ismail Bin Tunggak	150,000	0.036	-	-
2	Kwan Chian Poh	58,196,160	14.000	238,425,540(1)	57.357
3	Law Sang Thiam	300,000	0.072	-	-
4	Lim Kok Eng	238,425,540	57.357	58,196,160 ⁽¹⁾	14.000
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 29 MARCH 2024

LIST OF TOP 30 SHAREHOLDERS

No	Name of Substantial Holders	Holdings	%
1	Lim Kok Eng	238,425,540	57.357
2	Kwan Chian Poh	58,196,160	14.000
3	Soo Mei Siah	5,047,900	1.214
4	Tan Tsi Hua	2,579,400	0.620
5	Kenanga Nominees (Tempatan) Sdn Bhd Tan Pow Choo @ Wong Seng Eng (EM1-CN)	2,400,000	0.577
6	M & A Nominee (Tempatan) Sdn Bhd Majestic Salute Sdn Bhd for Yahya Bin Razali	2,292,400	0.551
7	Lim Jun Yi	1,913,000	0.460
8	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Poet Chern	1,767,500	0.425
9	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Kok San	1,600,000	0.384
10	New Aik Pin	1,361,300	0.327
11	Wong Seng Kee	1,300,000	0.312
12	Phang Foong Sin	1,299,700	0.312
13	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kai Shen (E-JAH/MUA)	1,252,700	0.301
14	Yong Kin Yih	1,208,400	0.290
15	Tan Cheow Heng	1,145,000	0.275
16	Lim Leong Chuan	1,125,000	0.270
17	Tey Lay Hua	1,050,000	0.252
18	Ng Teng Song	1,035,100	0.249
19	Hong Li Wood Resources Sdn. Bhd.	1,000,300	0.240
20	Chan Sau Lai	1,000,000	0.240
21	Liew Fook Meng	1,000,000	0.240
22	Lim Ge Fang	1,000,000	0.240
23	To Swee Kim	1,000,000	0.240
24	Yap Choon Wah	1,000,000	0.240
25	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Lee Xiang Jiun	869,000	0.209
26	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Genting Utama Sdn Bhd (M&A)	807,900	0.194
27	Ng Guat Ngoh	800,000	0.192
28	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Siew Pin (8118995)	760,000	0.182
29	See Mok Lean	700,000	0.168
30	Lim Mui Miaw	663,000	0.159
Total		335,599,300	80.720

ANALYSIS OF WARRANTHOLDINGS AS AT 29 MARCH 2024

No. Warrants in Issue : 166,272,400 Exercise Price of Warrants : RM0.28 Expiry Date of Warrants : 24 Feb 2025 No. of Warrant Holders : 1,443

Category	No. of Holders	% of Holders	No. of Warrants	% of Warrants
1 - 99	267	18.503	12,874	0.008
100 - 1,000	178	12.335	88,936	0.053
1,001 - 10,000	504	34.927	2,195,090	1.320
10,001 - 100,000	376	26.057	14,095,120	8.477
100,001 - 8,313,619 (*)	116	8.039	38,208,700	22.980
8,313,620 and above (**)	2	0.139	111,671,680	67.162
TOTAL	1,443	100.000	166,272,400	100.000

Remark: * - Less than 5% of issued warrants

** - 5% and above of issued warrants

LIST OF SUBSTANTIAL WARRANTHOLDERS

		No. of Warrant Held			
No	Name of Substantial Holders	Direct	%	Indirect	%
1	Lim Kok Eng	88,393,216	53.162	23,278,464(1)	14.000
2	Kwan Chian Poh	23,278,464	14.000	88,393,216(1)	53.162

DIRECTORS' WARRANTHOLDINGS

	No. of Warrant Held				
No	Name of Directors	Direct	%	Indirect	%
1	Haji Ismail Bin Tunggak	60,000	0.036	-	-
2	Kwan Chian Poh	23,278,464	14.000	88,393,216 ⁽¹⁾	53.162
3	Law Sang Thiam	120,000	0.072	-	-
4	Lim Kok Eng	88,393,216	53.162	23,278,464(1)	14.000
5	Tan Meng Loon	120,000	0.072	-	-

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

ANALYSIS OF WARRANTHOLDINGS AS AT 29 MARCH 2024

LIST OF TOP 30 WARRANTHOLDERS

No	Name of Warrantholders	Warrantholdings	%
1	Lim Kok Eng	88,393,216	53.162
2	Kwan Chian Poh	23,278,464	14.000
3	Lim Soon Chier	3,122,700	1.878
4	Lim Ai Yee	2,300,000	1.383
5	Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Seik Yee Kok	1,875,300	1.127
6	Kenanga Nominees (Tempatan) Sdn Bhd Tan Pow Choo @ Wong Seng Eng (EM1-CN)	1,578,200	0.949
7	Uh Yew Yong @ Ee Yew Yong	850,000	0.511
8	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Sue Khe (E-BPT/EDU)	739,640	0.444
9	Pan Sau Tan	731,800	0.440
10	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chu Chee Leong (CHU0198C)	712,300	0.428
11	Yap Fei Yun	635,360	0.382
12	Lim Fook Hin	600,000	0.360
13	Leong Yi Whye	574,800	0.345
14	Boon Kim Yu	568,500	0.341
15	Koh Peng Cheong	560,000	0.336
16	Yee Cao Hui	559,520	0.336
17	Hong Li Wood Resources Sdn. Bhd.	554,600	0.333
18	Lim Kai Kee	510,000	0.306
19	Maybank Nominees (Tempatan) Sdn Bhd Ng Kay Jeong	500,000	0.300
20	Hee Lee Ling	495,500	0.298
21	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Poet Chern	467,800	0.281
22	Maybank Nominees (Tempatan) Sdn Bhd Cheah Hon Mun	430,900	0.259
23	Lim Ge Fang	400,000	0.240
24	To Swee Kim	400,000	0.240
25	Yap Choon Wah	400,000	0.240
26	Lim Keng Kiang	386,900	0.232
27	Wong Yin Shia	380,000	0.228
28	Teu Liat Soo	368,000	0.221
29	Teu King Seng	367,800	0.221
30	Chia Huwe Kiaw	366,500	0.220
Total		133,107,800	80.041

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth 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, 13 June 2024 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 2023 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 2024 payable monthly in arrears after each month of completed service of the Directors during the subject financial year.

Ordinary Resolution 1

3. To declare a final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2023.

Ordinary Resolution 2

- 4. To re-elect the following Directors who retire in accordance with Clause 90 of the Company's Constitution:
 - i) Haji Ismail Bin Tunggak
 - ii) Kwan Chian Poh

Ordinary Resolution 3
Ordinary Resolution 4

5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 5

As Special Business

To consider and if thought fit, to pass the following resolution with or without any modifications as resolution:

6. Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 6

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant regulatory authorities (where applicable), the Directors of the Company be hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company without first offer to holders of existing issued shares of the Company, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being ("Proposed General Mandate").

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

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









- 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 Listing Requirements 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."

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016.

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Sixth Annual General Meeting, the proposed final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2023, will be paid on 20 June 2024 to depositors registered in the Record of Depositors of the Company at the close of business on 31 May 2024.

A depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 31 May 2024 in respect of ordinary transfers; or
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Sixth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 65 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 to issue a General Meeting Record of Depositors as at 6 June 2024. Only a depositor whose name appears on the Record of Depositors as at 6 June 2024 shall be entitled to attend the said meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

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 Darul Takzim

30 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- 1. Only depositors whose names appear in the Record of Depositors as at 6 June 2024 shall be regarded as members and be entitled to attend, participate, speak and vote at the Sixth Annual General Meeting.
- 2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
- 3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- 4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- 5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised. Any alterations in the Form of Proxy must be initialed by the member.
- 6. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Sixth 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).
- 7. 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, the Customer Service Centre at Unit G-3, 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 Sixth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide of Sixth Annual General Meeting.

EXPLANATORY NOTES TO THE AGENDA:-

8. Item 1 of the Agenda
Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

Item 2 of the Agenda – Ordinary Resolution 1
 Approval of Directors' fees and benefits for the financial year ending 31 December 2024

Directors' fees and benefits approved for the financial year ended 31 December 2023 was RM150,000.00. The Directors' fees and benefits proposed for the financial year ending 31 December 2024 are calculated based on the number of scheduled Board and Committee Meetings for year 2024 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.









NOTICE OF ANNUAL GENERAL MEETING

Item 6 of the Agenda – Ordinary Resolution 6 Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

- (a) The proposed Ordinary Resolution 6, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the Sixth 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 22 June 2023 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 6, 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.

11. ANNUAL REPORT

The Annual Report for the financial year ended 31 December 2023 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 issuing-new tricorglobal.com.

STATEMENT ACCOMPANYING NOTICE OF SIXTH 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 Sixth 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 10 Explanatory Notes to the Agenda for Ordinary Resolution 6 on Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.

ADMINISTRATIVE GUIDE FOR THE SIXTH ANNUAL GENERAL MEETING ("6TH AGM") OF SPRING ART HOLDINGS BERHAD

Date : Thursday, 13 June 2024

Time : 11.00 a.m.

Venue of Meeting: BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar,

Johoi

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**, **11 June 2024 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, 11 June 2024 at 11.00 a.m.** to attend and vote at the 6th AGM.

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

1. Only a depositor whose name appears on the ROD as at **6 June 2024** shall be entitled to attend, participate, speak and vote at the 6th 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, 11 June 2024 at 11.00 a.m.**
- 2. Alternatively, submit your Form of Proxy to Tricor by fax at +603-2783 9222 or e-mail to <u>is.enquiry@my.tricorglobal.com</u>. 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, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 6th AGM or any adjournment thereof, <u>otherwise the Form of Proxy shall not be treated as valid</u>.

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 Individ	1. Steps for Individual Members					
(a) Register as a User with TIIH Online	 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	 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 6th 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. 					
2. Steps for Corpo	2. Steps for Corporation or Institutional Members					
(c) Register as a User with TIIH Online website	 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". 					









ADMINISTRATIVE GUIDE FOR THE SIXTH ANNUAL GENERAL MEETING ("6TH AGM") OF SPRING ART HOLDINGS BERHAD

Procedure	Action
	 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.
	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.
(d) Proceed with submission of Form of	 Login to TIIH Online website at https://tiih.online. Select the corporate exercise name: "SPRING ART HOLDINGS BERHAD 6th AGM – Submission of Form of Proxy".
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 proxies 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 6th 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 6th 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 6th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

6. ANNUAL REPORT 2023

- 1. The Company's Annual Report 2023 is available at the Company's website at www.springart.com.
- Should you require a printed copy of the Annual Report 2023, 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.

7. **REGISTRATION**

- 1. The registration will commence at 10.00 a.m. on Thursday, 13 June 2024 and will remain open until the conclusion of the 6th 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.

ADMINISTRATIVE GUIDE FOR THE SIXTH ANNUAL GENERAL MEETING ("6TH AGM") OF SPRING ART HOLDINGS BERHAD

8. RECORDING OR PHOTOGRAPHY

1. Strictly NO unauthorised recording or photography of the proceedings of the 6th 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 : <u>is.enquiry@my.tricorglobal.com</u>

Contact Person : Mohamad Khairudin

Tel: +603-2783 7973 Email: Mohamad.Khairudin@my.tricorglobal.com



FORM OF PROXY

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		
	(ful	l address)	
	being a *Member/Mem	bers of Spri	ng Art Holdings
Berhad ("Company"), hereby appoint		*NRIC No	o./Passport No.
of			
	(full address)		
*and/or	*NRICNo./PassportNo		
of			
	(full address) ng as *my/our proxy to vote for *me/us and on		
	e held at BEI BOUTIQUE HOTEL, Centro Meeti sday, 13 June 2024 at 11.00 a.m. and at any a		
No. Ordinary Resolution		For	Against
1 Approval of Directors' fees and benefits	for the financial year ending 31 December 2024		
Declaration of a final single-tier dividence financial year ended 31 December 2023	d of 0.5 sen per ordinary share in respect of the		
3 Re-election of Haji Ismail Bin Tunggak a	s Director		
4 Re-election of Kwan Chian Poh as Direction	etor		
5 Re-appointment of Messrs Crowe Malay	ysia PLT as Auditors		
6 Renewal of authority for Directors to allo 76 of the Companies Act 2016	t and issue shares pursuant to Sections 75 and		
In the absence of specific instructions, your p	ided whether you wish your votes to be cast for roxy will vote or abstain as he/she thinks fit] of shareholdings to be represented by the proxie		the resolutions.
Proxy No of Shares	Percentage		
1			
2			
Total	100%		
Dated thisday of			

Notes

- Only depositors whose names appear in the Record of Depositors as at 6 June 2024 shall be regarded as members and be entitled to attend, participate, speak and vote at the Sixth Annual General Meeting.
- A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
- 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.
- 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 Sixth 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).
- 7. 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, the Customer Service Centre at Unit G-3, 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 Sixth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide of Sixth Annual General Meeting.

Signature of Shareholder or Common Seal

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 Sixth Annual General Meeting and any adjournment thereof.



Affix Stamp

The Share Registrar TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.

Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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SPRING ART HOLDINGS BERHAD
REGISTRATION NO.: 201801016143 (1278159-A)
(Incorporated in Malaysia under the Companies Act 2016)

Lot PLO 49, Jalan Rami 4, Kawasan Perindustrian Bukit Pasir, 84300 Bukit Pasir, Muar, Johor, Malaysia.

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