CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

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

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

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

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1. Roles and Responsibilities of the Board

a. Board Charter and Board Committees

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

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

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

During the financial year, the respective committees have carried out their duties and activities as 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 key management team. The Board nevertheless reserves the decision-making authority on significant matters of the Group as encapsulated in the Board Charter. The Board Charter serves as an authoritative document that governs the conduct of the Board, Board Committees and individual Directors.

The Board reviews and updates its Charter and the respective committees' Terms of References from time to time as to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives.

b. Meeting Convened and Company Secretaries

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

The Board ordinarily schedules five (5) meetings in a year. Board and Board Committee meetings are scheduled well in advance. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretary, where applicable.

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

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

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

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

^ *Chairman/Chairperson of the Board or Board Committee*

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

c. Uphold Integrity in Financial Reporting

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

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

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

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

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

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

The Code of Conducts and Anti-Bribery and Corruption Policy are available on the Company's website at www.springart.com.

e. Whistleblowing Policy and Procedures

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

f. Access to Information and Advice

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

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

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

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

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

2. Board Composition

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3. NC

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

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

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

a. Appointment and Re-Election of Directors

The NC is guided by the Terms of Reference in carrying out its responsibilities in respect of the nomination, selection and appointment process, which also provides the requirements under the relevant laws and regulations on the matter.

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

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

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

b. Annual Assessment

The NC carried out the annual assessment exercise on performance and effectiveness of the Board and the Board Committees annually. The Company Secretaries will facilitate the NC in carrying out the annual assessment exercise. The Board's effectiveness is assessed in the following key areas of composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, performance as well as the application of good governance principles to create sustainable shareholders' value. The Board, through the Questionnaires and recommendation from the NC, will examine the Board Committees, including their respective Chairman, to ascertain whether their functions and duties are effectively discharged in accordance with their respective Terms of Reference.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3. NC (Cont'd)

b. Annual Assessment (Cont'd)

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

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

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

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

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

c. Gender Diversity Policy

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

d. Policy of Independent Director's Tenure

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

e. Diverse Board and Senior Management Team

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3. NC (Cont'd)

f. Directors' Training – Continuing Education Programme

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

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

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

Name	Training Programmes	Date
Haji Ismail Bin Tunggak	- Enhancing Sustainability Readiness for ACE Market - AOB Conversation with Audit Committee	3 November 2025 25 November 2025
Datuk Lim Kok Eng	- Enhancing Sustainability Readiness for ACE Market - CSI Platform Onboarding Session	3 November 2025 19 December 2025
Datin Kwan Chian Poh	- Enhancing Sustainability Readiness for ACE Market	3 November 2025
Law Sang Thiam	- Latest Tax Implications on Digital Transactions in Malaysia - MFRS Updates You Need to Know - Navigating Stamp Duty Shift: Focus on Employment, Services & Rental Contracts - Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026) - Accounting for Substantial Investment Interests and Business Combinations under MPERS - Updated for ED 80 MPERS and IFRS for SMEs 3rd Edition - Practical Guide in Applying ISA540 Auditing Accounting Estimates and Related Disclosures to Recognise Revenue under MFRS 15 Revenue from Contracts with Customers - 2026 Budget Seminar	10 July 2025 14 August 2025 10 September 2025 14 October 2025 24 October 2025 27 October 2025 19 November 2025
Tan Meng Loon	- Enhancing Sustainability Readiness for ACE Market - AOB Conversation with Audit Committee	3 November 2025 25 November 2025

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

4. RC

The RC was established by the Board on 20 November 2018 to assist the Board in the adoption of fair remuneration practices to attract, retain and motivate Executive Directors. The RC composition is in line with Guidance 7.2 of 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

4. RC (Cont'd)

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

In 2025 the Board approved the RC's recommendation on remuneration of the ED and MD, remuneration of the Non-Executive Directors, and Directors' fees for FYE 2025 for the approval of the shareholders at the Company's Seventh Annual General Meeting. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board. Disclosure of each Director's remuneration, including that of the MD and ED, is set out in the Financial Statements of this Annual Report.

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

4. RC (Cont'd)

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

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

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

1. ARMC and External Audit

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

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

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

2. Risk Management and Internal Control Framework

a. Sound framework to manage risks

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

b. Implementation of mitigating measures

The responsibilities of identifying and managing risks are delegated to the Head of Department. The ARMC is responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level. The ARMC will assist the Board in implementing and overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.

c. Internal audit function

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

d. Competency of Internal Auditors

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – COMMUNICATION WITH STAKEHOLDERS

1. Continuous Communication between Company and Stakeholders

a. Effective, transparent and regular communication with its stakeholders

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

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

b. Integrated reporting

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

PART II – CONDUCT OF GENERAL MEETINGS

2. Strengthen Relationship Between the Company and Shareholders

a. Encourage shareholder participation at general meetings

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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

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

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

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

b. Effective communication and proactive engagements

All the Directors shall endeavor to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company at the AGM.

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

c. Facilitate greater shareholder participation at general meetings

Under Rule 8.31A(1) of the AMLR of Bursa Securities, a PLC must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the Poll Administrator and an independent scrutineer will be appointed to validate the votes cast at the forthcoming AGM.

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

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

COMPLIANCE STATEMENT

The Board shall continue to strive for highest possible standards of corporate governance throughout the Group. The Board considers and is satisfied that save and except for Practices 1.4, 4.5, 5.9, 5.10, 8.2 & 8.3 of 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 2025.

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

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

1. ARMC Members

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

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

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

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

2. Composition Compliance

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

At least one (1) member of the Committee:
- Must be a member of the Malaysian Institute of Accountants; or

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

2. Composition Compliance (Cont'd)

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

3. Authority

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

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

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

4. Number of Meetings Held and Details of Attendance

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

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

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

Name	Designation	Attendance	Percentage (%)
Law Sang Thiam	Chairman	4/5	80
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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

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

Attendance at Meetings (Cont'd)

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

5. Duties and Responsibilities of ARMC

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

- Review and assess the adequacy and effectiveness of the system of internal control and accounting control procedures by reviewing the External Auditors' management letters and management response.
- Consider the nomination and appointment of External Auditors, their terms of appointment and reference, the audit fees, any questions of resignation or dismissal and other related matters.
- Review the adequacy of the scope, functions, competency, resources of the internal audit functions and that it has the necessary authority to carry out its work.
- Review the quarterly results and year-end financial statements prior the Board's approval, focusing particularly on:
  - any changes in or implementation of major accounting policies and practices.
  - significant adjustments and unusual events arising from the audit.
  - 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 Whistleblowing Policy and Procedures from time to time and significant changes to risk management policies and strategies.

SUMMARY OF ACTIVITIES AND WORK OF ARMC

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

- Reviewed and discussed the memorandum of matters and issues raised by the External Auditors and management's response to all pertinent issues and findings raised and noted by the External Auditors during their audit of the financial statements, together with recommendations in respect of their findings.
- Reviewed the audit planning memorandum prepared by the External Auditors covering audit objectives and approach, audit plan, key audit area and relevant technical pronouncements and accounting standards.
- Reviewed the interim unaudited and annual audited financial statements of the Group prior to recommending for approval by the Board.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

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

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

- Reviewed, monitored and reported any conflict of interest ("COI") situations that involve directors and key senior management within the Group included those COI situations that arose, persist or may arise and the measures taken to resolve, eliminate or mitigate such COI situations. During the financial year, there were no COI situations that involved directors and key management within the Group.
- Reviewed and discussed the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the annual report.
- Reviewed internal audit's resource requirements, scope, adequacy and function.
- Reviewed the internal audit's plan and programs, Internal Audit reports, recommendations and Management responses. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the Internal Auditors were discussed together with the Management Team in a separate forum as well as review of implementation of these recommendations through follow up audit reports.
- Briefed the Board on any major issues discussed at the ARMC meeting for further deliberation or decision as the case may be.
- Reviewed the related parties' transactions that arose within the Company or the Group.
- Considered the nomination of External Auditors for recommendation to the Board for re-appointment.
- Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the MCCG.
- Reviewed and approved the Whistleblowing Policy and Procedures and the risk management framework from time to time and significant changes to risk management policies and strategies.
- Suggested on additional improvement opportunities in the areas of internal control, systems and efficiency improvement.
- Reviewed the unaudited financial results announcements before recommending them for Board's approval, focusing particularly on:
  - o any change in accounting policies and practices.
  - o significant adjustments arising from the audit.
  - o the going concern assumption.
  - o compliance with applicable financial reporting standards and other legal requirements.

SUMMARY OF THE WORK OF INTERNAL AUDITORS

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

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

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

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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD'S RESPONSIBILITY

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

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

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

RISK MANAGEMENT FRAMEWORK

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

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

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

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

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

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

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

SYSTEM OF INTERNAL CONTROL

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

Salient features of the framework of the system of internal control are as follows:
- Operating procedures that set out the policies, procedures and practices adopted by the Group are properly documented and communicated to staff members so as to ensure clear accountabilities. The effectiveness of internal control procedures is subject to continuous assessments, reviews and improvements.
- The organisational structure is well defined; with a clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated.
- The Board meets regularly and is kept updated on the Group's activities and operations and significant changes in the business and external environment, if any, which may result in significant risks.
- Financial results are reviewed quarterly by the Board and the ARMC.
- EDs and HOD meet regularly to discuss operational, corporate, financial and key management issues.
- An effective reporting system, which provides for a documented and auditable trail of accountability to ensure timely generation of information for management review, has been put in place.
- There are guidelines within the Group for hiring and termination of staff. Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development are provided for selected employees to enhance their competency in carrying out their responsibilities.
- A formal staff appraisal to evaluate and measure staff's performance and its competency is performed at least once a year.

INTERNAL AUDIT FUNCTION

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

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

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

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

INTERNAL AUDIT FUNCTION (Cont'd)

The Internal Auditors adopt a risk-based approach by focusing on:
- reviewing identified high risks areas for compliance with control policies and procedures; identifying business risks which have not been appropriately addressed; and
- evaluating the adequacy and effectiveness of controls.

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

The Internal Auditors have documented key findings from the internal audit carried out. They have discussed with key personnel on the recommendation for internal control improvement and provided the ARMC with independent and objective reports on the state of the internal control and recommendations for improvements of the various operating units within the Group. The internal audits carried out have not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system. Audit issues and actions taken by Management to address the issues tabled by Internal Auditors were deliberated during the ARMC meetings. Minutes of the ARMC meetings which recorded these deliberations were presented to the Board. The expenditure incurred for the internal audit function for the current financial year was RM36,000.

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

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

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

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

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the external auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 (Revised) issued by the Malaysian Institute of Accountants for inclusion in this Annual Report. AAPG 3 (Revised) does not require external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Section 7 of the Statement on Risk Management and Internal Control (SORMIC): Guidelines for Directors of Listed Companies (2025), nor is the Statement factually inaccurate.

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

CONCLUSION

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

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

Recurrent Related Party Transactions

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

Disclosure of Financial Data for Shariah Screening

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

(a) Group Total Income and Total Assets

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

(b) Component of Financial Position

(i) Cash Component

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

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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

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

(i) Cash Component (Cont'd)

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

(ii) Debt Component

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

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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

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

(ii) Debt Component (Cont'd)

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

Audit and Non-Audit Fees

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

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

Variation in Results

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

Material Contracts

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of Spring Art Holdings Berhad are required to prepare the financial statements which give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of the results and cash flows of the Group and of the Company for the financial year then ended, in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the provisions of the Companies Act 2016 (the "Act") in Malaysia.

In preparing the financial statements the Directors have,

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to 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

for the financial year ended 31 December 2025

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

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

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

DIVIDENDS

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

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT (CONT'D)

WARRANTS

Warrants 2021/2025

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

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

(a) The Warrants are constituted by a Deed Poll executed on 8 February 2021.

(b) The Warrants are traded separately.

(c) The Warrants can be exercised at any time within a period of four (4) years commencing from and including the date of issue, 25 February 2021 to 24 February 2025 ("Exercise Period"). Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.

(d) Each Warrants entitles the holder of the Warrants to subscribe for one (1) new ordinary share in the Company.

(e) The exercise price and the number of Warrants shall be adjusted in the event of alteration to the share capital of the Company, in accordance with the provisions of the Deed Poll.

(f) The holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such holders exercise their Warrants into new ordinary shares.

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

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

DIRECTORS' REPORT (CONT'D)

CURRENT ASSETS (CONT'D)

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:

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

* Directors of the Company and the subsidiaries.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over unissued shares of the Company and its related corporations during the financial year are as follows:

The Company

		Number of Ordinary Shares			
		At 01.01.2025	**Bought**	**Sold**	**At 31.12.2025**
Datuk Lim Kok Eng	- Direct interest	238,425,540	-	-	238,425,540
	- Indirect interest (1)	58,196,160	-	-	58,196,160
Datin Kwan Chian Poh	- Direct interest	58,196,160	-	-	58,196,160
	- Indirect interest (1)	238,425,540	-	-	238,425,540
Law Sang Thiam	- Direct interest	300,000	-	-	300,000
Tan Meng Loon	- Direct interest	300,000	-	-	300,000
Haji Ismail Bin Tunggak	- Direct interest	150,000	-	-	150,000

Warrants 2021/2025

		Number of Warrants			
		At 01.01.2025	**Exercised**	**Lapsed**	**At 31.12.2025**
Datuk Lim Kok Eng	- Direct interest	38,393,216	-	(38,393,216)	-
	- Indirect interest (1)	23,278,464	-	(23,278,464)	-
Datin Kwan Chian Poh	- Direct interest	23,278,464	-	(23,278,464)	-
	- Indirect interest (1)	38,393,216	-	(38,393,216)	-
Law Sang Thiam	- Direct interest	120,000	-	(120,000)	-
Tan Meng Loon	- Direct interest	120,000	-	(120,000)	-
Haji Ismail Bin Tunggak	- Direct interest	60,000	-	(60,000)	-

Notes:
(1) Deemed interested through spouse's shareholding in the Company.

By virtue of their shareholdings in the Company, Datuk Lim Kok Eng and Datin Kwan Chian Poh are deemed to have interests in shares in all the subsidiaries during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest expect for any benefits may be deemed to arise from the following transactions:

	The Group
	RM
Company controlled by directors	
- Lease payment	353,280

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS (Cont'd)

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

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

	The Group RM	The Company RM
Fees	124,800	124,800
Salaries, bonuses and other benefits	983,385	5,600
Contributions to defined contribution plan	195,000	-
	1,303,185	130,400
Estimated monetary value of benefits-in-kind	15,500	-

INDEMNITY AND INSURANCE COSTS

During the financial year, the amount of insurance effected for the directors and officers of the Company and its subsidiaries was RM 3,000,000.

No indemnity was given to or insurance effected for the auditors of the Company.

SUBSIDIARIES

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

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

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

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:

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

Signed in accordance with a resolution of the directors dated 14 April 2026

Datuk Lim Kok Eng

Datin Kwan Chian Poh

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

We, Datuk Lim Kok Eng and Datin Kwan Chian Poh, being two of the directors of Spring Art Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 105 to159 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 14 April 2026

Datuk Lim Kok Eng **Datin Kwan Chian Poh**

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

I, Goh Chia Wei, MIA Membership Number: 42614, being the officer primarily responsible for the financial management of Spring Art Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 105 to 159 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Goh Chia Wei at Muar in the State of Johor Darul Takzim
on this 14 April 2026

Goh Chia Wei

Before me

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SPRING ART HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Spring Art Holdings Berhad, which comprise the statements of financial position of the Group and the Company as at 31 December 2025, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 105 to 159.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matters (Cont'd)

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

Carrying value 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 RM 9,586,039 as at 31 December 2025. We have considered carrying values of inventories as a key area for our audit as management periodically reviews the inventories for potential write-downs by considering their ageing profile, estimation of market price fluctuation and net realisable value. These reviews involve judgements and estimation uncertainty in forming expectations about future compensations, sales and demands.	Our procedures included, among others: • Comparing the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down. • Performing ageing test on the inventories and reviewing the impairment for slow-moving inventories, where applicable. • Performing inventory observation to access the existence and condition of inventories.

There are no key audit matters to report for the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Seah Shirley
03708/01/2027 J
Chartered Accountant

Muar, Johor Darul Takzim

Date: 14 April 2026

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

		The Group		The Company	
		2025	**2024**	**2025**	**2024**
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	64,655,624	68,185,397	-	-
Right-of-use assets	6	10,779,364	11,391,878	-	-
Investment in subsidiaries	7	-	-	53,299,980	53,299,980
		75,434,988	79,577,275	53,299,980	53,299,980
CURRENT ASSETS					
Inventories	8	9,586,039	11,301,415	-	-
Trade and other receivables	9	8,395,653	3,218,597	15,020	1,000
Short-term investments	10	870,594	3,007,491	870,594	-
Dividend receivable		-	-	258,000	3,010,000
Current tax assets		1,183,519	1,157,365	2,186	21,068
Derivative assets	11	49,235	1,170	-	-
Deposits, bank and cash balances	12	15,219,471	18,985,031	92,806	1,232,971
		35,304,511	37,671,069	1,238,606	4,265,039
TOTAL ASSETS		110,739,499	117,248,344	54,538,586	57,565,019
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	54,755,173	54,755,173	54,755,173	54,755,173
Merger deficit	14	(31,299,980)	(31,299,980)	-	-
Reserves	15	66,611,851	70,311,171	(251,534)	2,779,846
TOTAL EQUITY		90,067,044	93,766,364	54,503,639	57,535,019
NON-CURRENT LIABILITIES					
Lease liability	16	581,646	902,025	-	-
Loans and borrowings	17	12,267,277	14,933,383	-	-
Deferred tax liabilities	18	1,886,000	1,536,000	-	-
		14,734,923	17,371,408	-	-
CURRENT LIABILITIES					
Trade and other payables	19	3,831,577	3,890,854	34,947	30,000
Lease liability	16	320,379	306,766	-	-
Loans and borrowings	17	1,785,576	1,851,182	-	-
Derivative liabilities	11	-	61,770	-	-
		5,937,532	6,110,572	34,947	30,000
TOTAL LIABILITIES		20,672,455	23,481,980	34,947	30,000
TOTAL EQUITY AND LIABILITIES		110,739,499	117,248,344	54,538,586	57,565,019

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		The Group		The Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
REVENUE	20	46,314,893	49,571,721	258,000	3,010,000
COST OF SALES		(37,564,276)	(35,855,072)	-	-
GROSS PROFIT		8,750,617	13,716,649	258,000	3,010,000
OTHER INCOME		547,187	1,095,316	37,189	32,175
SELLING EXPENSES		(3,250,423)	(1,452,896)	-	-
ADMINISTRATIVE EXPENSES		(4,948,101)	(5,383,032)	(409,785)	(375,803)
OTHER EXPENSES		(715,312)	(639,545)	-	-
FINANCE COSTS	22	(699,740)	(617,311)	-	-
(LOSS)/PROFIT BEFORE TAX	23	(315,772)	6,719,181	(114,596)	2,666,372
TAX (EXPENSE)/CREDIT	24	(473,708)	2,521,118	(6,944)	(2,492)
(LOSS)/PROFIT AFTER TAX AND TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(789,480)	9,240,299	(121,540)	2,663,880
(LOSS)/EARNINGS PER SHARE (SEN)	25				
Basic		(0.19)	2.22		
Diluted		(0.19)	2.22		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

			Non-distributable		Distributable	
	Note	Share capital RM	Merger deficit RM	Revaluation reserve RM	Retained profits RM	Total equity RM
The Group						
Balance at 1 January 2024		54,754,613	(31,299,980)	10,724,375	52,424,954	86,603,962
Profit after tax and total comprehensive income for the financial year		-	-	-	9,240,299	9,240,299
Issuance of shares upon warrants exercised		560	-	-	-	560
Dividends	26	-	-	-	(2,078,457)	(2,078,457)
Total contributions by and distributions to owners		560	-	-	(2,078,457)	(2,077,897)
Amortisation of revaluation reserve		-	-	(259,732)	259,732	-
Balance at 31 December 2024		54,755,173	(31,299,980)	10,464,643	59,846,528	93,766,364
Balance at 1 January 2025		54,755,173	(31,299,980)	10,464,643	59,846,528	93,766,364
Loss after tax and total comprehensive expenses for the financial year		-	-	-	(789,480)	(789,480)
Dividends	26	-	-	-	(2,909,840)	(2,909,840)
Amortisation of revaluation reserve		-	-	(259,732)	259,732	-
Balance at 31 December 2025		54,755,173	(31,299,980)	10,204,911	56,406,940	90,067,044

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

	Note	Share capital RM	Distributable Retained profits/ (Accumulated losses) RM	Total equity RM
The Company				
Balance at 1 January 2024		54,754,613	2,194,423	56,949,036
Profit after tax and total comprehensive income for the financial year		-	2,663,880	2,663,880
Issuance of shares upon warrants exercised		560	-	560
Dividends	26	-	(2,078,457)	(2,078,457)
Total contributions by and distributions to owners		560	(2,078,457)	(2,077,897)
Balance at 31 December 2024/1 January 2025		54,755,173	2,779,846	57,535,019
Loss after tax and total comprehensive expenses for the financial year		-	(121,540)	(121,540)
Dividends	26	-	(2,909,840)	(2,909,840)
Balance at 31 December 2025		54,755,173	(251,534)	54,503,639

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	The Group		The Company	
		2025	2024	2025	2024
		RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
(Loss)/Profit before tax		(315,772)	6,719,181	(114,596)	2,666,372
Adjustments for:					
Depreciation of property, plant and equipment		4,494,548	2,481,657	-	-
Depreciation of right-of-use assets		612,514	418,158	-	-
Dividend income		(115,426)	(54,922)	(278,594)	(3,010,000)
Fair value (gain)/loss on derivatives		(109,835)	67,165	-	-
Gain on disposal of property, plant and equipment		-	(120,463)	-	-
Gain on disposal of short-term investments		(4,814)	-	(4,814)	-
Inventories written down		307,749	41,296	-	-
Unrealised loss/(gain) on foreign exchange		135,121	(353,977)	-	-
Interest expenses		699,740	617,311	-	-
Interest income		(303,889)	(523,363)	(11,781)	(32,175)
Operating profit/(loss) before working capital changes		5,399,936	9,292,043	(409,785)	(375,803)
Inventories		1,407,627	(3,296,153)	-	-
Trade and other receivables		(5,174,800)	8,976,217	(14,020)	-
Trade and other payables		22,208	(3,484,702)	4,947	-
CASH FROM/(FOR) OPERATIONS		1,654,971	11,487,405	(418,858)	(375,803)
Interest paid		(699,740)	(617,311)	-	-
Interest received		303,889	523,363	11,781	32,175
Tax paid		(238,337)	(1,639,502)	(4,070)	(5,060)
Tax refund		88,475	12,000	16,008	12,000
NET CASH FROM/(FOR) OPERATING ACTIVITIES		1,109,258	9,765,955	(395,139)	(336,688)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

	Note	The Group 2025 RM	The Group 2024 RM	The Company 2025 RM	The Company 2024 RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Additions to fixed deposits with tenure more than 3 months		-	(1,491,000)	-	-
Dividend received		94,832	54,922	3,010,000	2,580,000
Proceeds from disposal of property, plant and equipment		-	129,298	-	-
Proceeds from disposal of short-term investments		14,207,137	3,130,795	3,104,814	-
Purchase of property, plant and equipment	5(f)	(1,135,052)	(1,789,171)	-	-
Purchase of short-term investments		(12,044,832)	(3,054,922)	(3,950,000)	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		1,122,085	(3,020,078)	2,164,814	2,580,000
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid		(2,909,840)	(2,078,457)	(2,909,840)	(2,078,457)
Proceeds from term loans		3,000,000	61,887	-	-
Proceeds from issuance of shares upon warrants exercised		-	560	-	560
Repayment of hire purchase payable		(524,459)	-	-	-
Repayment of lease liability		(306,766)	(123,939)	-	-
Repayment of term loans		(5,207,253)	(1,306,875)	-	-
Withdrawal of/(Additions to) pledged fixed deposit		185,987	(5,339)	-	-
NET CASH FOR FINANCING ACTIVITIES		(5,762,331)	(3,452,163)	(2,909,840)	(2,077,897)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,530,988)	3,293,714	(1,140,165)	165,415
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(48,585)	45,537	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		15,798,044	12,458,793	1,232,971	1,067,556
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(c)	12,218,471	15,798,044	92,806	1,232,971

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:

Registered office	:	No. 7 (1st Floor), Jalan Pesta 1/1 Taman Tun Dr. Ismail 1 Jalan Bakri 84000 Muar Johor Darul Takzim
Principal place of business	:	Lot PLO 49 Jalan Rami 4 Kawasan Perindustrian Bukit Pasir 84300 Bukit Pasir, Muar Johor Darul Takzim

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as “the Group”.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 14 April 2026.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (including the Consequential Amendments)

Amendments to MFRS 121: Lack of Exchangeability

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:

<u>MFRS 18 Presentation and Disclosure in Financial Statements</u>

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and of the Company has yet to be assessed.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Critical accounting estimates and judgements

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 Critical accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(a) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors that could change significantly due to technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in expected usage levels and technological development could affect the economic useful lives and the residual values of these assets, therefore future depreciation charges may be revised.

(b) Property, plant and equipment under revaluation

Certain properties of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby locations and where necessary, adjusting for tenure, location, size and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations.

(c) Write-down of inventories

Management periodically reviews damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(d) Impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts them for qualitative and quantitative, reasonable and supportable, forward-looking information, where applicable. If the expectation is different from the estimation, such a difference will impact the carrying value of trade receivables.

(e) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

(f) Discount rates used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 Critical accounting estimates and judgements (cont'd)

Critical judgements made in applying accounting policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than disclosed below:

Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances, including past practice and any cost that will be incurred to change the asset if an option to extend is not exercised. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4.2 Financial instruments

(a) Financial assets

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to initial recognition, the financial assets are remeasured to their fair value at the reporting date with any fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without a significant financing component which are measured at the transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial liabilities

Financial liabilities through profit or loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 Financial instruments (cont'd)

(d) Derivatives

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

(e) Financial guarantee contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

4.3 Basis of consolidation

The Group applies the acquisition method of accounting for all business combinations except for those involving entities under common control which are accounted for by applying the merger method of accounting.

Under the merger method of accounting, the assets and liabilities of the merger entities are reflected in the financial statements of the Group at their carrying amounts reported in the individual financial statements. The consolidated statement of profit or loss and other comprehensive income reflects the results of the merger entities for the full reporting period (irrespective of 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 financial statements of the Company at cost less impairment losses, if any.

4.5 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land and factory buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and factory buildings are stated at revalued amounts based on periodic valuations, at least once in every three or five years, less subsequent depreciation for the factory buildings. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss. The Group makes an annual transfer of the revaluation reserve to retained profits at an amount equal to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost, net of tax.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.5 Property, plant and equipment (cont'd)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:

Factory buildings	2%
Electrical installation, plant and machinery	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	20%

Capital work-in-progress represents office under renovation and ERP system under development. They are not depreciated until such time when the asset is available for use.

4.6 Right-of-use assets and lease liability

(a) Right-of-use assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets, other than leasehold land and leasehold factory building, are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

Leasehold land and leasehold factory building are stated at revalued amounts based on periodic valuations, at least once in every three or five years, less subsequent depreciation. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss. The Group makes an annual transfer of the revaluation reserve to retained profits at an amount equal to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost, net of tax.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(b) Lease liability

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entity's incremental borrowing rate. Subsequent to initial recognition, lease liability is measured at amortised cost and is adjusted for any lease reassessment or modifications.

4.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out or weighted average cost method, where applicable, and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

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 cost/valuation							
At 1 January 2025	20,068,601	21,497,258	43,787,803	1,770,576	1,761,752	880,034	89,766,024
Additions	-	268,727	397,147	78,550	-	220,351	964,775
Disposals	-	-	(190,021)	-	-	-	(190,021)
Reclassification	-	-	150,920	-	-	(150,920)	-
At 31 December 2025	20,068,601	21,765,985	44,145,849	1,849,126	1,761,752	949,465	90,540,778
Representing							
At valuation	20,065,361	10,049,991	-	-	-	-	30,115,352
At cost	3,240	11,715,994	44,145,849	1,849,126	1,761,752	949,465	60,425,426
	20,068,601	21,765,985	44,145,849	1,849,126	1,761,752	949,465	90,540,778

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

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

	Freehold land RM	Factory buildings RM	Electrical installation, plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Less : Accumulated depreciation							
At 1 January 2025	-	911,175	18,520,746	1,118,013	1,030,693	-	21,580,627
Charge for the financial year	-	449,702	3,581,312	199,761	263,773	-	4,494,548
Write off	-	-	(190,021)	-	-	-	(190,021)
At 31 December 2025	-	1,360,877	21,912,037	1,317,774	1,294,466	-	25,885,154
Representing							
At valuation	-	1,073,473	-	-	-	-	1,073,473
At cost	-	287,404	21,912,037	1,317,774	1,294,466	-	24,811,681
	-	1,360,877	21,912,037	1,317,774	1,294,466	-	25,885,154
Carrying amount							
At 31 December 2025	20,068,601	20,405,108	22,233,812	531,352	467,286	949,465	64,655,624
Representing							
At valuation	20,065,361	8,976,518	-	-	-	-	29,041,879
At cost	3,240	11,428,590	22,233,812	531,352	467,286	949,465	35,613,745
	20,068,601	20,405,108	22,233,812	531,352	467,286	949,465	64,655,624

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

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

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 cost/valuation							
At 1 January 2024	20,065,361	10,022,191	21,497,654	1,442,401	1,374,054	32,692,349	87,094,010
Additions	3,240	342,763	2,237,228	328,175	699,021	1,054,698	4,665,125
Disposals	-	-	(278,026)	-	(311,323)	-	(589,349)
Write off	-	-	(1,403,762)	-	-	-	(1,403,762)
Reclassification	-	11,132,304	21,734,709	-	-	(32,867,013)	-
At 31 December 2024	20,068,601	21,497,258	43,787,803	1,770,576	1,761,752	880,034	89,766,024
Representing							
At valuation	20,065,361	10,022,191	-	-	-	-	30,087,552
At cost	3,240	11,475,067	43,787,803	1,770,576	1,761,752	880,034	59,678,472
	20,068,601	21,497,258	43,787,803	1,770,576	1,761,752	880,034	89,766,024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

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

	Freehold land RM	Factory buildings RM	Electrical installation, plant and machinery RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Less : Accumulated depreciation							
At 1 January 2024	-	636,781	18,391,868	953,684	1,100,913	-	21,083,246
Charge for the financial year	-	274,394	1,802,799	164,329	240,135	-	2,481,657
Disposals	-	-	(270,159)	-	(310,355)	-	(580,514)
Write off	-	-	(1,403,762)	-	-	-	(1,403,762)
At 31 December 2024	-	911,175	18,520,746	1,118,013	1,030,693	-	21,580,627
Representing							
At valuation	-	855,028	-	-	-	-	855,028
At cost	-	56,147	18,520,746	1,118,013	1,030,693	-	20,725,599
	-	911,175	18,520,746	1,118,013	1,030,693	-	21,580,627
Carrying amount							
At 31 December 2024	20,068,601	20,586,083	25,267,057	652,563	731,059	880,034	68,185,397
Representing							
At valuation	20,065,361	9,167,163	-	-	-	-	29,232,524
At cost	3,240	11,418,920	25,267,057	652,563	731,059	880,034	38,952,873
	20,068,601	20,586,083	25,267,057	652,563	731,059	880,034	68,185,397

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

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

(a) The following property, plant and equipment have been pledged to licensed banks as security for banking facilities granted to the Group (Note 17(a)):

	The Group	
	2025	**2024**
	RM	RM
Carrying amount		
Freehold land	10,251,000	17,763,601
Factory buildings	20,405,108	20,586,083
	30,656,108	38,349,684

(b) Included in the property, plant and equipment of the Group was plant and machinery held under hire purchase arrangement with a total carrying amount of RM 3,471,501 (2024 : RM 3,864,501). This asset has been pledged as security for the hire purchase payable of the Group (Note 17(a)).

(c) The Group's freehold land and factory buildings were last revalued by independent professional valuers in September and December 2023. The surpluses arising from revaluations, net of deferred tax, had been credited to other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reversed a revaluation deficit of the same asset previously recognised in profit or loss, if any.

(d) Fair value measurements of the freehold land and factory buildings were categorised under Level 2.

Level 2 fair values of freehold land have been generally derived using the comparison method approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. Level 2 fair values of factory buildings have been generally derived using the depreciated replacement cost approach. The most significant input into this valuation approach is the adjustment for factors such as physical deterioration, functional and economic obsolescence.

There were no transfers between levels 1 and 2 during the financial year.

The fair value measurements of the freehold land and factory buildings are based on the highest and best use which does not differ from their actual use.

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

	The Group	
	2025	**2024**
	RM	RM
Freehold land	18,119,544	18,119,544
Factory buildings	3,889,187	3,963,096
	22,008,731	22,082,640

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

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

(f) The cash disbursed for the purchase of property, plant and equipment is as follows:

	The Group	
	2025 RM	**2024** RM
Cost of property, plant and equipment purchased	964,775	4,665,125
Acquired through hire purchase arrangement	-	(3,000,000)
Deposits included under other receivables (Note 9(b))	153,677	50,354
Deposits made in previous financial year	(50,354)	(134,270)
Unpaid balances included under sundry payables (Note 19(b))	-	(66,954)
Cash disbursed in respect of purchase in previous financial year	66,954	274,916
Cash disbursed for purchase of property, plant and equipment	1,135,052	1,789,171

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

6. RIGHT-OF-USE ASSETS

The Group	Leasehold land RM	Leasehold factory building RM	Factory building RM	Total RM
At cost/valuation				
Carrying amount				
At 1 January 2025	2,899,241	7,298,733	1,193,904	11,391,878
Depreciation charges	(83,959)	(195,373)	(333,182)	(612,514)
At 31 December 2025	2,815,282	7,103,360	860,722	10,779,364
Representing				
At valuation	2,815,282	7,103,360	-	9,918,642
At cost	-	-	860,722	860,722
	2,815,282	7,103,360	860,722	10,779,364

The Group	Leasehold land RM	Leasehold factory building RM	Factory building RM	Total RM
At cost/valuation				
Carrying amount				
At 1 January 2024	2,983,200	7,494,106	-	10,477,306
Addition	-	-	1,332,730	1,332,730
Depreciation charges	(83,959)	(195,373)	(138,826)	(418,158)
At 31 December 2024	2,899,241	7,298,733	1,193,904	11,391,878
Representing				
At valuation	2,899,241	7,298,733	-	10,197,974
At cost	-	-	1,193,904	1,193,904
	2,899,241	7,298,733	1,193,904	11,391,878

(a) The Group leases a piece of leasehold land and a factory building of which the leasing activities are summarised below:

(i) Leasehold land

The Group has entered into a non-cancellable operating lease agreement for the use of land. The lease is for a period of 60 (2024 : 60) years with no renewal or purchase option included in the agreement.

(ii) Factory building

The Group has leased a factory building that runs for 3 (2024 : 3) years, with an option to renew the lease after that date.

(b) The leasehold land and leasehold factory building of the Group with carrying amount of RM 9,918,642 (2024 : RM 10,197,974) have been pledged to a licensed bank as security for banking facilities granted to the Group (Note 17(a)).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

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

(c) The Group's leasehold land and leasehold factory building were last revalued by independent professional valuers in December 2023. The surplus arising from the revaluation, net of deferred tax, had been credited to other comprehensive income and accumulated in equity under the revaluation reserve to the extent that if reversed a revaluation deficit of the same assets previously recognised in profit or lost, if any.

(d) Fair value measurements of the leasehold land and leasehold factory building were categorised under Level 2.

Level 2 fair values of leasehold land have been generally derived using the comparison method approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. Level 2 fair values of leasehold factory building have been generally derived using the depreciated replacement cost approach. The most significant input into this valuation approach is the adjustment for factors such as physical deterioration, functional and economic obsolescence.

There were no transfers between levels 1 and 2 during the financial year.

The fair value measurements of the leasehold land and leasehold factory building are based on the highest and best use which does not differ from their actual use.

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

	The Group	
	2025	**2024**
	RM	RM
Leasehold land	1,765,053	1,818,054
Leasehold factory building	1,931,551	2,007,913
	3,696,604	3,825,967

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

	The Group	
	2025	**2024**
	RM	RM
Cost of right-of-use assets acquired	-	1,332,730
Addition of new lease liability	-	(1,332,730)
Cash disbursed for addition of right-of-use assets	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

7. INVESTMENT IN SUBSIDIARIES

	The Company	
	2025 RM	**2024** RM
Unquoted shares, at cost	53,299,980	53,299,980

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business and Country of incorporation	Percentage of issued share capital held by parent		Principal activities
		2025	**2024**	
Spring Art Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of ready-to-assemble furniture products.
Elisa Home Sdn. Bhd.	Malaysia	100%	100%	Trading of ready-to-assemble furniture products.

8. INVENTORIES

	The Group	
	2025 RM	**2024** RM
Raw materials	4,121,731	4,419,683
Work-in-progress	2,075,551	2,975,596
Finished goods	3,388,757	3,906,136
	9,586,039	11,301,415
Recognised in profit or loss		
Inventories recognised as cost of sales	37,564,276	35,855,072
Inventories written down	307,749	41,296

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

9. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Trade receivables	6,582,789	1,692,148	-	-
Other receivables				
Deposits	583,272	475,576	15,020	1,000
Prepayments	1,013,880	899,761	-	-
Sundry receivables	215,712	151,112	-	-
	1,812,864	1,526,449	15,020	1,000
	8,395,653	3,218,597	15,020	1,000

(a) The Group's normal trade terms range from cash term - 90 days of credit (2024 : cash term - 90 days of credit).

(b) Included in deposits of the Group is an amount of RM 153,677 (2024 : RM 50,354) paid for future purchase of property, plant and equipment (Note 5(f)).

10. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Money market funds, at fair value				
- Maybank Corporate Money Market-I Fund	-	3,007,491	-	-
- United Money Market Fund - Class C	358,220	-	358,220	-
- United Islamic Cash Management Fund - Class C	512,374	-	512,374	-
	870,594	3,007,491	870,594	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

11. DERIVATIVE ASSETS/(LIABILITIES)

	The Group			
	Contract/Notional amount			
	2025 RM	2024 RM	2025 RM	2024 RM
Derivative assets				
Forward currency contracts	2,686,285	224,645	49,235	1,170
Derivative liabilities				
Forward currency contracts	-	2,396,455	-	(61,770)

The Group uses forward currency contracts to manage some of its transaction exposure. These contracts are not designated as cash flows or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. The settlement dates on forward currency contracts range from January 2026 to March 2026 (2024 : January 2025 to April 2025).

12. DEPOSITS, BANK AND CASH BALANCES

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	12,218,471	11,798,044	92,806	732,971
Fixed deposits with licensed banks	3,001,000	7,186,987	-	500,000
	15,219,471	18,985,031	92,806	1,232,971

(a) As at 31 December 2024, the fixed deposit with licensed bank of RM 185,987 has been pledged to a licensed bank as security for term loan facility granted to the Group.

(b) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bear effective interest rates ranging from 2.5% to 3.4% and Nil (2024 : 2.6% to 3.8% and 3.4%) per annum respectively. The fixed deposits have maturity periods ranging from 6 to 12 months and Nil (2024 : 3 to 12 months and 3 months) for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

13. SHARE CAPITAL

	The Group and The Company			
	2025	2024	2025	2024
	Number of shares		RM	RM
Issued and fully paid-up				
Ordinary shares				
At 1 January	415,691,400	415,689,400	54,755,173	54,754,613
Issuance of new shares upon warrants exercised	-	2,000	-	560
At 31 December	415,691,400	415,691,400	54,755,173	54,755,173

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

Warrants 2021/2025

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

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

(a) The Warrants are constituted by a Deed Poll executed on 8 February 2021.

(b) The Warrants are traded separately.

(c) The Warrants can be exercised at any time within a period of four (4) years commencing from and including the date of issue, 25 February 2021 to 24 February 2025 ("Exercise Period"). Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.

(d) Each Warrants entitles the holder of the Warrants to subscribe for one (1) new ordinary share in the Company.

(e) The exercise price and the number of Warrants shall be adjusted in the event of alteration to the share capital of the Company, in accordance with the provisions of the Deed Poll.

(f) The holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such holders exercise their Warrants into new ordinary shares.

14. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

15. RESERVES

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Non-distributable				
Revaluation reserve	10,204,911	10,464,643	-	-
Distributable				
Retained profits/(Accumulated losses)	56,406,940	59,846,528	(251,534)	2,779,846
	66,611,851	70,311,171	(251,534)	2,779,846

The revaluation reserve represents the increase in the fair value of the Group's freehold land and factory buildings (net of deferred tax, where applicable) presented under property, plant and equipment, and the Group's leasehold land and leasehold factory building (net of deferred tax, where applicable) presented under right-of-use assets respectively.

16. LEASE LIABILITY

	The Group	
	2025 RM	**2024** RM
At 1 January	1,208,791	-
Addition	-	1,332,730
Interest expense recognised in profit or loss	46,514	23,261
Repayment of principal	(306,766)	(123,939)
Repayment of interest expense	(46,514)	(23,261)
At 31 December	902,025	1,208,791
Analysed by		
Current liabilities	320,379	306,766
Non-current liabilities	581,646	902,025
	902,025	1,208,791

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

17. LOANS AND BORROWINGS

		The Group	
		2025 RM	**2024** RM
Current			
Secured	- Hire purchase payable	562,230	524,459
	- Term loans	1,223,346	1,326,723
		1,785,576	1,851,182
Non-current			
Secured	- Hire purchase payable	1,913,311	2,475,541
	- Term loans	10,353,966	12,457,842
		12,267,277	14,933,383
		14,052,853	16,784,565
Total loans and borrowings			
Secured	- Hire purchase payable	2,475,541	3,000,000
	- Term loans	11,577,312	13,784,565
		14,052,853	16,784,565

(a) The loans and borrowings of the Group are secured by the followings:

(i) Certain freehold land, factory buildings, plant and machinery held as property, plant and equipment (Note 5(a) and 5(b));

(ii) Leasehold land and leasehold factory building held as right-of-use assets (Note 6(b));

(iii) Corporate guarantee provided by the Company; and

(iv) Specific debenture over certain plant and machinery.

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

Term loan 1 of RM 6,920,003 (2024 : RM 7,597,510)

(i) A subsidiary's gearing ratio shall not exceed 1.0 time; or

(ii) Dividend payment made by the subsidiary shall not exceed 50% of its respective year's profit after tax.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

17. LOANS AND BORROWINGS (CONT'D)

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

Term loan 2 of RM 4,657,309 (2024 : RM 1,852,586)

(i) A subsidiary's gearing ratio shall not exceed 1.0 time.

The covenants are tested half-yearly, at 30 June and 31 December. The Group has complied with the covenants throughout the reporting periods.

There are no indicators that the Group would have difficulties complying with the upcoming covenant assessments.

(c) The loans and borrowings at the end of reporting bear effective annual interest rates as follows:

	The Group	
	2025 %	**2024** %
Hire purchase payable	6.0	6.0
Term loans	4.0 - 4.4	4.4 - 4.7

18. DEFERRED TAX LIABILITIES

	At 1 January RM	**Recognised in profit or loss** RM	**At 31 December** RM
The Group			
2025			
Deferred tax assets			
Unabsorbed capital allowances	(443,000)	157,000	(286,000)
Unutilised reinvestment allowance	(4,532,000)	-	(4,532,000)
Deferred tax liabilities			
Property, plant and equipment*	4,650,000	220,000	4,870,000
Right-of-use assets*	1,861,000	(27,000)	1,834,000
	1,536,000	350,000	1,886,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

18. DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January RM	Recognised in profit or loss RM	At 31 December RM
2024			
Deferred tax assets			
Unabsorbed capital allowances	-	(443,000)	(443,000)
Unutilised reinvestment allowance	-	(4,532,000)	(4,532,000)
Deferred tax liabilities			
Property, plant and equipment*	2,266,000	2,384,000	4,650,000
Right-of-use assets*	1,888,000	(27,000)	1,861,000
	4,154,000	(2,618,000)	1,536,000

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

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:

	2025 RM	2024* RM
The Group		
Unused tax losses		
- expires 31 December 2034	38,000	38,000
- expires 31 December 2035	1,027,000	-
Unabsorbed capital allowances	5,000	4,000
	1,070,000	42,000

* Certain comparative figures have been restated to reflect the revised tax losses carry-forward available to the Group.

Based on the current legislation, the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

19. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Trade payables	1,999,174	2,029,005	-	-
Other payables				
Advance from customers	372,007	449,085	-	-
Accruals	1,109,966	948,034	34,947	30,000
Sales and services tax payable	3,279	10,887	-	-
Sundry payables	347,151	453,843	-	-
	1,832,403	1,861,849	34,947	30,000
	3,831,577	3,890,854	34,947	30,000

(a) The normal trade terms granted to the Group range from cash term - 90 days of credit (2024 : cash term - 90 days of credit).

(b) As at 31 December 2024, included in sundry payables of the Group is an amount of RM 66,954 payable for the purchase of property, plant and equipment (Note 5(f)).

20. REVENUE

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Revenue from contracts with customers recognised at a point in time				
Sale of ready-to-assemble furniture products	46,314,893	49,571,721	-	-
Revenue from other sources				
Dividend income	-	-	258,000	3,010,000
	46,314,893	49,571,721	258,000	3,010,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

20. REVENUE (CONT'D)

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 29(b).

(b) The information about the performance obligations in contracts with customers is summarised below:

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	When the goods are delivered and accepted by customers or reached the destination set by customers	Cash term - 90 days of credit from the invoice date	Not applicable	Not applicable

(c) The information of the revenue from other sources is summarised below:

Dividend income

Dividend income is recognised when the right to receive dividend payment is established.

21. DIRECTORS' REMUNERATION

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Executive directors of the Company				
Salaries, bonuses and other benefits	977,785	1,014,934	-	-
Contributions to defined contribution plan	195,000	202,500	-	-
	1,172,785	1,217,434	-	-
Estimated monetary value of benefits-in-kind	15,500	21,250	-	-
	1,188,285	1,238,684	-	-
Non-executive directors of the Company				
Fees	124,800	114,000	124,800	114,000
Salaries, bonuses and other benefits	5,600	6,600	5,600	6,600
	130,400	120,600	130,400	120,600
Total directors' remuneration	1,318,685	1,359,284	130,400	120,600
Analysis excluding monetary value of benefits-in-kind				
Total executive directors' remuneration	1,172,785	1,217,434	-	-
Total non-executive directors' remuneration	130,400	120,600	130,400	120,600
	1,303,185	1,338,034	130,400	120,600

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

22. FINANCE COSTS

	The Group	
	2025 RM	2024 RM
Interest expenses on financial liabilities that are not at fair value through profit or loss		
- hire purchase payable	171,541	-
- term loans	481,685	594,050
Interest expense on lease liability	46,514	23,261
	699,740	617,311

23. (LOSS)/PROFIT BEFORE TAX

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
This is arrived at after charging:				
Auditors' remuneration				
- audit fees	84,000	84,000	25,000	25,000
- non-audit fees:				
- auditors of the Company	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	4,494,548	2,481,657	-	-
Depreciation of right-of-use assets	612,514	418,158	-	-
Fair value loss on derivatives	-	67,165	-	-
Inventories written down	307,749	41,296	-	-
Realised loss on foreign exchange	580,191	572,380	-	-
Staff costs (including key management personnel (Note 28(c)))				
- short-term employee benefits	9,824,972	9,470,938	130,400	120,600
- contributions to defined contribution plan	547,546	511,196	-	-
- others	828,084	1,273,038	-	-
Unrealised loss on foreign exchange	135,121	-	-	-
And crediting:				
Dividend income	(115,426)	(54,922)	(20,594)	-
Fair value gain on derivatives	(109,835)	-	-	-
Gain on disposal of property, plant and equipment	-	(120,463)	-	-
Gain on disposal of short-term investments	(4,814)	-	(4,814)	-
Total interest income on financial assets measured at amortised cost	(303,889)	(523,363)	(11,781)	(32,175)
Unrealised gain on foreign exchange	-	(353,977)	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

24. TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current tax expense				
- for the financial year	111,000	88,000	-	-
- under provision in previous financial year	12,708	8,882	6,944	2,492
	123,708	96,882	6,944	2,492
Deferred tax expense/(income)				
- origination of temporary differences	350,000	(2,618,000)	-	-
	473,708	(2,521,118)	6,944	2,492

A reconciliation of income tax expenses applicable to the (loss)/profit before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
(Loss)/Profit before tax	(315,772)	6,719,181	(114,596)	2,666,372
Tax at the statutory tax rate	(76,000)	1,613,000	(28,000)	640,000
Tax effects of:				
- non-deductible expenses	303,000	397,000	95,000	82,000
- non-taxable income	(28,000)	(13,000)	(67,000)	(722,000)
Deferred tax assets not recognised	262,000	5,000	-	-
Deferred tax assets recognised in respect of unabsorbed reinvestment allowances	-	(4,532,000)	-	-
Under provision of current tax expense in previous financial year	12,708	8,882	6,944	2,492
	473,708	(2,521,118)	6,944	2,492

The income tax is calculated at the Malaysian statutory tax rate of 24% (2024 : 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

25. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	The Group	
	2025 RM	**2024** RM
(Loss)/Profit after tax attributable to owners of the Company	(789,480)	9,240,299
	2025 Units	**2024** Units
Weighted average number of ordinary shares in issue	415,690,837	415,490,837
Basic (loss)/earnings per share (sen)	(0.19)	2.22

(b) Diluted (loss)/earnings per share

The effects of potential ordinary shares arising from the conversion of warrants is anti-dilutive and accordingly, it has been ignored in the calculation of diluted (loss)/earnings per share. As a result, the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

26. DIVIDENDS

	The Group and The Company	
	2025 RM	**2024** RM
In respect of the financial year ended 31 December 2023		
Final dividend of 0.5 sen per ordinary share	-	2,078,457
In respect of the financial year ended 31 December 2025		
First interim single-tier dividend of 0.7 sen per ordinary share	2,909,840	-
	2,909,840	2,078,457

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

27. CASH FLOWS INFORMATION

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

	Lease liability RM	Hire purchase payable RM	Term loans RM	Total RM
The Group				
2025				
At 1 January	1,208,791	3,000,000	13,784,565	17,993,356
Changes in financing cash flows				
Proceeds from drawdown	-	-	3,000,000	3,000,000
Repayment of principal	(306,766)	(524,459)	(5,207,253)	(6,038,478)
Repayment of interests	(46,514)	(171,541)	(481,685)	(699,740)
	(353,280)	(696,000)	(2,688,938)	(3,738,218)
Other changes				
Interest expenses recognised in profit or loss	46,514	171,541	481,685	699,740
At 31 December	902,025	2,475,541	11,577,312	14,954,878

	Lease liability RM	Hire purchase payable RM	Term loans RM	Total RM
2024				
At 1 January	-	-	15,029,553	15,029,553
Changes in financing cash flows				
Proceeds from drawdown	-	-	61,887	61,887
Repayment of principal	(123,939)	-	(1,306,875)	(1,430,814)
Repayment of interests	(23,261)	-	(594,050)	(617,311)
	(147,200)	-	(1,839,038)	(1,986,238)
Other changes				
Acquisition of new lease	1,332,730	-	-	1,332,730
New hire purchase payable	-	3,000,000	-	3,000,000
Interest expenses recognised in profit or loss	23,261	-	594,050	617,311
	1,355,991	3,000,000	594,050	4,950,041
At 31 December	1,208,791	3,000,000	13,784,565	17,993,356

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

27. CASH FLOWS INFORMATION (CONT'D)

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

	The Group	
	2025 RM	**2024** RM
Interest paid on lease liability	46,514	23,261
Payment of lease liability	306,766	123,939
	353,280	147,200

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

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Deposits, bank and cash balances	15,219,471	18,985,031	92,806	1,232,971
Less: Fixed deposit pledged to a licensed bank	-	(185,987)	-	-
Fixed deposits with tenure more than 3 months	(3,001,000)	(3,001,000)	-	-
	12,218,471	15,798,044	92,806	1,232,971

28. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries are disclosed in Note 7.

(b) Significant related party transactions and balances

The Group and the Company carried out the following significant transactions with the related parties during the financial year:

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Subsidiary				
- Dividend income	-	-	(258,000)	(3,010,000)
Company controlled by directors				
- Lease payment	353,280	147,200	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

28. RELATED PARTY DISCLOSURES (CONT'D)

(c) Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors. Details of the compensation for these key management personnel are disclosed in Note 21.

29. OPERATING SEGMENTS

(a) Business segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely sale and manufacturing of furniture.

(b) Geographical information

In presenting the information on the basis of geographical segments, segmental information on non-current assets is not presented as all non-current assets are located in Malaysia.

Segmental revenue is presented based on the geographical region as follows:

	The Group	
	2025 RM	**2024** RM
Africa	360,271	831,553
Asia (excluding Malaysia)	1,057,413	1,720,267
Europe	2,751,684	1,914,619
Middle East	36,857,019	38,408,973
North America and Latin America	2,962,065	3,877,442
Oceania	223,625	228,860
Malaysia	2,102,816	2,590,007
	46,314,893	49,571,721

(c) Major customers

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

	The Group	
	2025 RM	**2024** RM
Customer A	31,112,675	33,939,609

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

30. CAPITAL COMMITMENTS

	The Group	
	2025 RM	**2024** RM
Purchase of property, plant and equipment	9,777	256,012

31. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

31.1 Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure

	USD	SGD	EUR	RM	Total
	RM	RM	RM	RM	RM
The Group					
2025					
Financial assets					
Trade and other receivables (N1)	6,497,954	7,822	-	292,725	6,798,501
Short-term investments	-	-	-	870,594	870,594
Derivative assets	49,235	-	-	-	49,235
Deposits, bank and cash balances	937,812	395,217	24	13,886,418	15,219,471
	7,485,001	403,039	24	15,049,737	22,937,801
Financial liabilities					
Trade and other payables (N2)	(602,344)	-	-	(2,853,947)	(3,456,291)
Loans and borrowings:					
- Hire purchase payable	-	-	-	(2,475,541)	(2,475,541)
- Term loans	-	-	-	(11,577,312)	(11,577,312)
	(602,344)	-	-	(16,906,800)	(17,509,144)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

	USD RM	SGD RM	EUR RM	RM RM	Total RM
The Group					
2025					
Net financial assets/(liabilities)	6,882,657	403,039	24	(1,857,063)	5,428,657
Less : Net financial liabilities denominated in the respective entities' functional currency	-	-	-	1,857,063	1,857,063
Less : Forward currency contracts (contracted notional principal)	(2,686,285)	-	-	-	(2,686,285)
Currency exposure	4,196,372	403,039	24	-	4,599,435
2024					
Financial assets					
Trade and other receivables (N1)	1,534,096	119,355	-	189,809	1,843,260
Short-term investments	-	-	-	3,007,491	3,007,491
Derivative assets	1,170	-	-	-	1,170
Deposits, bank and cash balances	7,043,533	232,182	23	11,709,293	18,985,031
	8,578,799	351,537	23	14,906,593	23,836,952

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

	USD RM	**SGD** RM	**EUR** RM	**RM** RM	**Total** RM
The Group					
2024					
Financial liabilities					
Trade and other payables (N2)	(140,940)	-	-	(3,289,942)	(3,430,882)
Loans and borrowings:					
- Hire purchase payable	-	-	-	(3,000,000)	(3,000,000)
- Term loans	-	-	-	(13,784,565)	(13,784,565)
Derivative liabilities	(61,770)	-	-	-	(61,770)
	(202,710)	-	-	(20,074,507)	(20,277,217)
Net financial assets/(liabilities)	8,376,089	351,537	23	(5,167,914)	3,559,735
Less : Net financial liabilities denominated in the respective entities' functional currency	-	-	-	5,167,914	5,167,914
Less : Forward currency contracts (contracted notional principal)	(2,621,100)	-	-	-	(2,621,100)
Currency exposure	5,754,989	351,537	23	-	6,106,549

N1 - Excluding deposits and prepayments
N2 - Excluding advance from customers and certain payables

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:

	The Group	
	2025 RM	**2024** RM
Effects on (loss)/profit after tax		
USD/RM		
- strengthened by 5%	159,462	218,690
- weakened by 5%	(159,462)	(218,690)
SGD/RM		
- strengthened by 5%	15,315	13,358
- weakened by 5%	(15,315)	(13,358)
EUR/RM		
- strengthened by 5%	1	1
- weakened by 5%	(1)	(1)

There is no impact on the Group's equity.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate loan and borrowings.

The fixed rate debt instruments of the Group are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk of the Group based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 17.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the (loss)/profit after tax and equity of the Group and hence, no sensitivity analysis is presented.

(iii) Equity price risk

The exposure to equity price risk arises mainly from changes in unit trusts prices of the Group and the Company. The Group and the Company manage their exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity price risk sensitivity analysis

Any reasonably possible change in the prices of unit trusts classified as fair value through profit or loss at the end of the reporting period does not have a material impact on the profit after tax and equity of the Group and the Company and hence, no sensitivity analysis is presented.

(b) Credit risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including short-term investments, derivatives, deposits, bank and cash balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes corporate guarantee given to financial institutions for credit facilities granted to subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(i) Credit risk concentration profile

The Group determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

	The Group	
	2025 RM	**2024** RM
Africa	245,038	183,780
Asia (excluding Malaysia)	127,915	283,849
Europe	345,674	215,965
Middle East	5,253,337	927,382
North America and Latin America	466,308	42,474
Oceania	67,503	-
Malaysia	77,014	38,698
	6,582,789	1,692,148

At the end of the reporting period, the Group's major concentration of credit risk relates to the amounts owing by 1 (2024 : 2) customers which constituted approximately 68% (2024 : 66%) of its trade receivables.

(ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM 14,052,853 (2024 : RM 16,784,565), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of impairment losses

The Group and the Company have an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through periodic review of the ageing of the receivables. The Group and the Company closely monitor the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group and the Company evaluate whether any of the financial assets at amortised cost are credit impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

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

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:
- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group and the Company consider a receivable to be in default when the receivable is unlikely to repay its debt to the Group and the Company in full or is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, assumptions and techniques used for estimating impairment losses

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

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

The expected loss rates are based on the payment profiles of sales over 1 year (2024 : 1 year) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the Gross Domestic Product (GDP) as the key macroeconomic factor of the forward-looking information.

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

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

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

Trade receivables (cont'd)

Allowance for impairment losses

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

	The Group	
	2025	**2024**
	RM	RM
Carrying amount		
Current (not past due)	6,525,456	1,443,240
1 to 30 days past due	34,391	128,494
31 to 60 days past due	4,409	120,414
More than 90 days past due	18,533	-
	6,582,789	1,692,148

The Group believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these trade receivables were negligible. They are good customers with good payment records.

Sundry receivables

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

Allowance for impairment losses

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

Deposits, bank and cash balances

The Group and the Company consider the licensed banks to be of low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and is therefore not provided for.

Financial guarantee contracts

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

Inputs, assumptions and techniques used for estimating impairment losses

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

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

Financial guarantee contracts (cont'd)

Inputs, assumptions and techniques used for estimating impairment losses (cont'd)

The Company considers that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:
- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

Allowance for impairment losses

All the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties to which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Effective interest rate % per annum	**Carrying amount** RM	**Contractual undiscounted cash flows** RM	**Within 1 year** RM	**1-5 years** RM	**Over 5 years** RM
The Group						
2025						
Non-derivative financial liabilities						
Trade and other payables (N1)	-	3,456,291	3,456,291	3,456,291	-	-
Loans and borrowings:						
- Hire purchase payable	6.0	2,475,541	2,784,000	696,000	2,088,000	-
- Term loans	4.0 - 4.4	11,577,312	13,720,152	1,671,898	6,687,591	5,360,663
Lease liability	4.4	902,025	956,800	353,280	603,520	-
		18,411,169	20,917,243	6,177,469	9,379,111	5,360,663

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):

	Effective interest rate % per annum	**Carrying amount** RM	**Contractual undiscounted cash flows** RM	**Within 1 year** RM	**1-5 years** RM	**Over 5 years** RM
The Group						
2024						
Non-derivative financial liabilities						
Trade and other payables (N1)	-	3,430,882	3,430,882	3,430,882	-	-
Loans and borrowings:						
- Hire purchase payable	6.0	3,000,000	3,480,000	696,000	2,784,000	-
- Term loans	4.4 - 4.7	13,784,565	16,824,030	1,921,797	7,687,189	7,215,044
Lease liability	4.4	1,208,791	1,310,080	353,280	956,800	-
Derivative financial liabilities						
Forward currency contracts (gross settled)	-	61,770	-	-	-	-
- gross payments	-	-	2,396,455	2,396,455	-	-
		21,486,008	27,441,447	8,798,414	11,427,989	7,215,044

N1 - Excluding advance from customers and certain payables

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):

	Carrying amount RM	**Contractual undiscounted cash flows** RM	**Within 1 year** RM
The Company			
2025			
Non-derivative financial liabilities			
Trade and other payables	34,947	34,947	34,947
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	14,052,853	14,052,853
	34,947	14,087,800	14,087,800
2024			
Non-derivative financial liabilities			
Trade and other payables	30,000	30,000	30,000
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	-	16,784,565	16,784,565
	30,000	16,814,565	16,814,565

The potential exposure of the financial guarantee contracts is equivalent to the outstanding amount of the credit facilities of the said subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements because their fair values on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Capital risk management

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group and the Company include within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to owners of the Company. The debt-to-equity ratio of the Group and of the Company at the end of the reporting period are as follows:

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Loans and borrowings	14,052,853	16,784,565	-	-
Less : Cash and cash equivalents	(12,218,471)	(15,798,044)	(92,806)	(1,232,971)
Net debt/(Net cash)	1,834,382	986,521	(92,806)	(1,232,971)
Total equity	90,067,044	93,766,364	54,503,639	57,535,019
Debt-to-equity ratio	0.02	0.01	Not applicable*	Not applicable*

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.3 Classification of financial instruments

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Financial assets				
Fair value through profit or loss				
Short-term investments	870,594	3,007,491	870,594	-
Derivative assets	49,235	1,170	-	-
	919,829	3,008,661	870,594	-
Amortised cost				
Trade and other receivables (N1)	6,798,501	1,843,260	-	-
Dividend receivable	-	-	258,000	3,010,000
Deposits, bank and cash balances	15,219,471	18,985,031	92,806	1,232,971
	22,017,972	20,828,291	350,806	4,242,971
Financial liabilities				
Fair value through profit or loss				
Derivative liabilities	-	61,770	-	-
Amortised cost				
Trade and other payables (N2)	3,456,291	3,430,882	34,947	30,000
Loans and borrowings	14,052,853	16,784,565	-	-
	17,509,144	20,215,447	34,947	30,000

N1 - Excluding deposits and prepayments
N2 - Excluding advance from customers and certain payables

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 Gains or losses arising from financial instruments

	The Group		The Company	
	2025 RM	**2024** RM	**2025** RM	**2024** RM
Financial assets				
Fair value through profit or loss				
Net gains recognised in profit or loss	163,491	42,567	20,594	-
Amortised cost				
Net gains recognised in profit or loss	154,237	728,590	11,781	32,175
Financial liabilities				
Fair value through profit or loss				
Net gains/(losses) recognised in profit or loss	61,770	(54,180)	-	-
Amortised cost				
Net losses recognised in profit or loss	(638,695)	(445,300)	-	-

31.5 Fair value information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 Fair value information (cont'd)

The following table sets out the fair value profile of financial instrumens that are carried at fair value and those not carried at fair value at the end of the reporting period:

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total	Carrying
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	fair value	amount
	RM	RM	RM	RM	RM	RM	RM	RM
The Group								
2025								
Financial assets								
Short-term investments								
- money market funds	-	870,594	-	-	-	-	870,594	870,594
Derivative assets - forward currency contracts	-	49,235	-	-	-	-	49,235	49,235
Financial liabilities								
Loans and borrowings:								
- Hire purchase payable	-	-	-	-	(2,475,541)	-	(2,475,541)	(2,475,541)
- Term loans	-	-	-	-	(11,577,312)	-	(11,577,312)	(11,577,312)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 Fair value information (cont'd)

The following table sets out the fair value profile of financial instrumens that are carried at fair value and those not carried at fair value at the end of the reporting period (cont'd):

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total	Carrying
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	fair value RM	amount RM
The Group								
2024								
Financial assets								
Short-term investments - money market funds	-	3,007,491	-	-	-	-	3,007,491	3,007,491
Derivative assets - forward currency contracts	-	1,170	-	-	-	-	1,170	1,170
Financial liabilities								
Loans and borrowings:								
- Hire purchase payable	-	-	-	-	(3,000,000)	-	(3,000,000)	(3,000,000)
- Term loans	-	-	-	-	(13,784,565)	-	(13,784,565)	(13,784,565)
Derivative liabilities - forward currency contracts	-	(61,770)	-	-	-	-	(61,770)	(61,770)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 Fair value information (cont'd)

The following table sets out the fair value profile of financial instrumens that are carried at fair value and those not carried at fair value at the end of the reporting period (cont'd):

	Fair value of financial instruments carried at fair value			Total	Carrying
	Level 1	**Level 2**	**Level 3**	**fair value**	**amount**
	RM	RM	RM	RM	RM
The Company					
2025					
Financial assets					
Short-term investments					
- money market funds	-	870,594	-	870,594	870,594

(a) Fair value of financial instruments carried at fair value

(i) The fair values above have been determined using the following basis:

(aa) The fair values of money market funds are based on the fund managers' statements at the reporting date.

(bb) The fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate.

(ii) There were no transfers between levels 1 and 2 during the financial year.

(b) Fair value of financial instruments not carried at fair value

The fair values, which are for disclosure purposes, have been determined using the following basis:

(i) The fair value of the hire purchase payable that carries at fixed interest rate is determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rate used to discount the estimated cash flows is 6.0% (2024 : 6.0%) per annum.

(ii) The fair value of the term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

LIST OF PROPERTIES

The Group's policy on revaluation of landed properties is as stated in Note 4.5 and 4.6 to the Financial Statements.

Address / Location	Description	Land Area	Existing Use	Tenure / Age of Building	Net Book Value RM'000	Date of Valuation
Lot PLO 49, Jalan Rami 4, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor.	Industrial land with two (2) adjoining blocks of single storey factory building with three (3) storey office and guard house	10,870 square metres	Office and furniture manufacturing facilities	60 years leasehold expiring in 16-09-2059/33 years	9,919	26.12.2023
PTD 2626, Jalan Rami 5, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor	Industrial land with single storey detached factory and guard house	11,394 square metres	Furniture manufacturing facilities	Freehold	13,038	29.09.2023
Lot 1850, Jalan Rami 5, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor.	Investment land	10,269 square metres	Vacant	Freehold	2,305	26.12.2023
Lot 343, Jalan Kota Burok, Tanjung Selabu, Bukit Pasir, 84300 Muar, Johor	Industrial land with three (3) adjoining blocks of single storey factory building, two (2) storey office with four (4) storey hostel and guard house	17,688 square metres	Office and furniture manufacturing facilities	Freehold	17,619	26.12.2023
Lot 407 & Lot 408, Mukim of Sungai Raya, District of Muar, Johor.	Investment land	21,600 square metres	Vacant	Freehold	7,513	26.12.2023

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2026

Class of Share : Ordinary shares
Voting Rights : One (1) vote per share
Issued and Fully Paid Up Share Capital : RM54,755,173.24 comprising 415,691,400 ordinary shares

Category	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	2	0.109	100	0.000
100 - 1,000	204	11.166	78,700	0.019
1,001 - 10,000	658	36.016	4,105,200	0.988
10,001 - 100,000	773	42.310	29,636,100	7.129
100,001 – Less than 5%	188	10.290	85,249,600	20.508
5% and above	2	0.109	296,621,700	71.356
Total	**1,827**	**100.000**	**415,691,400**	**100.000**

LIST OF SUBSTANTIAL SHAREHOLDERS

		No. of Shares Held			
No.	**Name of Substantial Holders**	**Direct**	**%**	**Indirect**	**%**
1.	Datuk Lim Kok Eng	238,425,540	57.356	58,196,160[1]	14.000
2.	Datin Kwan Chian Poh	58,196,160	14.000	238,425,540[1]	57.356

DIRECTORS' SHAREHOLDINGS

		No. of Shares Held			
No.	**Name of Directors**	**Direct**	**%**	**Indirect**	**%**
1.	Haji Ismail Bin Tunggak	150,000	0.036	-	-
2.	Datin Kwan Chian Poh	58,196,160	14.000	238,425,540[1]	57,356
3.	Datuk Lim Kok Eng	238,425,540	57.356	58,196,160[1]	14.000
4.	Law Sang Thiam	300,000	0.072	-	-
5.	Tan Meng Loon	300,000	0.072	-	-

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

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2026 (CONT'D)

LIST OF TOP THIRTY (30) SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1.	Datuk Lim Kok Eng	238,425,540	57.356
2.	Datin Kwan Chian Poh	58,196,160	14.000
3.	Soo Mei Siah	5,247,900	1.262
4.	Teu King Seng	3,481,700	0.837
5.	Lim Jun Yi	3,321,400	0.799
6.	Tan Tsi Hua	3,102,000	0.746
7.	Mohd Annuar Choon Bin Abdullah	2,845,000	0.684
8.	HLIB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Lim Ka Siong (CCTS)	1,789,200	0.430
9.	CS Corporate Consultancy Sdn. Bhd.	1,760,000	0.423
10.	Esther Lim Kai Ching	1,566,100	0.376
11.	Tan Cheow Heng	1,507,000	0.362
12.	Lim Bee Lan	1,359,000	0.326
13.	Lim Soon Chier	1,358,200	0.326
14.	Lim Ka Boon	1,239,000	0.298
15.	Phang Foong Sin	1,225,700	0.294
16.	Lim Leong Chuan	1,125,000	0.270
17.	Lim Ge Fang	1,100,000	0.264
18.	Lim Kah Chea	1,080,300	0.259
19.	New Aik Pin	1,064,300	0.256
20.	Lim Soon Ann	1,050,000	0.252
21.	Ng Teng Song	1,035,100	0.249
22.	Chan Sau Lai	1,000,000	0.240
23.	Liew Fook Meng	1,000,000	0.240
24.	To Swee Kim	1,000,000	0.240
25.	Yap Choon Wah	1,000,000	0.240
26.	Hong Li Wood Resources Sdn. Bhd.	950,300	0.228
27.	Lim Yen Wen	800,000	0.192
28.	Ng Guat Ngoh	800,000	0.192
29.	Lee Ngok Sen	768,000	0.184
30.	Kenanga Nominees (Tempatan) Sdn. Bhd. – Exempt AN for Phillip Securities Pte Ltd (Client Account)	752,400	0.180
Total		**340,949,300**	**82.005**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of SPRING ART HOLDINGS BERHAD ("Spring Art Holdings" or the "Company") will be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor on Tuesday, 26 May 2026 at 11.00 a.m. for the transaction of the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees and benefits up to RM150,000.00 for the financial year ending 31 December 2026 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire in accordance with Clause 90 of the Company's Constitution:
   i) Haji Ismail Bin Tunggak **Ordinary Resolution 2**
   ii) Law Sang Thiam **Ordinary Resolution 3**
4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

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

5. **Proposed renewal of authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 5**

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

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

   i) the conclusion of the next Annual General Meeting of the Company held after the approval was given;
   ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is the earlier.

THAT the Directors of the Company be hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for such New Shares on the ACE Market of Bursa Malaysia Securities Berhad.

AND THAT authority be hereby given to the Directors of the Company, to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation thereto as to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities."

6. To transact any other business of which due notice shall have been given.

By order of the Board,

NG MEI WAN
(SSM Practicing Certificate No.: 201908000801) (MIA 28862)
TAN HUI KHIM
(SSM Practicing Certificate No.: 201908000859) (LS 0009936)
Company Secretaries

Muar, Johor

27 April 2026

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 19 May 2026 shall be regarded as members and be entitled to attend, participate, speak and vote at the Eighth Annual General Meeting.

2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.

3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised. Any alterations in the Form of Proxy must be initialed by the member.

6. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Eighth Annual General Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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, drop in the Drop-in Box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via Vistra Share Registry and IPO (MY) portal at https://srmy.vistra.com not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Eighth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide for the Eighth Annual General Meeting.

EXPLANATORY NOTES TO THE AGENDA:-

8. **Item 1 of the Agenda**
Audited Financial Statements

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

9. **Item 2 of the Agenda – Ordinary Resolution 1**
Approval of Directors' fees and benefits for the financial year ending 31 December 2026

Directors' fees and benefits approved for the financial year ended 31 December 2025 was RM150,000.00. The Directors' fees and benefits proposed for the financial year ending 31 December 2026 are calculated based on the number of scheduled Board and Committee Meetings for financial year ending 31 December 2026 and assuming that all Non-Executive Directors will hold office until the conclusion of the next Annual General Meeting.

This resolution is to facilitate payment of Directors' fees and benefits on current financial year basis. In the event the Directors' fees and benefits proposed are insufficient (e.g. due to more meetings), approval will be sought at the next Annual General Meeting for additional fees and benefits to meet the shortfall.

10. **Item 3 of the Agenda – Ordinary Resolutions 2 and 3**
Re-election of Haji Ismail Bin Tunggak and Law Sang Thiam, the Director who retire in accordance with Clause 90 of the Company's Constitution

Leveraging the annual evaluation of the Board's contribution and performance and an Independent assessment of the Directors, the Nomination Committee had on 14 April 2026 assessed the performance and attributes of the Board, Board Committees and individual Directors in respect of their effectiveness and contribution to the Company, based on a set of prescribed criteria which were approved by the Board.

Based on this annual assessment conducted, the Nomination Committee was of the view that the existing Board and each of its members has the requisite competence and capability to contribute to the needs of the Company and they had sufficiently demonstrated their commitment to the Company in terms of time and participation at meetings during the year under review. Each of these retiring Directors has confirmed to the Board that they do not have any conflict of interest with any of the companies in the Company which may affect their ability to act in the best interest of the Company.

Accordingly, the Nomination Committee unanimously recommended to the Board the re-election of all the retiring Directors, at the Eighth Annual General Meeting. Based on the recommendation of the Nomination Committee, the Board (with the exception of the Directors who abstained in respect of their individual retirement) supports the re-election of the retiring Directors at the Eighth Annual General Meeting.

The profile of the Directors standing for re-election is set out in the Directors' Profile in the Annual Report 2025.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

11. **Item 4 of the Agenda - Ordinary Resolution 4**
To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

The Audit and Risk Management Committee Meeting ("ARMC") had on 14 April 2026 undertook an annual evaluation of the effectiveness of the external audit process and the performance, suitability and independence of the external auditors, Crowe Malaysia PLT, based on the criteria set out in its Terms of Reference.

The ARMC was satisfied with the suitability of Crowe Malaysia PLT based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The ARMC was also satisfied in its review that the provision of non-audit services by Crowe Malaysia PLT to the Group for the financial year ended 31 December 2025 did not in any way, impair their objectivity and independence as external auditors of the Company.

Based on the ARMC's recommendation, the Board endorsed the motion on the proposed re-appointment of Crowe Malaysia PLT as external auditors of the Company for the financial year ending 31 December 2026 and recommended the same for shareholders' approval. Crowe Malaysia PLT have earlier, indicated their willingness to continue in office.

12. **Item 5 of the Agenda – Ordinary Resolution 5**
Proposed renewal of authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

(a) The proposed Ordinary Resolution 5, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the Eighth Annual General Meeting to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company up to an amount not exceeding ten percent (10%) of the total number of issued shares capital of the Company. This authority, unless revoked or varied at a general meeting shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.

(b) The General Mandate is a renewal of the previous mandate obtained at the last Annual General Meeting held on 12 June 2025 which will expire at the conclusion of the forthcoming Annual General Meeting.

(c) As at the date of this Notice, the Company did not issue any new ordinary shares based on the previous mandate obtained at the last Annual General Meeting.

(d) The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisitions.

(e) In accordance with Clause 8 of the Company's Constitution, the passing of the Ordinary Resolution 5, the shareholders of the Company shall be taken as agree for the New Shares to be issued to such person(s) as the Directors might deem fit and expedient in the interest of the Company without first offer the New Shares to holders of existing issued shares of the Company prior to issuance of the New Shares.

13. **ANNUAL REPORT**

The Annual Report for the financial year ended 31 December 2025 is now available at the Company's corporate website, www.springart.com. Printed copy of the Annual Report shall be provided to the shareholders upon request soonest possible from the date of receipt of the request.

Shareholder who wishes to receive the printed Annual Report may request at https://srmy.vistra.com by selecting "Request for Annual Report" under the "Investor Services" to submit the request form electronically or contacting Tricor Investor & Issuing House Services Sdn. Bhd. [197101000970 (11324-H)] at +603-2783 9299.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

STATEMENT ACCOMPANYING NOTICE OF EIGHTH ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of Individuals Standing for Election as Directors

   No individual is seeking election as a Director at the Eighth Annual General Meeting of the Company.

2. Statement relating to General Mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

   Please refer to item 12 – Explanatory Notes to the Agenda for Ordinary Resolution 5 on Proposed renewal of authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.

ADMINISTRATIVE GUIDE
FOR THE EIGHTH ANNUAL GENERAL MEETING ("8TH AGM") OF SPRING ART HOLDINGS BERHAD

Date	:	**Tuesday, 26 May 2026**
Time	:	**11.00 a.m.**
Venue of Meeting	:	**BEI Boutique Hotel, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor**

1. CORPORATE MEMBERS

1. Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") not later than **Sunday, 24 May 2026 at 11.00 a.m.**

2. Attorneys appointed by power of attorney are required to deposit their power of attorney with Tricor not later than **Sunday, 24 May 2026 at 11.00 a.m.** to attend and vote at the 8th AGM.

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

1. Only a depositor whose name appears on the ROD as at **19 May 2026** shall be entitled to attend, participate, speak and vote at the 8th AGM or appoint proxies to attend and/or vote on his/her behalf.

3. PROXY

1. You may also submit the Form of Proxy electronically via Vistra Share Registry and IPO (MY) portal at https://srmy.vistra.com not later than **Sunday, 24 May 2026 at 11.00 a.m.** Kindly refer to procedures below for electronic lodgement of Form of Proxy.

2. Alternatively, submit your Form of Proxy to Tricor by e-mail to is.enquiry@vistra.com. However, please ensure that the **Original Form of Proxy** is deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, drop it in the Drop-in Box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 8th AGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid.

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User at The Portal	1. Visit the website at https://srmy.vistra.com. 2. Click "Register" and select "Individual Holder" and complete the New User Registration Form. 3. For guidance, you may refer to the tutorial guide available on the homepage. 4. Once registration is completed, you will receive an email notification to verify your registered email address. 5. After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved. 6. Once you receive the confirmation, activate your account by creating your password. *If you are an existing user with The Portal or our TIIH Online portal previously, you are not required to register again.*

ADMINISTRATIVE GUIDE
FOR THE EIGHTH ANNUAL GENERAL MEETING ("8TH AGM") OF SPRING ART HOLDINGS BERHAD (CONT'D)

Procedure	Action
i. Steps for Individual Shareholders (Cont'd)	
Proceed with submission of proxy form	1. After the release of the Notice of Meeting by the Company, login with your email address and password. 2. Select the corporate event: "**SPRING ART HOLDINGS BERHAD 8TH AGM**" 3. Navigate to the 3 dots at the end of the corporate event and choose "**SUBMISSION OF PROXY FORM**". 4. Read and agree to the Terms and Conditions and confirm the Declaration. 5. Indicate the total number of shares assigned to your proxy(s) to vote on your behalf. 6. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. 7. Indicate your voting instructions – FOR or AGAINST or ABSTAIN. 8. Print the proxy form for your record.
ii. Steps for Corporation or Institutional Shareholders	
Register as a User at The Portal	1. Visit the website at https://srmy.vistra.com. 2. Click "Register" and select "Representative of Corporate Holder" and complete the New User Registration Form. 3. Complete the registration form with your personal details. 4. Once registration is completed, you will receive an email notification to verify your registered email address. 5. After verification, your registration will be reviewed and approval within two (2) working days. A confirmation email will be sent once approved. 6. Once you receive the confirmation, activate your account by creating your password. *Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.*
Proceed with submission of proxy form	1. Login to https://srmy.vistra.com with your email address and password. 2. Select the corporate event: "**SPRING ART HOLDINGS BERHAD 8TH AGM**" 3. Navigate to the icon ">" at the end of the corporate event. 4. Read and agree to the Terms and Conditions and confirm the Declaration. 5. Select the corporate holder's name. 6. Proceed to download the submission file. 7. Prepare the file for the appointment of proxy(ies) by inserting the required data. 8. Proceed to upload the duly completed proxy appointment file. 9. Select "**Confirm**" to complete your submission. 10. Print the confirmation report of your submission for your record.

4. POLL VOTING

1. The Voting at the 8th AGM will be conducted by poll in accordance with Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting and MK Advisory Management as Scrutineers to verify the poll results.

2. During the 8th AGM, the Chairman will invite the Poll Administrator to brief on the Voting procedures. The voting session will commence as soon as the Chairman calls for the poll to be opened.

3. Upon completion of the voting session for the 8th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

ADMINISTRATIVE GUIDE
FOR THE EIGHTH ANNUAL GENERAL MEETING ("8TH AGM") OF SPRING ART HOLDINGS BERHAD (CONT'D)

5. ANNUAL REPORT 2025

1. The Company's Annual Report 2025 is available at the Company's website at www.springart.com.

2. Should you require a printed copy of the Annual Report 2025, please request at our Share Registrar's website at https://srmy.vistra.com by selecting "Request for Annual Report" under the "Investor Services" or kindly contact Tricor. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

6. REGISTRATION

1. The registration will commence at 10.00 a.m. on Tuesday, 26 May 2026 and will remain open until the conclusion of the 8th AGM or such time as may be determined by the Chairman of the meeting.

2. Please present your original National Registration Identity Card ("NRIC") or passport (for non-Malaysian) to the registration staff for verification.

3. Upon verification, you are required to write your name, mobile contact and sign the attendance list placed on the registration table. You will be given a voting slip for voting purposes.

4. No person will be allowed to register on behalf of another person even with the original NRIC or passport of the other person.

7. RECORDING OR PHOTOGRAPHY

1. Strictly **NO** unauthorised recording or photography of the proceedings of the 8th AGM is allowed.

8. ENQUIRY

1. If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299	
Email	:	is.enquiry@vistra.com	
Contact Persons	:		
Mohamad Khairudin		Tel: +603-2783 7973	Email: Mohamad.Khairudin@vistra.com
Nurul Ainee		Tel: +603-2783 9265	Email: Nurul.Ainee@vistra.com

SPRING ART®

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

FORM OF PROXY

CDS Account No.	
No. of shares held	

*I/We____
(full name in capital letters)

*NRIC No./Passport No./Registration No. ______________________________of___________________________
(full address)

____being a *Member/Members of Spring Art Holdings

Berhad ("Company"), hereby appoint ______________________________________*NRIC No./Passport No.

___________________________________of____
(full address)

*and/or_______________________________________*NRIC No./Passport No. ______________________________

of____
(full address)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor on Tuesday, 26 May 2026 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:-

No.	Ordinary Resolution	For	Against
1	Approval of Directors' fees and benefits for the financial year ending 31 December 2026		
2	Re-election of Haji Ismail Bin Tunggak as Director		
3	Re-election of Law Sang Thiam as Director		
4	Re-appointment of Messrs Crowe Malaysia PLT as Auditors		
5	Renewal of authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		

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

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

Proxy	No. of Shares	Percentage
1		
2		
Total		100%

Dated this .... day of 2026

....
Signature of Shareholder or Common Seal

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 19 May 2026 shall be regarded as members and be entitled to attend, participate, speak and vote at the Eighth Annual General Meeting.
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised. Any alterations in the Form of Proxy must be initialed by the member.
6. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Eighth Annual General Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).
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, drop in the Drop-in Box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via Vistra Share Registry and IPO (MY) portal at https://srmy.vistra.com not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Eighth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide for the Eighth Annual General Meeting.

Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the Eighth Annual General Meeting and any adjournment thereof.

Please fold here

AFFIX
STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3,
Bangsar South No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Please fold here

www.springart.com

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

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

Tel: +606-985 9971 Fax: +606-985 9972 Email: info@springart.com