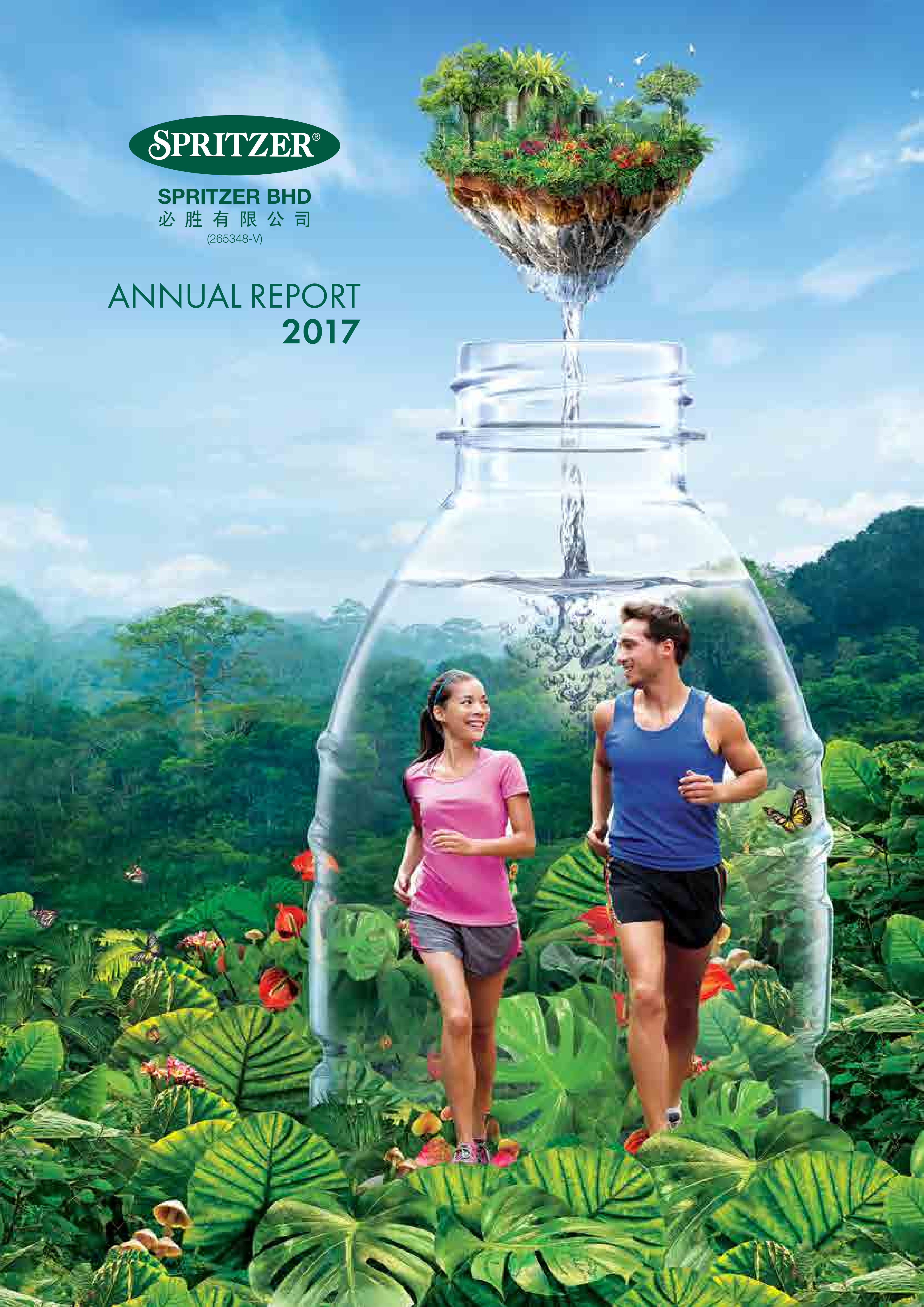


SPRITZER®

SPRITZER BHD
必 胜 有 限 公 司
(265348-V)

ANNUAL REPORT 2017

SPRITZER POP

SPRITZER TINGE

SPRITZER SPARKLING

1

Drinking water helps **maintain the balance** of body fluids

2

The human brain is composed of about **75%** water

3

Water acts as an **internal air conditioner, regulating our temperature** through sweat and respiration

SPRITZER SPRIKY FUN PET

8

Top 5 Benefits of Drinking Water

- Increases energy & relieves fatigue
- Promotes weight loss
- Flushes out toxins
- Improves skin complexion
- Maintains regularity

5

Soluble fibre promotes satiety, makes one feel fuller throughout the day

4

Approximately **50%** to **70%** of the human body mass is made up of **water**

6

Soluble fibre has prebiotics function, which will promote healthy digestion and optimal intestinal function

SPRITZER'S
HYDRATION TIPS

SPRITZER NATURAL MINERAL WATER

7

Soluble fibre stimulates calcium absorption in bone and increases bone mineral density while consuming calcium-rich food

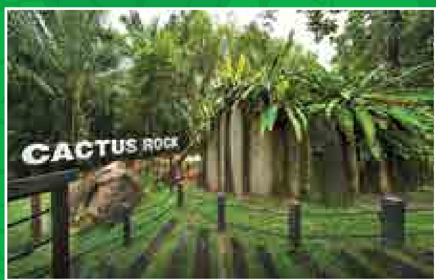
SPRITZER FIBRE

25TH ANNUAL GENERAL MEETING

Lot 898, Jalan Reservoir, Off Jalan Air Kuning,
34000 Taiping, Perak Darul Ridzuan.

Wednesday, May 30, 2018 | 10.30 a.m.

WHAT'S INSIDE



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NOTICE OF 25TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth (**25th**) Annual General Meeting ("**AGM**") of Spritzer Bhd ("**Spritzer**" or "**Company**") will be held at Lot 898, Jalan Reservoir, Off Jalan Air Kuning, 34000 Taiping, Perak Darul Ridzuan on Wednesday, May 30, 2018 at 10.30 a.m. for the transaction of the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended December 31, 2017 and the Reports of the Directors and Auditors thereon.

   Please refer to Explanatory Note 1

2. To declare a first and final dividend of 5.5 sen per share, under the single tier system, in respect of the financial year ended December 31, 2017. **Resolution 1**

3. To re-elect the following Directors who retire by rotation in accordance with Article 85 of the Company's Constitution and, being eligible, offer themselves for re-election:-

   (i) Lam Sang **Resolution 2**
   (ii) Chok Hooa @ Chok Yin Fatt **Resolution 3**
   (iii) Lim Seng Lee **Resolution 4**

4. To re-elect Mr Tan Chow Yin who retires in accordance with Article 92 of the Company's Constitution and, being eligible, offers himself for re-election. **Resolution 5**

5. To approve the payment of Directors' fees in respect of the financial year ended December 31, 2017. **Resolution 6**

6. To approve the payment of allowances of up to RM650,000 to the Non-Executive Directors from May 31, 2018 until the next AGM of the Company. **Resolution 7**

7. To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:-

8. Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Constitution of the Company and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares of the Company, from time to time, upon such terms and conditions, for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten per cent (10%) of the total number of issued shares of the Company for the time being, and that such authority shall continue to be in force until the conclusion of the next AGM of the Company." **Resolution 9**

NOTICE OF 25TH ANNUAL GENERAL MEETING

9. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Proposed Shareholders' Mandate**")

"THAT approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as set out in Section 2.4 of Part A of the Circular to Shareholders dated April 30, 2018 subject to the followings:- **Resolution 10**

(i) the transactions are carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the period with a breakdown of the aggregate value of the recurrent transactions based on the following information:-

(a) the type of the recurrent transactions made; and

(b) the names of the related parties involved in each type of the recurrent transactions and their relationship with the Company.

AND THAT such approval shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may deemed necessary or expedient to give full effect to the Proposed Shareholders' Mandate."

10. Proposed Renewal of Authority to Purchase its Own Shares by Spritzer Bhd

"THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the extent permitted by law, to buy-back and/or hold such amount of shares as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("**Bursa Securities**") upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:- **Resolution 11**

(i) The aggregate number of shares bought-back and/or held does not exceed ten per cent (10%) of the total number of issued shares of the Company at any point of time;

(ii) The maximum amount to be allocated for the buy-back of the Company's own shares shall not exceed the retained profits of the Company; and

NOTICE OF 25TH ANNUAL GENERAL MEETING

(iii) Upon completion of buy-back by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in any of the following manners:-

(a) cancel the shares so purchased; or

(b) retain the shares so purchased as treasury shares and held by the Company; or

(c) retain part of the shares so purchased as treasury shares and cancel the remainder, and the treasury shares may be distributed as dividends to the shareholders of the Company and/or resold on Bursa Securities and/or subsequently cancelled or any combination of the three.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:-

(i) the conclusion of the next AGM of the Company following the AGM at which such resolution was passed at which time it will lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT authority be and is hereby unconditionally and generally given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid buy-back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Companies Act 2016, the provisions of the Constitution of the Company, the Listing Requirements and all other relevant governmental and/or regulatory authorities."

11. Retention of Independent Non-Executive Directors

(i) "THAT authority be and is hereby given to Dato' Ir Nik Mohamad Pena bin Nik Mustapha, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 12**

(ii) "THAT authority be and is hereby given to Dato' Mohd Adhan bin Kechik, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 13**

(iii) "THAT authority be and is hereby given to Dato' Sri Kuan Khian Leng, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 14**

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

NOTICE OF 25TH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 5.5 sen per share, under the single tier system, in respect of the financial year ended December 31, 2017, subject to the approval of the shareholders at the 25th AGM will be paid on June 22, 2018 to Depositors whose names appear in the Record of Depositors at the close of business on June 8, 2018.

A Depositor shall qualify for entitlement to the dividends only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on June 8, 2018 in respect of transfers; and

(b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

SOW YENG CHONG (MIA 4122)
TAN BOON TING (MAICSA 7056136)
Company Secretaries

Ipoh, Perak Darul Ridzuan
April 30, 2018

Notes:-

1. Appointment of Proxy

(i) A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.
(ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an attorney.
(iii) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
(iv) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it hold.
(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than twenty-four (24) hours before the time appointed for holding the meeting.
(vi) Only a depositor whose name appears on the Record of Depositors as at May 23, 2018 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

2. Explanatory Notes on Ordinary Business

Note 1
This agenda item is intended for discussion only as under Section 340(1)(a) of the Companies Act 2016, the Audited Financial Statements do not require formal approval of shareholders. As such, this agenda item will not be put forward for voting.

NOTICE OF 25TH ANNUAL GENERAL MEETING

3. Explanatory Notes on Special Business

Resolution 9 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016
The proposed Resolution 9, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, the authority to allot and issue ordinary shares of the Company up to an amount not exceeding ten per cent (10%) of the Company's total number of issued shares for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on May 29, 2017 which will lapse at the conclusion of the forthcoming AGM.

Resolution 10 – Proposed Shareholders' Mandate
The proposed Resolution 10, if passed, will authorise the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business.

Resolution 11 – Proposed Renewal of Authority to Purchase its Own Shares
The proposed Resolution 11, if passed, will empower the Company to purchase its own shares up to ten per cent (10%) of the total number of issued shares of the Company at any given point in time through Bursa Securities.

Resolutions 12 to 14 – Retention of Independent Non-Executive Directors
The Proposed Resolutions 12, 13 and 14 of the Notice of 25th Annual General Meeting relate to the approval by shareholders for Dato' Ir Nik Mohamad Pena bin Nik Mustapha, Dato' Mohd Adhan bin Kechik and Dato' Sri Kuan Khian Leng to continue in office as Independent Non-Executive Directors. The full details of the Board's justifications and recommendations for the retention of the above three (3) Directors as Independent Non-Executive Directors are set out in the Corporate Governance Overview Statement in the Annual Report for the financial year ended December 31, 2017. The Board has recommended that the approval of the shareholders be sought for the retention of Dato' Sri Kuan Khian Leng as the Independent Non-Executive Director whilst the Company would apply the two-tier voting process in seeking shareholders' approval for the retention of Dato' Ir Nik Mohamad Pena bin Nik Mustapha and Dato' Mohd Adhan bin Kechik as the Independent Non-Executive Directors of the Company.

Please refer to the Circular/Statement to Shareholders dated April 30, 2018 for further information on Resolutions 10 and 11.

4. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Independent
Non-Executive Chairman
DATO' LIM A HENG @ LIM KOK CHEONG, JSM, DPMP, JP

Managing Director
DATO' LIM KOK BOON, DPMP

Executive Director and
Group Chief Executive Officer
LIM SENG LEE

Executive Director
LAM SANG

Non-Independent
Non-Executive Directors
CHOK HOOA @ CHOK YIN FATT, PMP
TAN CHOW YIN
(APPOINTED ON DECEMBER15, 2017)

Independent Non-Executive
Directors
DATO' IR NIK MOHAMAD PENA BIN NIK MUSTAPHA, DIMP
DATO' MOHD ADHAN BIN KECHIK, DJMK, SMK
DATO' SRI KUAN KHIAN LENG, S.S.A.P.

AUDIT COMMITTEE

Chairman
Dato' Ir Nik Mohamad Pena bin Nik Mustapha, DIMP

Members
Chok Hooa @ Chok Yin Fatt, PMP
Dato' Mohd Adhan bin Kechik, DJMK, SMK
Dato' Sri Kuan Khian Leng, S.S.A.P.

NOMINATION COMMITTEE

Chairman
Dato' Ir Nik Mohamad Pena bin Nik Mustapha, DIMP

Members
Dato' Mohd Adhan bin Kechik, DJMK, SMK
Dato' Sri Kuan Khian Leng, S.S.A.P.

REMUNERATION COMMITTEE

Chairman
Dato' Mohd Adhan bin Kechik, DJMK, SMK
(Redesignated as Chairman on February 26, 2018)

Members
Dato' Sri Kuan Khian Leng, S.S.A.P.
Tan Chow Yin (Appointed on February 26, 2018)

COMPANY SECRETARIES

Sow Yeng Chong (MIA 4122)
Tan Boon Ting (MAICSA 7056136)

STOCK EXCHANGE LISTING

Listed on Main Market of
Bursa Malaysia Securities Berhad
Stock Code : 7103
Stock Name : SPRITZER

REGISTERED OFFICE

Lot 85, Jalan Portland,
Tasek Industrial Estate,
31400 Ipoh, Perak Darul Ridzuan.
Tel. No : 05-2911055
Fax No : 05-2919962
E-mail : info@spritzer.com.my
Website : www.spritzer.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
41, Jalan Medan Ipoh 6,
Bandar Baru Medan Ipoh,
31400 Ipoh, Perak Darul Ridzuan.
Tel. No : 05-5451222
Fax No : 05-5459222

AUDITORS

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)
Level 2, Weil Hotel,
292, Jalan Sultan Idris Shah,
30000 Ipoh, Perak Darul Ridzuan.
Tel. No : 05-2540288
Fax No : 05-2547288

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad

CORPORATE STRUCTURE

AS AT DECEMBER 31, 2017

SPRITZER BHD

100%
GOLDEN PET INDUSTRIES SDN BHD

100%
CHUAN SIN SDN BHD

100%
CHUAN SIN CACTUS SDN BHD

100%
SPRITZER ECOPARK SDN BHD

100%
ANGENET SDN BHD

100%
SPRITZER (HONG KONG) LIMITED

100%
SPRITZER (GUANGZHOU) TRADING LIMITED

100%
PET MASTER SDN BHD

FINANCIAL HIGHLIGHTS

Net assets per share
(RM)

+11.2%

1.79

Market Capitalisation
(RM)

+12.6%

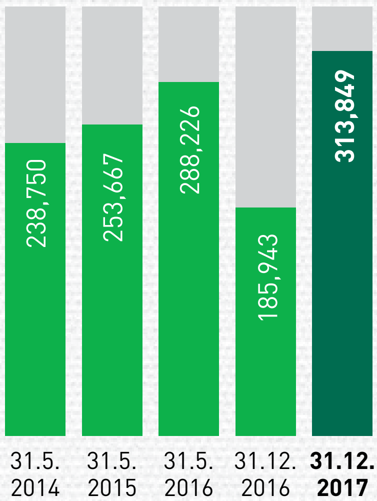
493m

Financial year/period ended	31.12.2017 (12 Months)	31.12.2016 (7 Months)	31.5.2016 (12 Months)	31.5.2015 (12 Months)	31.5.2014 (12 Months)
Revenue (RM'000)	**313,849**	185,943	288,226	253,667	238,750
Revenue growth (%)	**(1.5)***	10.6#	13.6	6.3	18.2
Profit before interest, tax, depreciation and amortisation (RM'000)	**49,964**	26,890	51,529	46,515	42,758
Profit before taxation (RM'000)	**35,272**	18,270	37,078	31,963	28,311
Profit attributable to owners of the Company (RM'000)	**25,478**	12,507	28,457	22,807	21,566
Basic earnings per share (sen)	**13.8**	7.5	19.5	16.6	16.3
Dividend per share (sen)	**5.5**	3.5	5.5	5.0	4.0
Dividend pay out ratio (%)	**45**	51	34	32	26
No of shares in issue (less treasury shares) ('000)	**209,969**	179,549	158,407	141,472	134,830
Total equity (RM'000)	**376,471**	288,255	258,820	215,546	187,792
Net debt to equity ratio (*) (%)	**-**	0.5	2.5	12.6	33.3
Net assets per share (RM)	**1.79**	1.61	1.63	1.52	1.39
Share price at 31 December / 31 May (RM)	**2.35**	2.44	2.57	1.93	1.80
Market capitalisation (RM'000)	**493,427**	438,100	407,106	273,041	242,694

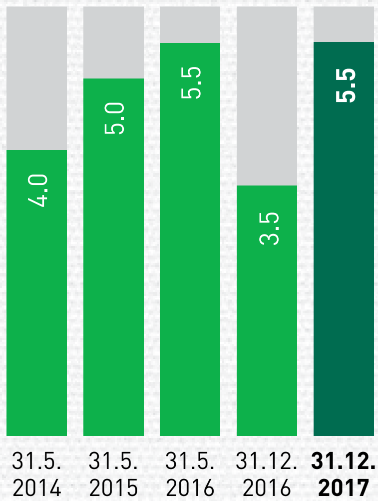
(#) Based on annualised revenue.
(*) Based on net debt (total borrowings less cash and cash equivalents) expressed as a percentage of total equity.

FINANCIAL HIGHLIGHTS

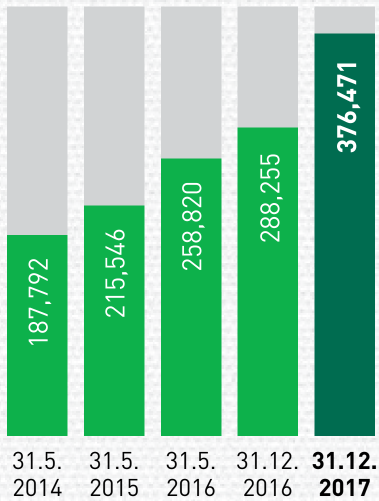
REVENUE
(RM'000)



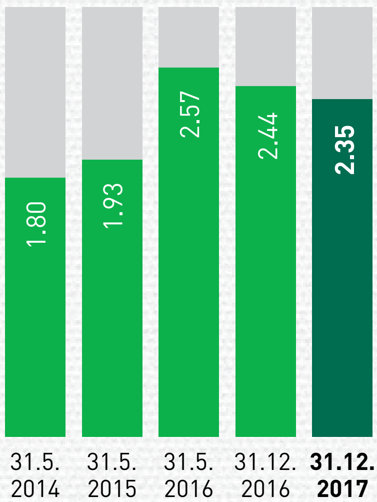
DIVIDEND PER SHARE
(SEN)



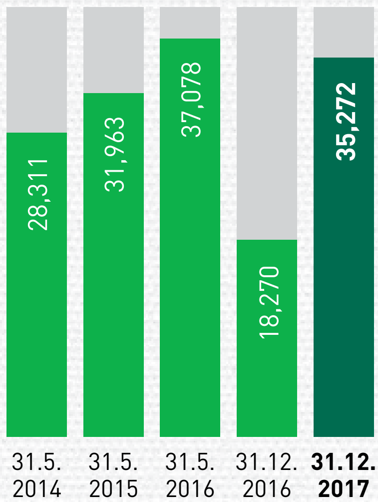
TOTAL EQUITY
(RM'000)



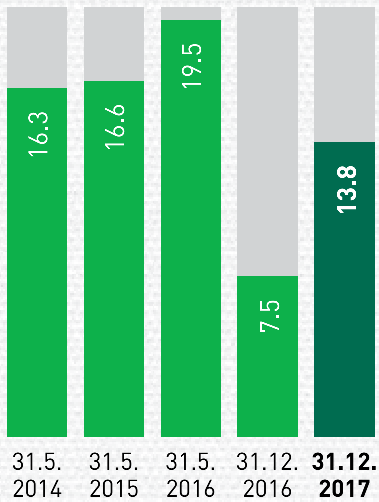
SHARE PRICE
(RM)



PROFIT BEFORE TAXATION (RM'000)



BASIC EARNINGS PER SHARE (SEN)



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Spritzer Bhd, I present to you the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended December 31, 2017.

FINANCIAL PERFORMANCE

During the year ended December 31, 2017, the Group recorded a revenue of RM313.8 million with profit before tax of RM35.3 million and profit after tax of RM25.5 million. The Group recorded lower than expected sales volume due to the softer consumer sentiment. The earnings per share in this financial year amounted to 13.8 sen. Our trading operations in China have continued to incur losses and thus negatively impacted our overall results for 2017.

ISSUANCES OF SHARES

During the year, the Company had issued a total of 3,032,500 new ordinary shares at an average price of RM1.77 per share pursuant to the exercise of employees' share options of the Company. The Company's Employees' Share Option Scheme which was introduced in March 2012 had expired on March 8, 2017.

The Company had also issued 27,387,225 new ordinary shares at a subscription price of RM2.33 per share in November 2017 pursuant to a private placement exercise which was approved by the shareholders of the Company in the Extraordinary General Meeting held on November 13, 2017.

As at December 31, 2017, the total number of ordinary shares (net of treasury shares of 24,000) in issue and fully paid was 209,968,727.

DIVIDEND

The Directors have proposed a first and final dividend of 5.5 sen per ordinary share in respect of the financial year ended December 31, 2017 which is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. The dividend, if approved, will be paid to our shareholders on June 22, 2018. The current dividend pay-out ratio is about 45%. Whilst we do not have an official dividend policy, we have consistently paid out cash dividend in every financial period since our Company was listed on the Bursa Malaysia Securities Berhad in year 2000. We are committed to reward our shareholders with appropriate dividend payments which are in line with our earnings and cash flow requirements and the solvency requirement of the Companies Act 2016.

PROSPECTS

The financial year 2018 is expected to remain challenging amidst global and domestic economic uncertainties. Consumer sentiment is expected to remain soft due to the higher cost-push inflation and the impact of a volatile

CHAIRMAN'S STATEMENT

1

DID YOU KNOW?

With our highly integrated and efficient manufacturing process, coupled with our strong brand equity and leading position in the Malaysian bottled water industry, the directors are cautiously optimistic that we will be able to generate satisfactory results...

domestic currency. The Ringgit recovery could have a positive effect on consumer spending. The Group is also experiencing higher input and other operating costs.

We will put in greater marketing and sales efforts so as to improve our sales of bottled water products in Guangzhou, China and in Malaysia. However, we do not expect our operations in China to generate positive results in financial year 2018.

With our highly integrated and efficient manufacturing process, coupled with our strong brand equity and leading position in the Malaysian bottled water industry, the directors are cautiously optimistic that we will be able to generate satisfactory results in the financial year ending December 31, 2018.

BOARD CHANGES

We welcome our new director, Mr Tan Chow Yin, who was appointed to the Board as a non-independent, non-executive director on December 15, 2017. Mr Tan is the nominee director of Tasik Puncak Holdings Ltd, a substantial shareholder of our Company. Mr Tan has vast investment experience across a wide spectrum of sectors from niche manufacturing, consumer products and retail, education, food and beverage services, aged care, capital equipment and entertainment.

The Board also bid farewell to Dr Chuah Chaw Teo, who resigned as an executive director of the Company on December 15, 2017. We extend our warmest appreciation to Dr Chuah for his excellent services and contribution in his role as an executive director of the Company. Though no longer a board member of the Company, Dr Chuah will continue to serve the Group in his capacity as the Group R&D director.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I thank our consumers, customers and shareholders for their continued support. I would also like to thank our business associates, bankers and financiers and the various government authorities for their continued support, assistance and guidance.

Our satisfactory performance in this financial year was made possible by the dedication and commitment of our employees. I thank the management and staff of our Group for their great efforts, hard work and contribution towards the continued growth of the Group.

Dato' Lim A Heng @ Lim Kok Cheong
Chairman

MANAGEMENT DISCUSSION AND

FOR THE YEAR ENDED DECEMBER 31, 2017

ECONOMIC OVERVIEW

The Malaysian economy recorded a commendable Gross Domestic Product growth rate of 5.9% in 2017 (4.2% in 2016) supported by faster expansion in both private and public sector spending. However, the consumer sentiment and discretionary spending remained weak due to factors like higher cost of living and the volatility of the domestic currency.

BUSINESS AND OPERATIONS OVERVIEW

We are a pioneer in the Malaysian bottled water industry and we started the production and sales of bottled water products in year 1989. Our Group is principally involved in the manufacturing, marketing and selling of a full range of bottled water products. With annual turnover above RM300 million, our Group is the largest and most integrated bottled water producer in Malaysia with an estimated market share of about 40%. Our core brands are *Spritzer, Spritzer Sparkling, Spritzer Tinge, Spritzer POP, Spritzer BonRica, Cactus, Desa* and *Summer* which are also the leading brands in their respective market segments in the Malaysian bottled water industry.

Our Group has three bottled water plants and one plastic packaging manufacturing plant in Malaysia. Our main mineral water plant is located on a 330-acre site in Taiping, Perak with the second mineral water plant in Yong Peng, Johor and the third drinking water plant in Shah Alam, Selangor. Our plastic packaging manufacturing plant is located in Ipoh, Perak. The Group's current annual production capacity is about 650 million litres of bottled water.

Our operations are primarily in Malaysia and our export sales currently make up of less than 10% of our Group's revenue. We also have a wholly owned trading company in Guangzhou, China which has, in April 2016, started its operations of selling and wholesale distribution of bottled water products in Guangzhou and its surrounding areas. The Group started exporting its mineral water products under the brand name ACILIS by Spritzer to United Kingdom in January 2017.

> "WE ARE A PIONEER IN THE MALAYSIAN BOTTLED WATER INDUSTRY AND WE STARTED THE PRODUCTION AND SALES OF BOTTLED WATER PRODUCTS IN YEAR 1989."

The Group also owns and manages the Spritzer EcoPark. This recreational park is situated within our 330-acre mineral water plant in Taiping, Perak. The Spritzer EcoPark, which has been in operations since August 2015, has an 18-hole mini-golf course, a cafeteria, a discovery tunnel and a kids' arts and craft centre.

ANALYSIS

2

DID YOU KNOW?

HOW DEEP IS THE SPRITZER WATER COMING FROM?

420 feet underground

STRATEGIC DIRECTION

Being the largest and leading bottled water company in Malaysia, we are committed to delivering high quality bottled water products to all Malaysians with special focus on health benefits at the same time, catering to the sophisticated taste preference of our consumers. Our objective is to sustain our leading position in the Malaysian bottled water industry by constantly improving our processes across our value chain. We have firm strategy to grow our domestic and export sales volume. We will continue to strengthen our position in the markets where we are currently operating and exploring business opportunities in the regional markets. While our performance in Guangzhou, China has not been encouraging thus far, we are continuing with our efforts on market development and brand awareness activities.

FINANCIAL REVIEW

Financial year/period ended	31.12.2017 (12 Months)	31.12.2016 (7 Months)	31.12.2016 (Annualised)	Change Amount	Change %
Revenue (RM'000)	313,849	185,943	318,759	(4,910)	(1.5)
Profit before taxation (RM'000)	35,272	18,270	31,320	3,952	12.6
Profit after taxation (RM'000)	25,478	12,507	21,441	4,037	18.8
Basic earnings per share (sen)	13.8	7.5	12.9	0.9	7.0
Dividend per share (sen)	5.5	3.5		2.0	57.1
Dividend pay out ratio (%)	45	51		(6)	
Current ratio (time)	4.0	2.7		1.3	
Quick ratio (time)	3.5	2.0		1.5	
Number of shares (less treasury shares) ('000)	209,969	179,549		30,420	16.9
Total equity (RM'000)	376,471	288,255		88,216	30.6
Net debt to equity ratio (%)	-	0.5		(0.5)	
Net assets per share (RM)	1.79	1.61		0.18	11.2
Market capitalisation (RM'000)	493,427	438,100		55,327	12.6

The annualised figures are presented for illustration purpose only.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017

Change of Financial Year End

The Company and the Group have changed the financial year end from May 31 to December 31 with effect from June 1, 2016. As such, no comparative figures are available for the preceding 12-month period as the preceding audited financial statements were prepared for the 7-month period ended December 31, 2016. The comparative figures presented in the audited financial statements are for the financial period ended December 31, 2016. However, we have annualised certain 7-month figures to illustrate the changes in performance between the current financial year and the preceding financial period. It is important to note that the annualised figures are not actual figures recorded by the Group in year 2016 and are meant for illustration purpose only.

Results and Dividend

During the financial year ended December 31, 2017, the Group recorded a revenue of RM313.8 million with a profit before tax of RM35.3 million and the profit for the year attributed to the owners of the Company of RM25.5 million. The Group recorded earnings per share of 13.8 sen in this financial year.

The Group revenue of RM313.8 million represents a decrease of 1.5% over the annualised revenue of RM318.8 in the preceding year. The Group recorded lower than expected sales volumes of bottled water mainly due to the soft consumer sentiments. However, both the Group pre-tax profit of RM35.3 million and profit after tax of RM25.5 million were higher by 12.6% and 18.8% respectively when compared with the preceding financial period's annualised pre-tax profit of RM31.3 million and after tax profit of RM21.4 million. We have raised the selling prices of some of our products in the second quarter of the year to cover the increase in input and other operating costs. Better operational efficiency and higher level of automation and integration have also contributed to the better margins. The current year high effective tax rate of 28% (2016: 32%) is mainly due to the unutilised losses of certain subsidiary companies not recognised as deferred tax asset. The earnings per share is 13.8 sen (Annualised 2016: 12.9 sen).

The Directors have proposed a first and final dividend of 5.5 sen (2016: 3.5 sen) per ordinary share in respect of the financial year ended December 31, 2017. The current dividend pay-out ratio is about 45% (2016: 51%). Whilst we do not have an official dividend policy, we have consistently paid out cash dividend in every financial period since our Company was listed on the Bursa Malaysia Securities Berhad in year 2000. We are committed to reward our shareholders with appropriate dividend payments which are in line with our earnings and cash flow requirements and the solvency requirement of the Companies Act 2016.

Cash Flow

The Group continues to generate strong cash flow from its business activities. The Group generated a net cash of RM46.3 million from its operating activities in 2017. The Group also received a cash inflow of RM69.2 million in the form of proceeds from the issuance of 30.4 million shares arising from the exercise of ESOS and a share placement exercise. During the financial year under review, we recorded a cash outflow of RM14.2 million for the purchase of property, plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The major fixed assets acquired during the year include an additional preform moulding machine, two sets of preform moulds and the construction of new office building. The Company also paid the first and final dividend of 3.5 sen per share in respect of the financial period ended December 31, 2016, amounting to RM6.4 million to its shareholders on June 23, 2017. With the surplus cash flow, the Group has turned into a net cash position as at December 31, 2017 from the net debt to equity ratio of 0.5% at the beginning of the financial year.

Financial Position and Gearing

The financial position of the Group has been further strengthened with the net profit of RM25.5 million recorded during the year and the issuance of 30.4 million new shares at an average subscription price of RM2.27 per share. Our total assets have increased by RM90.0 million or 24.5% from RM367.5 million on December 31, 2016 to RM457.5 million on December 31, 2017. Our total liabilities have increased moderately by RM1.9 million or 2.3% from RM79.2 million on December 31, 2016 to RM81.1 million on December 31, 2017. The Group's ability to meet its short term financial and debt obligations has been further improved. As at December 31, 2017, the current ratio was higher at 4.0 times (2016: 2.7 times) and similarly, the quick ratio was also higher at 3.5 times (2016: 2.0 times). As highlighted in the preceding paragraph, the Group has turned into a net cash position from the net debt to equity ratio of 0.5% at the beginning of the financial year.

Equity, Reserves and Market Capitalisation

In line with the net profit RM25.5 million generated during the year and the issuance of 30.4 million new shares, and after the payment of the final dividend of RM6.4 million in respect of the preceding financial period, our equity and reserves have increased by RM88.2 million or 30.6% from RM288.3 million on December 31, 2016 to RM376.5 million on December 31, 2017. As at December 31, 2017, the net asset value per share stood at RM1.79 (2016: RM1.61). The increase in net asset value per share is mainly attributable to the issuance of 30.4 million new shares during the year at an average issue price per share of RM2.27, which is higher than the net asset value per share of RM1.61 at the beginning of the financial year. The total number of ordinary shares (net of treasury shares) in issue and fully paid as at the end of financial year was 209,968,727 (2016: 179,549,002). As at December 31, 2017, the Company's market capitalisation has increased by 12.6% to RM493.4 million from RM438.1 million as at December 31, 2016.

RISKS

The Group is sensitive to various risks such as reputation risk, business and operation risk and financial risk. The Group's risk management framework is designed to enable the material risks to be identified, analysed, assessed and managed in order to prevent or minimise possible losses.

Reputation Risk

Being the leading bottled water company with dominant market share, our core brands have high brand equity. To sustain and to enhance the image and reputation of the Group and our branded products, we have strong commitment to quality and strong discipline to improve continuously. We cultivate ethical and responsible business behaviour with a strong culture to manage and to ensure compliance with the applicable standards, internal policies and external rules and regulations. We invest in and focus on effective communication, image and brand building.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Business Operations Risk

Our significant business operations risks are adequacy and suitability of water supply, supply chain risk, business disruption risk, customer loyalty risk and competition risk. We have suitably qualified and experienced personnel to manage our business operations and we have established proper business processes to ensure the proper mitigation and management of our business operations risks. We continue to improve the efficiency of our entire value chain.

Financial Risk

Our key financial risks are credit risk and liquidity and cash flow risk. We have established proper credit evaluation and control processes to manage the credit risk of our receivables. We practise prudent liquidity risk management to minimise the mismatch of our financial assets and financial liabilities and we have sufficient credit facilities and resources for contingency funding requirement. The Group has a healthy balance sheet and strong financial capability to manage its financial risk.

ACHIEVEMENTS, AWARDS AND RECOGNITIONS

We continue to receive recognitions from prestigious and reputable organisations for our core brands, products and world-class manufacturing facilities.

In April 2017, Spritzer brand has once again, emerged as the Platinum Winner of the Reader's Digest Trusted Brands Award 2017. This is the 16th consecutive year that Spritzer has won this award. Our Cactus brand has also for the 4th consecutive year, won the Gold award of the Reader's Digest Trusted Brands Award. These recognitions are fair reflection of our Spritzer and Cactus brands as the No. 1 and No. 2 mineral water brand respectively in Malaysia. Gold Trusted Brand Awards are given to brands that scored significantly higher than their rivals. Platinum Trusted Brand Awards are given to brands that performed exceptionally, winning their category with a score that vastly outpolled their nearest competitor. We have always valued highly the Reader's Digest Trusted Brand Award as the winning brands are voted by the consumers themselves and using a simple technique – asking consumers which brands they trust the most.

In June 2017, Spritzer has again been voted the highly coveted Superior Taste Award 2017 by The International Taste and Quality Institute (iTQi), with the top honour of 3 golden stars, garnering exceptional status with 90% or more score. The award is evaluated by 120 chosen Michelin Star Chefs and Sommeliers from 15 different European nations.

In October 2017, we have, once again received the World Branding Awards as Brand of the Year 2017 National Award in the water category. This recognition is truly a powerful endorsement of our efforts to become a world-class bottled water player. Winners of this premier awards programme of the World Branding Forum are judged through three streams – Brand Valuation. Consumer Market Research and Public Online Voting, and are assessed and voted by more than 120,000 consumers from around the world; the shortlisted topmost brands were then judged by World Branding Forum Advisory Council to be truly exceptional.

In October 2017, we had for the 8th consecutive year, been honoured with the 2017 Frost & Sullivan Asia Pacific Bottled Water Company of the Year. The Frost & Sullivan's Best Practices Awards recognise companies throughout a range of regional and global markets for superior leadership, technology innovation, customer service and strategic product development.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017

In November 2017, Spritzer has, once again, been awarded Gold in the Beverage – Non-alcoholic, at the Putra Brand Awards 2017. This is the third time that Spritzer has won the Putra award. This achievement has propelled Spritzer to be in the same league as the other beverage leaders. The Putra Brand Awards, an initiative supported by Branding Association of Malaysia, the Malaysian Advertisers Association and Media and endorsed by Malaysian External Trade Development Corporation (MATRADE), is a brand valuation award measured by consumer preferences. The winners were chosen via an online survey by over 6,000 respondents nationwide, making it the largest consumer research sampling of its kind and the most prestigious consumer award in the country.

We are proud and thankful for having received the above highly valuable and prestigious awards. Such recognitions will certainly motivate us to strive for greater excellence.

PROSPECTS

The operating environment in financial year 2018 is expected to remain challenging amidst global and domestic economic uncertainties and volatilities. Consumer sentiment is expected to remain soft due to the higher cost-push inflation, the impact of the volatility of the domestic currency and the soft employment conditions. The Ringgit recovery, if sustainable, could have a positive effect on consumer spending. The group is also experiencing higher input and other operating costs. However, the competitive operating environment and the weak consumer sentiment may restrict our ability to pass on the rising costs.

We will continue with our marketing and sales efforts so as to improve our sales of bottled water products in Guangzhou, China and in Malaysia. More promotional efforts will be directed to sales and trade activities. Trade promotions and incentives will be used to expand market coverage. However, we do not expect our operations in China to generate positive results in financial year 2018.

We have allocated a sum of RM45 million to build a new automated warehouse in our Taiping plant in 2018 to accommodate the higher volume of production and sales. We are hopeful that the new warehouse will be completed by the end of 2019.

We are constantly upgrading and further automate our production processes so as to enhance our production capability and capacity. We will be focusing on sustaining our sales growth and work on garnering a bigger market share for our bottled water products.

With our highly integrated and efficient manufacturing process, coupled with our strong brand equity and leading position in the Malaysian bottled water industry, we are cautiously optimistic that we will be able to generate satisfactory results in the financial year ending December 31, 2018.

APPRECIATION

We thank our employees for their continued hard work and dedication during the financial year under review.

We also thank our consumers, partners, distributors and customers for their trust and support to our Group and brands.

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT SPRITZER

At Spritzer Bhd ("Spritzer"), sustainability initiatives have always been integrated into the ways we conduct our business as part of business continuity risk management so that our stakeholders receive maximum benefits and returns. As the leader of the bottled water industry in Malaysia, we believe that it is our purpose and responsibility to take the lead on sustainability.

SUSTAINABILITY STATEMENT

The following statement is presented in accordance with the requirement of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and with reference to the Sustainability Reporting Guide issued by Bursa Securities.

This Statement covers sustainability of Spritzer's Malaysia operations for the financial year ended December 31, 2017. Spritzer (Hong Kong) Limited and Spritzer Guangzhou Trading Limited, which are operating in Hong Kong and China respectively, are excluded because their revenue contribution is insignificant.

The name and location of the subsidiaries covered under the scope of this Statement are as follows, and the details on principal activities are disclosed in Note 16 to the financial statements.

- Chuan Sin Sdn Bhd - Taiping, Perak and Shah Alam, Selangor
- Golden PET Industries Sdn Bhd - Ipoh, Perak
- Chuan Sin Cactus Sdn Bhd – Taiping, Perak
- PET Master Sdn Bhd – Taiping, Perak
- Angenet Sdn Bhd – Yong Peng, Johor
- Spritzer EcoPark Sdn Bhd – Taiping, Perak

As allowed under Practice Note 9 of the Listing Requirements, Spritzer will comply with the prescribed format for Sustainability Statement with effect from Annual Report for the financial year ending December 31, 2018.

In the meantime, in response to Bursa Securities' effort to improve the local sustainability reporting practices which drives a more balanced, comparable and

Kuala Lumpur 2017, 29th SEA Games Carnival – FIT Malaysia (August 12, 2017)

meaningful disclosure around material sustainability matters, the Group is taking significant steps to launch its Sustainability Project aiming at achieving the following main objectives:

- Applying the sustainability lens to business strategies and management as a measure of good governance and to support business continuity.
- Establish and formalise a sustainability governance structure and sustainability framework which focus on economic, environment and social ("**EES**") aspects and material sustainability matters surrounding Spritzer's business operations.
- Implement policies and action plans to manage and track material sustainability matters.
- Enhance stakeholders' engagement by undertaking comprehensive materiality assessment with the aim to better identify the priorities of Spritzer's stakeholders and EES risks and opportunities.

We believe that at the end of the process, Spritzer will be able to have a robust and structured sustainability reporting approach which is paramount to strengthening of our business strategies to strive through the evolving transformation for sustainability development and to manage our sustainability risk and opportunities efficiently and effectively.

Sustainability management

The Group Chief Executive Officer leads the management of sustainability together with senior managers of the Group.

Moving forward, Spritzer will set up a Sustainability Committee, whose members are from senior management of the Group, to be the governing body for sustainability activities. Spritzer intends to seek the Board's advice and acknowledgement on identification and prioritisation of material sustainability matters and the policies and action plans for managing these EES risks and opportunities.

SUSTAINABILITY STATEMENT

MITI Turun Padang visit by YB Datuk Chua Tee Yong (May 4, 2017)

Stakeholders engagement

Spritzer's existing stakeholders' engagement activities include the following:

- The Board – activities are presented in Principal C, Practice 11 of the Corporate Governance Overview Statement.

- Investors – Spritzer communicates with existing shareholders and potential investors in Annual General Meetings, official website, media releases, Bursa Securities announcements and ad hoc briefings/discussion sessions set up upon requests. The Group Financial Controller and Company Secretary oversee investor relations matters.

- Employees – Spritzer uses various methods to interact with its people, that include inter-company memos, emails, physical meetings, recreational events and social media platforms.

- Customers, suppliers and community – Spritzer uses official website, social media, the conventional tele-communication (dedicated hotline) and the press as well as physical events and PR activities. Physical meetings are arranged as situation dictates.

Material issues

Material sustainability are identified and categorised to the following Themes and the details on how these matters are managed is discussed in the subsequent sections of this Statement:

- Economic (sustainable procurement, community investment)
- Environment (sustainable supply chain, carbon emission/ greenhouse gas emission, waste and energy consumption)
- Social (occupational safety and health, labour practices, product and services responsibility)

MANAGING SUSTAINABILITY

In dealing with suppliers, customers, shareholders and other stakeholders, Spritzer holds firm to corporate ethics which serve as a compass in doing business responsibly and in the long-term interest of our stakeholders. Spritzer practises the principles of good corporate governance and ethical business conduct, in addition to complying with the rules and regulations of the law. Our commitment to good corporate governance and the continuous improvement on corporate governance is further elaborated in the Corporate Governance Overview Statement of this Annual Report.

During the current financial year ended December 31, 2017 our sustainability activities are summarised below:

ECONOMIC

Spritzer has identified two sustainability matters and has continued to put effort in managing the risks and opportunities arising from these Themes as listed below:

- Sustainable procurement
- Community investment

Spritzer cares about the well-being of the communities and believes in sharing and giving back to the communities for the improvement in overall well-being and to promote growth within our communities. This journey has been an on-going one and we take pride for being able to serve and contribute to our communities.

We are also supportive of local suppliers of our head-quarters at Taiping whereby all things being equal, a local business establishment will be selected as our supplier.

We continued to collaborate and work closely with the Taiping local authorities by contributing and maintaining the street light boxes at popular tourist attractions such as the Taiping Zoo, road signs and billboards on highways,

SUSTAINABILITY STATEMENT

with the purpose of beautifying and promoting Taiping as a heritage town.

- ***Spritzer EcoPark***

  Spritzer EcoPark is a recreational park situated inside the 330 acres of greenery where our eco-friendly factory in Taiping is located. The park, which is open to the public has since been one of the major attractions of Taiping. The facilities of this park include an 18-hole mini-golf course, kids' arts and craft centre and cafeteria. The park is also home to Cactus Rock, a 214 million-year old rock that is one of the main attractions. The public are welcomed to enjoy the park, visitors can also request for a factory tour during their visit to the park.

- ***Zumba***

  Weekly Zumba dance classes led by a qualified instructor are held at Spritzer EcoPark for the employees and the public (especially for ladies), free of charge. Public are invited to join the fun exercise every Wednesday from 6.30pm to 7.30pm.

- ***Blood donation campaign***

  In September 2017, Spritzer for the third time organised with joint effort with Taiping Hospital in a blood donation program held at Spritzer EcoPark where the public and employees can donate blood to the hospital for a good cause. The campaign was successful in helping Taiping Hospital improve its blood bank shortage.

- ***Taiping Zoo animal adoption programme***

  Spritzer has adopted a family of 5 Indian bison (Seladang) in Taiping Zoo.

Our community outreach programmes include regular and ad-hoc contributions in cash and in kind to schools, old folks homes, the homeless, under privileged children's homes, associations, local temples and mosques and to other charitable entities. Other activities undertaken by Spritzer include annual and regular sponsorships of sporting, entertainment, educational and cultural events.

KUALA LUMPUR 2017 – 29th SEA Games and 9th ASEAN Para Games

Spritzer is proud to be a Silver Sponsor of KUALA LUMPUR 2017. Besides cash and in-kind sponsorship of more than RM700,000, Spritzer also participated in various activities aiming at promoting green awareness, harmony and bringing Malaysians together to celebrate this special sporting event. The following is a list of activities held during the KUALA LUMPUR 2017 period:

1. KUALA LUMPUR 2017 Torch Run water distribution
2. SEA Games – FIT Malaysia Event
3. Spritzer KUALA LUMPUR 2017 Carnival at Spritzer EcoPark
   - Spritzer Torch Run (1km to Spritzer EcoPark)
   - Customise own Kuala Lumpur 2017 Spritzer NMW 600ml label
   - Soil-less planting using recycled bottles
   - Green partners activities (O-Bike – Stationless bike sharing; Tzu Ji – Garbage classification and handcraft with recycling materials; MAEKO – Food waste management)

Below are some of the other community programmes and sporting events sponsored by Spritzer during the year:

- 2017 Le Tour de Langkawi;
- King of Bukit Larut 2017 run held at Bukit Larut, Taiping;
- 5th Ipoh International Waiters Race 2017;
- Ipoh Starwalk 2017;
- 24th Spritzer Cup U15 Youth Basketball Championships 2017;
- EFN 10 Champions League 2017 Kings Cup Final held at Stadium Badminton Cheras, Kuala Lumpur;
- Penang Starwalk 2017;

Rumah Seri Kenangan visit (April 8, 2017)

SUSTAINABILITY STATEMENT

- Spritzer Taiping Open Badminton Championships 2017;
- New Vision Badminton Academy Sdn Bhd ("**NV**") and Art Sport, badminton academies in Selangor and Penang, respectively. The academies provide long term and short term, intensive and exclusive badminton training programmes in Malaysia and overseas. The academies also identify and train potential badminton players in Malaysia as well as organise and arrange for tournaments for potential badminton players to participate and gain experience;
- Petronas AAM Cub Prix events held throughout Malaysia; and
- 15th Perak Spritzer Cup Written English Competition, Perak.


Spritzer Party with Taiping Children's Home (December 30, 2017)

ENVIRONMENTAL

Spritzer has identified three sustainability matters and has continued to put effort in managing the risks and opportunities arising from these Themes as listed below:

- Sustainable supply chain
- Carbon emission / greenhouse gas emission
- Waste and energy consumption

Spritzer supports green initiatives/ products and takes this into account during suppliers and vendors selection process and in other stages of our procurement practice. Our objective is to select suppliers and vendors that will complement our efforts to improve sustainability of our products and at the same time reduce cost, improve product quality and ultimately creating a sustainable and efficient supply chain.

Our modern, eco-friendly manufacturing facility in Taiping is located amidst 330 acres of tropical rain forest, away from potential water and air pollution thus protecting our natural water sources and ensuring high quality of our products. Environmental sustainability is vital and we are conscious and understand the need for careful management on the issue of carbon footprint generated by our business activities and we are committed to protect and preserve the environment. We have worked with the Forest Research Institute Malaysia ("**FRIM**") Biodiversity Department to create and enhance our sustainability activities through tree planting and other projects that are related to the protection of the environment. Our tree planting activity is on-going and we have planted approximately 16,000 trees near our manufacturing facility with new planting of over 900 trees in the current year.

We are currently embracing the change brought about by Industry 4.0 and understand that to stay relevant and remain competitive locally and be competitive globally, we need to invest in new technology, automation and big data to improve productivity, process efficiency and to foster greater connectivity between people, data and intelligent devices. The Internet of Things is gaining momentum and will become mainstream which is why Spritzer's vision is to transform our Taiping manufacturing facility into a Smart Factory in the next 3 years. We belief the sustainability benefits which will flow include reduction of electricity consumption and carbon foot print per unit of product produced.

During the year, a subsidiary that is principally engaged in the manufacturing and selling of polyethylene terephthalate ("**PET**") preforms, bottles, caps, toothbrushes and other plastic products has completed an energy audit on its factory. The audit was carried out by a qualified energy service company registered with the Energy Commission. The objective of the audit is to identify the current energy consumption pattern, setting the baseline and identify the energy savings potential all the while ensuring electrical supply energy saving is achieved through the implementation of energy savings measures. Subsequent to the issuance of audit report, the subsidiary has set up the Energy Efficiency Team consists of the General Manager and senior technical personnel to manage energy efficiency issues. Based on the recommendations and guidelines in the audit report, the subsidiary has established its Energy Efficient Policy Statement and has started adopting

SUSTAINABILITY STATEMENT

the various energy saving measures and implementing strategies and action plans to reduce energy consumption and to ensure efficient management of electrical energy.

Other on-going green initiatives undertaken by Spritzer are as follows:

- Packaging reduction and light-weighting. By reducing the weight of packaging through innovative design and new packaging solutions, the consumption of plastic raw materials, as well as the energy cost required to produce the packaging is reduced. Spritzer bottles are designed to be easily collapsible for recycling, this saves up to at least 65% of recycling space.
- Use of plastic PET materials which is 100% recyclable, as packaging.
- Invest in innovative technology including advanced technology machinery and systems in the manufacturing process to increase automation therefore increasing productivity and at the same time conserve energy, reduce PET material consumption, and production waste.
- Invest in process and resource efficiency management projects which utilise information technology to improve efficiency in business processes and to reduce paper consumption in the workplace.
- Optimise transportation and logistics by engaging in efficient and effective delivery and distribution systems in the effort to minimise fuel consumption and exploring the use of alternative fuel, hence reducing Carbon Dioxide ("**CO2**") emissions.
- Promote recycling amongst consumers by organising green campaigns throughout the country to help raise public awareness on environmental issues and the importance of recycling.

SOCIAL

Spritzer has identified three sustainability matters and has continued to put effort in managing the risks and opportunities arising from these Themes as listed below:

- Occupational safety and health
- Labour practices
- Product and services responsibility

Our people

Spritzer recognises that our employees are our greatest asset; they are major contributors to our success and play a critical part in helping to achieve its business objectives. Spritzer believes in and promotes work-life balance and therefore committed to providing a healthy and safe working environment to our people to maximise their performance and productivity. We strive to continuously improve on this area and our commitment has been documented in our Employee Handbook.

Providing and maintaining good occupational safety and health of our employees is our top priority. Our Safety and Health Committee at head quarter meets at least quarterly to discuss, resolve and manage safety and health issues and to ensure compliance with government regulations which related to occupational safety with the aim of providing a hazard free work place for our people.

Spritzer strongly believes in the continuous development in technical and non-technical skills, performance management and growth of our people. We also recognise that to maintain a competitive edge, we need to attract and retain talent. To stay competitive in the job market, we continuously upgrade our remuneration packages to keep pace with the fast-changing job market condition and to meet market expectation on salaries and other employment benefits.

18 Holes Mini Golf Tournament (July 16, 2017)

SUSTAINABILITY STATEMENT

Visit from China Distributors and staff members (March 7, 2017)

Our human capital development programmes include in-house and external training and seminars, provision of information/knowledge sharing platform to encourage communication and to improve knowledge sharing. High performing employees will be identified and enrolled in executive training programme to help them improve skills and knowledge and at the same time building peer-to-peer networking and self-confidence to become successful leaders in our organisation.

Regular social, sports competition and team building activities including futsal, treasure hunt, badminton, basketball, mini-golf, tele-matches, annual dinners and family day outings are carried out by the Sports and Recreation Club ("**SRC**") for employees to facilitate communication and to promote family values, health and vitality at the same time. Cash prizes are awarded to winners of competition organised by the SRC to boost motivation and to reward active participation. Weekly Zumba and Yoga classes that are led by professional instructors are organised in office for employees who enjoy good exercise and team building.

Our customers and communities

At Spritzer, we are dedicated to transforming conventional ways of doing business to deliver greater value to our customers and we are committed to providing our customers with the highest level of satisfaction. We engage and interact with our customers and consumers via our official website, Facebook page, Twitter, Instagram and WeChat. There is also a dedicated customer hotline for direct communication on lodging complains about our products and services as well as information request regarding the Group.

Our employees who are responsible for sales support and public relations are provided internal trainings and participation in road shows to enhance their skills in managing customers and to ensure consistency in the delivery of services to customers.

We provide consumers with tips on living a healthy lifestyle and information regarding our products, in particular "Spritzer" brand mineral water which contains high level of Silicon. A research previously conducted by Professor Christopher Exley of Keele University, UK found that daily intake of Spritzer, a Silicon-Rich mineral water helped remove aluminium, a known neurotoxin from the human body. Aluminium has been linked to causing of the Alzheimer's disease.

Regular plant tours are conducted for school children, government department officers, suppliers, customers, members of clubs and associations and members of the public. Spritzer welcomes the public to visit its plant in Taiping and is transparent about its manufacturing process for education purpose as well as to boost confidence amongst the consumers on the quality of our processes and products. During the visit, visitors will be able to obtain valuable information about types of water, the health benefits of drinking sufficient water as well as the special characteristic and health benefits of Silicon.

CONCLUSION

With Spritzer's commitment in embarking on Sustainability Project as mention in earlier section of this Statement, we are looking forward to providing a more comprehensive and quantitative Sustainability Statement in accordance with the Listing Requirements in the forthcoming financial year ending December 31, 2018.

Relay for Life Melaka (April 22-23, 2017)

SUSTAINABILITY STATEMENT

Penang Starwalk 2017 (September 10, 2017)

EFN10 Champions League (July 29, 2017)

Le Tour de Langkawi (February 22 - March 1, 2017)

SRC Bowling Tournament (April 21, 2017)

New Vision Badminton Academy

Ipoh International Waiters Race (May 14, 2017)

DIRECTORS' PROFILE

DATO' LIM A HENG @ LIM KOK CHEONG, JSM, DPMP, JP

Non-Independent
Non-Executive Chairman

Dato' Lim Kok Cheong, aged 73, male, a Malaysian and was appointed to the Board on June 22, 2000.

He has more than 50 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the Life Honorary President of both the Associated Chinese Chambers of Commerce and Industry of Malaysia and the Perak Chinese Chamber of Commerce and Industry. He is the Chairman of Poi Lam High School (Suwa) and the Honorary President of Perak Hock Kean Association and the Federation of Hokkien Associations of Malaysia.

He is the Executive Chairman of Yee Lee Corporation Bhd and the Chairman of Yee Lee Organization Bhd.

He is a director and major shareholder of Yee Lee Corporation Bhd, a director of Yee Lee Holdings Sdn Bhd; and spouse of Datin Chua Siok Hoon, all of whom are the major shareholders of the Company. Besides, he is the brother of Dato' Lim Kok Boon and the uncle of Mr Lim Seng Lee and Mr Lim Hock Lai.

DATO' LIM KOK BOON, DPMP

Managing Director

Dato' Lim Kok Boon, aged 63, male, a Malaysian and was appointed to the Board on June 22, 2000.

He is a Past President/Consultant of the Asia Middle East Bottled Water Association (ABWA). He is also the adviser to the Board of Governors of Hua Lian High School, Taiping.

He has been involved in the sales and distribution of biscuits, confectionery and bottled drinks since 1979. He was instrumental in the growth of Chuan Sin Sdn Bhd, a wholly-owned subsidiary of the Company, when it successfully switched to the production of bottled water in 1988. Since then, he has been overseeing the entire day-to-day operations of Spritzer Bhd Group.

He is a brother of Dato' Lim Kok Cheong and the brother-in-law of Datin Chua Siok Hoon, both of whom are the major shareholders of the Company. He is the spouse of Datin Lai Yin Leng and the father of Mr Lim Seng Lee, the Group Chief Executive Officer of the Company and Mr Lim Hock Lai.

LIM SENG LEE

Executive Director and
Group Chief Executive Officer

Lim Seng Lee, aged 42, male, a Malaysian and was appointed to the Board on October 15, 2015. He graduated with a Bachelor of Science in International Business from San Francisco State University, United States.

He joined Spritzer Bhd as a Sales Executive in 2003. He was promoted to Marketing Manager in year 2007 and until to date, he has been involved in sales and marketing activities in the bottled water market.

In 2008, he took the position of Deputy General Manager and was responsible to assist the Managing Director and General Manager to plan and set up the company's policy and objectives. At the same time, he was involved in strategic planning and Corporate Social Responsibility of the Company. In 2011, he was promoted to be the Group General Manager and is responsible to oversee and ensure that the overall operation activities of the Company are in accordance with the Company's policies and objectives. He is the Country Representative (Malaysia) of the Asia Middle East Bottled Water Association (ABWA).

He is a son of Dato' Lim Kok Boon, the Managing Director of the Company and Datin Lai Yin Leng. He is also a nephew of Dato' Lim Kok Cheong, the Chairman of the Company and Datin Chua Siok Hoon, both of whom are the major shareholders of the Company. He is also the brother of Mr Lim Hock Lai.

DIRECTORS' PROFILE

LAM SANG

Executive Director

Lam Sang, aged 68, male, a Malaysian and was appointed to the Board on December 28, 2001. He has more than 30 years of experience in the manufacturing and marketing of plastic products and toothbrush. He is the Deputy President of Perak Hock Kean Association and Vice Chairman of Poi Lam High School, Secondary School, and Primary School.

Prior to joining Golden PET Industries Sdn Bhd, a wholly-owned subsidiary of the Company, he was the Sales Manager of United Plastic Sdn Bhd, a plastic manufacturing company from 1973 to 1980.

CHOK HOOA @ CHOK YIN FATT, PMP

Non-Independent Non-Executive Director

Chok Yin Fatt, aged 71, male, a Malaysian and was appointed to the Board on December 28, 2001. He graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow members of CPA Australia and Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

He has extensive experience in the field of financial management, accounting and corporate secretarial functions. He was attached to UAC Berhad from 1974 to 1982. In 1982, he joined Yee Lee Corporation Bhd as Chief Accountant and was promoted to the Board as an Executive Director in 1990.

He is a Director of OKA Corporation Bhd and Yee Lee Corporation Bhd, and other public companies which are not listed on the Bursa Malaysia Securities Berhad including Yee Lee Organization Bhd and MSHK Corporation Bhd. He is also a member of the Audit Committee of the Company.

DATO' IR NIK MOHAMAD PENA BIN NIK MUSTAPHA, DIMP

Independent Non-Executive Director

Dato' Ir Nik Mohamad Pena bin Nik Mustapha, aged 67, male, a Malaysian and was appointed to the Board on July 14, 1997. He obtained a Degree of Bachelor of Science (Civil Engineering) from University of Glasgow, United Kingdom in 1975. He holds the memberships in the following professional bodies, namely the Board of Engineers Malaysia, Institution of Engineers Malaysia, Institution of Highways and Transportation United Kingdom and Association of Consulting Engineers Malaysia. He advises the Board members on all matters relating to civil and structural aspect of the Group's buildings.

He is a consultant engineer and the Managing Director of Nik Jai Associates Sdn Bhd, a company of civil and structural engineering consultants. He started his career as a civil engineer with Jabatan Kerja Raya (JKR) in 1975 and was promoted to the post of Senior Executive Engineer in 1980. He left JKR in 1983 and joined an engineering consulting firm. In 1985, he set up his own partnership firm, Nik Jai Associates. In 1990, he incorporated his company, Nik Jai Associates Sdn Bhd which specialises in multi-storey buildings, highways, bridges and water resources.

He is a Director of Yee Lee Corporation Bhd, the Chairman of the Audit Committee and Nomination Committee of the Company.

DIRECTORS' PROFILE

DATO' MOHD ADHAN BIN KECHIK, DJMK, SMK

Independent Non-Executive Director

Dato' Mohd Adhan bin Kechik, aged 62, male, a Malaysian and was appointed to the Board on May 16, 1994. He graduated with a Bachelor of Laws (Honours) Degree and Master of Laws Degree from University of Malaya. He is currently the Chairman of the National Kenaf and Tobacco Board (Lembaga Kenaf dan Tembakau Negara).

He is a lawyer by profession. Currently, he is practising as a partner at Messrs. Adhan & Yap. Prior to setting up his own private practice in Kota Bharu, Kelantan in 1984, he was attached to the Legal and Judicial Department for five years serving in the Magistrate Court, High Court, Public Trustee's office and Attorney General's office before being appointed the Legal Adviser to the Ministry of Transport in 1983. He also served the State Government of Kelantan for four years as Menteri Besar's political secretary from 1986 to 1990. He is an elected State Assemblyman of Kelantan for Kemahang from 1995 to 1999 and Bukit Bunga since 2004.

He is a Director of Yee Lee Corporation Bhd. He is also the Chairman of the Remuneration Committee, a member of the Audit Committee and Nomination Committee of the Company.

DATO' SRI KUAN KHIAN LENG, S.S.A.P.

Independent Non-Executive Director

Dato' Sri Kuan Khian Leng, aged 42, male, a Malaysian, was appointed to the Board on January 25, 2007. He graduated with a Bachelor in Civil Engineering (First Class Honours) and Master in Management Science & Operational Research from University of Warwick, United Kingdom. He had been conferred the Darjah Sri Sultan Ahmad Shah Pahang (S.S.A.P.) which carries the title Dato' Sri by the Royal Highness Sultan of Pahang on October 24, 2017.

He started his career as a Civil and Structural Engineer in Sepakat Setia Perunding Sdn Bhd in year 2000. In March 2002, he joined Citibank Berhad as Assistant Manager and subsequently held several managerial positions in the Marketing, Project Management and Risk Management departments. In July 2006, he held the position of Business Intelligence Head in Kuwait Finance House (Malaysia) Berhad.

He served as the Executive Director of Mexter Technology Berhad from June 2007 to December 2015, overseeing the operations, business development and marketing activities of the company. At present, he is the Group Executive Director of Fajarbaru Builder Sdn Bhd, which is involved in large scale construction and property development. He is also a Council Member of Master Builders Association Malaysia (MBAM).

Currently, he is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

TAN CHOW YIN

Non-Independent Non-Executive Director

Tan Chow Yin, aged 45, a Malaysian and was appointed to the Board on December 15, 2017. He graduated with Master of Engineering with First Class Honours from Imperial College, London, United Kingdom in year 1997 and Master of Science from Massachusettes Institute of Technology, United States of America in year 1998. He became a Chartered Financial Analyst Charterholder since year 2011.

He joined Dymon Asia Private Equity in 2016 as a Partner and Investment Committee Member. He has investment experience across a wide spectrum of sectors from niche manufacturing, consumer products and retail, education, food & beverage services, aged care, capital equipment and entertainment. He was previously a Senior Partner and an Investment Committee Member at Navis Capital, where he focused on making and realizing investments in the Asia Pacific region, in particular Southeast Asia and China. Prior to Navis, he was a management consultant with The Boston Consulting Group, where he last held the position of Principal.

Currently, he is a member of the Remuneration Committee of the Company.

Notes:-

1. Save as disclosed, none of the above Directors has:-
   (i) any family relationship with any Director and/or major shareholder of the Company;
   (ii) any conviction for offences within the past five years other than traffic offences; and
   (iii) any conflict of interest with the Company.
2. Save for Dato' Lim Kok Boon, none of the above Directors has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended December 31, 2017:-

   On December 15, 2017, Dato' Lim Kok Boon paid a compound amounting to RM10,000 to the Companies Commission of Malaysia in default of Section 69F(2) of the Companies Act, 1965 due to the late notification on the dealing in shares by his son to the Company.

KEY SENIOR MANAGEMENT'S PROFILE

For Key Senior Management's Profiles of Dato' Lim Kok Boon, Mr Lim Seng Lee and Mr Lam Sang, kindly refer to the Directors' Profile in this Annual Report.

DR CHUAH CHAW TEO

R&D Director

Chuah Chaw Teo, aged 66, male, a Malaysian and was appointed as R&D Director of Spritzer Group on December 15, 2017. He graduated with a Bachelor of Science (Honours) Degree in 1975 and Doctorate in Applied Organic Chemistry in 1979 from University of Otago, New Zealand.

He worked as a teaching assistant in Polymer Laboratory, State University of New York from 1980 to 1982 and as a Research Associate in University of Malaya in 1982. From 1983 to June 1997, he worked for Yee Lee Corporation Bhd in various capacities as Chief Chemist, Research and Development Manager and later as General Manager of Research and Development Department. He joined Chuan Sin Sdn Bhd as its General Manager in July 1997 and responsible for the product development, quality control and improvement of Chuan Sin Sdn Bhd's products.

He was a member of the Committee set up by the Standards and Industrial Research Institute of Malaysia (SIRIM) in 1991 to produce a draft on Malaysian Standards Specification on Natural Mineral Water. Presently, he is the Chairman of the Environmental and Technical Committee of the Asia Middle East Bottled Water Association (ABWA). He is a Fellow of the Institute of Kimia Malaysia (IKM) since September 2014. Besides, he is a member of the Industry Advisory Panel for Applied Chemistry Programme at the Universiti Teknologi Petronas (UTP). He is an Independent Non-Executive director of Hovid Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

LIM HOCK LAI

Sales and Operations Director

Lim Hock Lai, aged 40, male, a Malaysian and joined Chuan Sin Sdn Bhd in September 2008 as the Business Manager. He was promoted to Head of Sales and Marketing in August 1, 2009 and responsible in Sales and Marketing activities in bottle water market of the Group. Currently, he is holding the position as a Sales and Operations Director since July 1, 2013 and is responsible for the sales and performance of Chuan Sin Sdn Bhd, Shah Alam branch and Angenet Sdn Bhd.

He graduated with a Bachelor of Information Systems from Swinburne University of Technology at Melbourne, Australia. He joined Nagase & Co., Ltd, a Japanese trading company as a Sales Executive and subsequently joined Clariant International Ltd, a Swiss chemical company as a Sales Manager prior to joining Chuan Sin Sdn Bhd in 2008.

He is a son of Dato' Lim Kok Boon, the Managing Director of the Company and Datin Lai Yin Leng. He is also a nephew of Dato' Lim Kok Cheong, the Chairman of the Company and Datin Chua Siok Hoon, both of whom are the major shareholders of the Company. He is also the brother of Mr Lim Seng Lee, the Group Chief Executive Officer of the Company.

SOW YENG CHONG

Group Financial Controller

Sow Yeng Chong, aged 61, male, a Malaysian and joined Spritzer Bhd in October 2009 as the Group Financial Controller. He also serves as Joint Company Secretary of the Company since 2010.

He has wide working experience in the field of accounting and corporate finance.

He started his career in 1981 as an Audit Assistant with Payne Davis & Co. and subsequently worked as an Accountant of Far East Marble & Handicraft Sdn Bhd.

He was employed by Yee Lee Corporation Bhd from 1985 to 1997 in various capacities and his last position being the Group Financial Controller and Joint Company Secretary. He was a remisier with TA Securities Holdings Bhd from 1997 to 2009.

He is a Non-Independent Non-Executive director of Yee Lee Corporation Bhd, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a director of Kumpulan Belton Berhad, a non-listed public company. He is also a member of Malaysian Institute of Accountants.

KEY SENIOR MANAGEMENT'S PROFILE

CHONG MEE YOONG
Deputy General Manager

Chong Mee Yoong, aged 53, female, a Malaysian and joined Chuan Sin Sdn Bhd in 1991 as a Food Technologist and currently holding the position as the Deputy General Manager of Chuan Sin Sdn Bhd since July 2013. She oversees the plant operations and Quality Assurance Department of Chuan Sin Sdn Bhd.

She graduated with a Bachelor of Science (Hons) in Food Science and Nutrition from National University of Malaysia. Prior to joining Chuan Sin Sdn Bhd, she worked as a Food Technologist with Yee Lee Corporation Bhd in 1990.

HO YEE LING
Group Marketing Manager

Ho Yee Ling, aged 36, female, a Malaysian and joined Chuan Sin Sdn Bhd on July 1, 2008. She is currently holding the position as the Group Marketing Manager of Chuan Sin Sdn Bhd. She is leading in formulation of marketing strategies and developing marketing plans, advertising and promotion programme to achieve business and brand objectives.

She graduated with a Bachelor of Science (Hons) in Business Administration from Nottingham Trent University, England. Prior to joining Chuan Sin Sdn Bhd, she worked as Advertising Account Executive and Advertising Account Manager which exposed herself in handling different portfolio of clients.

TAN ENG BONG
Group Production Manager

Tan Eng Bong, aged 53, male, a Malaysian and joined Chuan Sin Sdn Bhd in August 1997 as Engineer. He was promoted to Production and Maintenance Manager on March 1, 2004 and subsequently promoted to the current position on July 1, 2013.

He graduated in Electrical Technology from Feng Chia University at Taiwan.

ADDITIONAL INFORMATION:-

1. Save for Mr Sow Yeng Chong and Dr Chuah Chaw Teo, none of the other Key Senior Management has any directorship in public companies and listed issuers.
2. Save for Dato' Lim Kok Boon, Mr Lim Seng Lee and Mr Lim Hock Lai, none of the other Key Senior Management has any family relationship with any Directors and/or major shareholders of the Company.
3. Save for Dato' Lim Kok Boon (as per disclosure in Directors' Profile), none of the other Key Senior Management has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended December 31, 2017.
4. None of the Key Senior Management has:-
   (i) any conflict of interest with the Company; and
   (ii) been convicted of any offences (other than traffic offences) within the past five years.

AUDIT COMMITTEE REPORT

The Board of Directors of Spritzer is pleased to present the Audit Committee ("**AC**") Report for the financial year ended December 31, 2017.

The purpose, authority, composition, membership, meetings and responsibilities of the AC are set out in the AC Charter which can be viewed at the Company's website at http://www.spritzer.com.my.

MEMBERS OF THE AUDIT COMMITTEE

The AC comprises the following four (4) non-executive Board members:-

Chairman
Dato' Ir Nik Mohamad Pena bin Nik Mustapha
Independent Non-Executive Director

Members
Chok Hooa @ Chok Yin Fatt
Non-Independent Non-Executive Director

Dato' Mohd Adhan bin Kechik
Dato' Sri Kuan Khian Leng
Independent Non-Executive Directors

Composition

The AC, appointed by the Board from amongst its members, presently comprises four (4) Non-Executive Directors, with a majority being independent directors. The Independent Directors satisfy the test of independence under Paragraph 1.01 of the Listing Requirements. The Chairman is elected from among the members and is an independent director pursuant to Paragraph 15.10 of the Listing Requirements.

Mr Chok Hooa @ Chok Yin Fatt is a member of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

Meetings

During financial year ended December 31, 2017, five (5) meetings were held and the details of attendance of each AC members are as follows:-

AC Members	Attendance
Dato' Ir Nik Mohamad Pena bin Nik Mustapha	5/5
Chok Hooa @ Chok Yin Fatt	5/5
Dato' Mohd Adhan bin Kechik	5/5
Dato' Sri Kuan Khian Leng	5/5

AUDIT COMMITTEE REPORT

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

During financial year ended December 31, 2017, the AC had discharged its duties and responsibilities by carrying out the following works and activities:-

Financial Reporting

1. Reviewed the quarterly financial results including the draft announcements pertaining thereto, and made recommendations to the Board for approval of the same as follows:-

Date of meetings	Review of unaudited quarterly financial results and audited financial statements
January 25, 2017	Unaudited interim financial report for the financial period September 1, 2016 to November 30, 2016
February 27, 2017	Unaudited interim financial report for the financial period December 1, 2016 to December 31, 2016 as well as the audited financial statements of the Group for the financial period ended December 31, 2016
May 29, 2017	First quarter unaudited financial results ended March 31, 2017
August 23, 2017	Second quarter unaudited financial results ended June 30, 2017
November 28, 2017	Third quarter unaudited financial results ended September 30, 2017
February 26, 2018	Fourth quarter unaudited financial results as well as the audited financial statements of the Group for the financial year ended December 31, 2017

   The above review is to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia;

2. Reviewed with the Management on any significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understood their impact on the financial statements and steps taken to address the matters.

Risk Management and Internal Control

1. Deliberated and reviewed with the Group Risk Management Advisory Committee on the Group's risk profile, the key risks identified and the risk management process to ensure that all high and critical risk areas are being addressed;

2. Reviewed with the Management and internal auditors on the adequacy and effectiveness of the internal control system to ensure compliance with the internal controls and procedures set up within the Group and adequate scope coverage over the activities of the Group;

3. Reviewed and deliberated internal audit reports and to monitor/follow-up on remedial action.

4. Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval prior to the inclusion in the Company's Annual Report 2017.

AUDIT COMMITTEE REPORT

External Audit

1. Reviewed with the External Auditors at the meeting held on November 28, 2017, their audit plan in respect of the financial year ended December 31, 2017, outlining the auditors' responsibilities, materiality, audit risks assessment, significant risks and areas of audit focus, fraud consideration, internal control plan, involvement of internal auditors and component auditors, timing of audit, engagement quality control, independence policies and procedures and also on financial reporting and other updates;

2. Discussed and considered the significant accounting and auditing issues arising from the interim audit as well as the final audit with the External Auditors. The AC also had a private discussion with the External Auditors on February 26, 2018 without the presence of Management during the review of the Final Report in respect of the audit of the financial statements of the Group and of the Company for the financial year ended December 31, 2017 to discuss any fraudulent case and/or problems/issues arising from the audit;

3. Reviewed and evaluated the performance, competency, professionalism and the confirmation of independence from the External Auditors. In respect of the financial year ended December 31, 2017, Deloitte PLT ("**Deloitte**") has confirmed their independence to act as Company's External Auditors in accordance with the relevant professional and regulatory requirements.

   The AC, having been satisfied with the performance, independence and suitability of Deloitte, had recommended to the Board for approval of the re-appointment of Deloitte as the External Auditors for the financial year ending December 31, 2018 at its meeting held on February 26, 2018 at a fee to be determined later.

Internal Audit

1. Reviewed and approved the Internal Audit Plan for the financial year ended December 31, 2017 to ensure that the scope and coverage of the internal audit of the Group is adequate and comprehensive;

2. Reviewed the quarterly internal audit reports and considered the findings and recommendations made including the Management's responses and the corrective action, if necessary. The Internal Auditors monitored the implementation of Management's action plans on outstanding issues through follow up audits to ensure that all key risks and weaknesses were being properly addressed;

3. Reviewed the performance and effectiveness of the internal audit functions.

Other activities

1. Reviewed on a quarterly basis, the recurrent related party transactions entered into by the Company and the Group to ascertain that the transactions are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

2. Reviewed and/or updated the Group's Code of Conduct, Corporate Disclosure Policy, Whistle Blowing Policy and AC Charter prior to recommendation to the Board for approval;

3. Reviewed the AC Report and Corporate Governance Overview Statement for inclusion in the Annual Report 2017 before recommending to the Board for approval.

The Group does not have an internal audit department of its own and had therefore engaged the services of a related party to carry out such tasks. Total costs incurred for the internal audit function of the Group for the financial year ended December 31, 2017 amounted to RM16,000.

AUDIT COMMITTEE REPORT

SUMMARY OF WORKS UNDERTAKEN BY A RELATED PARTY ENGAGED TO CARRY OUT INTERNAL AUDIT FUNCTION

The Company has engaged a related party, Yee Lee Edible Oils Sdn Bhd, to perform internal audit function for the Group. The outsourced internal auditors assisted by our internal audit staff have perform routine audit on all operating units within the Group, with emphasis on principal risk areas. The planning and conduct of audits based on the risk profile of the business units of the Group is in line with the approach adopted in the Enterprise Risk Management of the Group. Their audit scopes include regular independent assessments and systematic review of the adequacy, efficiency and effectiveness of the Group's internal control system. The internal auditors also undertake to conduct special audits from time to time as requested by the senior management.

Audit assignments were performed during the year on subsidiary companies of the Group covering assets management, cash collections and credit control, inventory, purchasing and sales, operations and compliance to quality management system. Audit reports incorporating the findings and recommendations for corrective actions on the systems and control weaknesses are presented to the Management concerned and thereafter to the AC for appraisal and review. The Management will ensure all remedial actions have been taken to resolve the audit issues highlighted in the audit reports within a reasonable time frame. Significant issues will be highlighted by the AC to the Board on quarterly basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Spritzer Bhd ("**Spritzer**" or "**Company**") adheres to high standards of corporate governance practices under the leadership of the Board of Directors ("**Board**"), as guided by the new Malaysian Code on Corporate Governance ("**MCCG**"). It is being applied as a fundamental part of discharging the directors' responsibilities to protect and to enhance shareholders' value.

The Board of Directors of Spritzer presents this statement to provide shareholders and investors with an overview of the corporate governance ("**CG**") practices of the Company under the leadership of the Board during the financial year 2017. This statement takes guidance from the key CG principles as set out in the MCCG. The detailed application for each practice as set out in the MCCG is disclosed in the Corporate Governance Report 2017 ("**CG Report 2017**") which is available on the Company website at http://www.spritzer.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

Part I – Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Company's strategic aims, values and standards

The Board is responsible for formulating the strategic plans, and establishing visions and goals for delivery of such long-term value, and ensures effective leadership through oversight on management and continuously monitoring, overseeing and evaluating the Group's strategies, policies and performance so as to protect and enhance shareholders' and other stakeholders' value.

The Board does not actively manage but rather oversees the management of the Group. To ensure the effective discharge of its function and responsibilities, the Board delegates some of its authorities and discretion to the Managing Director, Group Chief Executive Director, Executive Directors, representing the Management as well as the Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, which are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board. Besides that, the Chairman of the relevant Board Committees also reports to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Managing Director, Group Chief Executive Officer and Executive Directors are primarily responsible for the implementation of the strategies set by the Board and manage the day-to-day operation and administrative functions. The Management supports the Executive Directors and implements the running of the financial and general operations of the Company.

The Independent Non-Executive Directors provide objective and independent judgement to the decision making of the Board which provides an effective check and balance to the Board's decision-making process.

1.2 The Chairman

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conducts of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1.3 Separation of positions of the Chairman and Group Chief Executive Officer

The roles and responsibilities of the Chairman and Group Chief Executive Officer are separated to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Group Chief Executive Officer has the overall responsibilities over organizational effectiveness and the implementation of Board's policies and decisions.

The separation of responsibilities between the Chairman and Group Chief Executive Officer are set out in the Board Charter which can be viewed at the Company's website at http://www.spritzer.com.my.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) professionally qualified Company Secretaries who individually has more than ten (10) years of corporate secretarial experience. Both Company Secretaries have the requisite credentials and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Company Secretaries play an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Group and the Company.

1.5 Meeting Materials

The Board is provided with an agenda, reports and other relevant information at least seven (7) days of the Board Meetings, covering various aspects of the Group's operations so that they have a comprehensive understanding of the matters to be deliberated upon to enable them to arrive at an informed decision. All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretaries. Senior management and advisers are invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items tabled at Board meetings.

The Company Secretaries attend and ensure that the deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board is guided by the Board Charter which sets out the roles, functions, authority, responsibilities, membership, key matters reserved for the Board, relationships with management and other matters.

The Board reviews the Board Charter periodically and updates the Board Charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities to ensure its effectiveness. The Board Charter can be viewed at the Company's website at http://www.spritzer.com.my.

3. Good Business Conduct and Healthy Corporate Culture

3.1 Code of Conduct

The Board has formalised a Directors' Code of Ethics and Conduct that is incorporated in the Board Charter, which sets out the standard of conduct expected of Directors, with the aim to cultivate good ethical conduct that permeates throughout the Group through transparency, integrity and accountability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors are required to disclose any conflict of interest situations or any material personal interest that they may have in the affairs of the Group as soon as they become aware of the interest and abstain themselves from any deliberations on the matter.

3.2 Whistleblower Policy

The Company's Whistleblower Policy provides a mechanism for its Board members, all levels of employees, contractors, suppliers, bankers, customers and business associates to report suspected or instances of wrongdoing in the conduct of its business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way.

The Whistleblower Policy is available on the Company's website at http://www.spritzer.com.my.

Part II – Board Composition

4. Board's Objectivity

4.1 Composition of the Board

The Board has nine (9) members, comprising three (3) Executive Directors and six (6) Non-Executive Directors for the financial year ended December 31, 2017. Out of the nine (9) Directors, three (3) are independent. The role of Chairman is held by a Non-Independent Non-Executive Director. This Board composition complies with the Listing Requirements to have at least one third of the Board consisting of Independent Directors.

The MCCG requires that at least half of the Board comprises independent directors. The Board will endeavor to have at least half the Board comprises independent directors.

4.2 Tenure of Independent Directors

The Nomination Committee and the Board have determined at the annual assessment carried out on Dato' Mohd Adhan bin Kechik, Dato' Ir Nik Mohamad Pena bin Nik Mustapha and Dato' Sri Kuan Khian Leng, who have served on the Board for a cumulative term of more than twenty-four (24) years, twenty-one (21) years and eleven (11) years respectively, that they remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any ways interfere with their exercise of independent judgement and ability to act in the best interest of the Company.

In accordance with Practice 4.2 of the MCCG, resolutions under the special business to retain Dato' Mohd Adhan bin Kechik and Dato' Ir Nik Mohamad Pena bin Nik Mustapha as Independent Directors will be tabled in the forthcoming 25th AGM through a two-tier voting process. Besides, the Board would recommend to the shareholders for approval at the forthcoming 25th AGM for Dato' Sri Kuan Khian Leng to continue to act as the independent director of the Company.

4.3 Policy on Independent Director's Tenure

The Company does not have a policy which limits the tenure of its independent directors to nine (9) years. The Board Charter has adopted Practice 4.2 of the MCCG to seek shareholders' approval in the event the Board desires to retain as an Independent Director, a person who has served in that capacity for more than nine (9) years. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board must seek shareholders' approval annually through a two (2)-tier voting process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4.4. Diverse Board and Senior Management

The Nomination Committee is responsible for reviewed and assessed the mix of skills, expertise, composition, size, experience and effectiveness of the Board, its Committees and Senior Management.

This process ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support the strategic direction and needs of the Company.

Appointment of Board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age and cultural background. Please refer to the Directors' Profile and Key Senior Management's Profile on pages 28 to 30 and 31 to 32 respectively for further information.

4.5 Gender Diversity Policy

The Board acknowledges the importance of boardroom diversity and the recommendation of the MCCG pertaining to the establishment of a gender diversity policy. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

The Board through the Nomination Committee will consider the gender diversity as part of its future selection and will endeavour to appoint suitably qualified woman director.

4.6 New Candidates for Board Appointment

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an on-going basis. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support the strategic direction and needs of the Company.

The process for the appointment of a new director is summarised as follows:-

1. The candidate identified upon the recommendation by the existing Directors, senior management staff, shareholders and/or other consultants;
2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;
3. Recommendation to be made by Nomination Committee to the Board if the proposed candidate is found to be suitable. This includes recommendation for appointment as a member of the various Board committees, where necessary; and
4. The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

During the year, pursuant to the Subscription Agreement dated September 21, 2017 and upon the recommendation of the Nomination Committee, the Board has appointed Mr Tan Chow Yin as the Non-Independent Non-Executive Director of the Company, as the nominee director representing Tasik Puncak Holdings Ltd, a substantial shareholder of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4.7 Nomination Committee

The Nomination Committee comprises three (3) Independent Non-Executive directors with Dato' Ir Nik Mohamad Pena bin Nik Mustapha as its Chairman.

The Nomination Committee meets at least once in a year with additional meetings to be convened, if necessary. The members of the Nomination Committee and records of attendance of each member at the Nomination Committee meeting held during the financial year ended December 31, 2017 is as follow:-

	Number of meeting attended
Chairman	
Dato' Ir Nik Mohamad Pena bin Nik Mustapha, DIMP *Independent Non-Executive Director*	2/2
Members	
Dato' Mohd Adhan bin Kechik, DJMK, SMK *Independent Non-Executive Director*	2/2
Dato' Sri Kuan Khian Leng, S.S.A.P. *Independent Non-Executive Director*	2/2

The Nomination Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. It assists the Board in reviewing on an annual basis the overall composition, appropriate balance and size of Non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee members. All recommendations of the Nomination Committee are subject to the endorsement of the Board.

The Terms of Reference of the Nomination Committee is available on the Company's website at http://www.spritzer.com.my.

5. Overall Board Effectiveness

5.1 Annual evaluation and directors training

The Nomination Committee conducted its formal annual evaluation and appraisal on the effectiveness of the Board, its Committees and the contribution of each director. The evaluation comprised assessment by individual directors and assessment of independence of independent directors. The assessment of individual director is based on specific criteria, covering areas such as Board composition and structure, principal responsibilities of the Board, the Board process, succession planning and Board governance.

There were no major concerns from the results of the annual assessment. The Nomination Committee, upon the review carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board and its Committees.

Based on the annual board assessment and evaluation, the Nomination Committee has recommended the re-election of Mr Lam Sang, Mr Chok Yin Fatt and Mr Lim Seng Lee as directors at the forthcoming 25th AGM. The Board (saved for the interested directors) is satisfied that these three (3) directors have continued to contribute to the Board effectiveness and have discharged their responsibilities as directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors are aware of the time commitment expected from each of them to attend to the matters of the Group generally, including attendance at Board, Board Committee and other types of meetings. None of our Directors are directors of more than five (5) public listed companies. The Board is satisfied that the present directorships in external organizations held by the Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities to the Group.

The Board has committed to meet at least four (4) times a year, usually before the announcement of quarterly results to Bursa Malaysia Securities Berhad ("**Bursa Securities**"), with additional meetings convened when necessary.

During the financial year ended December 31, 2017, five (5) Board meetings were held and the attendance is as follows:-

Directors	Attendance
Dato' Lim A Heng @ Lim Kok Cheong	5/5
Dato' Lim Kok Boon	5/5
Lim Seng Lee	5/5
Lam Sang	5/5
Chok Hooa @ Chok Yin Fatt	5/5
Dato' Ir Nik Mohamad Pena bin Nik Mustapha	5/5
Dato' Mohd Adhan bin Kechik	5/5
Dato' Sri Kuan Khian Leng	5/5
Dr Chuah Chaw Teo *(Resigned on December 15, 2017)*	5/5
Tan Chow Yin *(Appointed on December 15, 2017)*	0/0

The Directors would notify the Company prior to accepting any new directorship in a public listed company.

The Board acknowledges that continuous education is vital in keeping them abreast with developments in the market place and with new statutory and regulatory requirements, besides enhancing professionalism and knowledge in enabling them to discharge their roles in an effective manner.

Relevant training programmes were arranged to facilitate knowledge building for Directors. The Directors may also attend additional training courses according to their individual needs, to equip themselves for the discharge of their responsibilities as directors of a public listed company and in the Board Committees on which they serve.

All the Directors have attended and completed the Mandatory Accreditation Programme ("**MAP**") as prescribed by the Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All the Directors have attended development and training programmes during the financial year ended December 31, 2017. The conferences, seminars, workshops and training programmes attended by the Directors were as follows:-

Name	Conferences, seminars, workshops and training programmes
Dato' Lim Kok Cheong	Leading Organizational Renewal
Dato' Lim Kok Boon	Companies Act 2016 : Overview of key changes
	Leading Organizational Renewal
Lim Seng Lee	ECP Therapy & Chelation Therapy
	2 Days Workshop on the Companies Act 2016 & Company Secretarial Practice
	Culture Leadership Strategy
	Employee Engagement and Organizational Success
	P2P Financing
	Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
	Mid-Tier Companies (MTC) Business Conference
Dr Chuah Chaw Teo	Companies Act 2016 : Overview of key changes
	Leading Organizational Renewal
Lam Sang	Companies Act 2016 : Overview of key changes
	CG Breakfast Series - "Board Excellence : How to engage and enthuse beyond compliance with Sustainability"
	Leading Organizational Renewal
Chok Yin Fatt	Companies Act 2016 : Overview of key changes
	CG Breakfast Series - "Board Excellence : How to engage and enthuse beyond compliance with Sustainability"
	The Monarchy and the Constitution
	A technical overview and update on MFRS
	FMM Perak Seminar on Industry 4.0
	FMM Perak Franchise Day
	MAICSA Symposium 2017 - Companies Act 2016 : Nuts and Bolts
Dato' Ir Nik Mohamad Pena bin Nik Mustapha	Companies Act 2016 : Overview of key changes
	Leading Organizational Renewal
Dato' Mohd Adhan bin Kechik	Leading Organizational Renewal
Dato' Sri Kuan Khian Leng	Economic Business Outlook 2017
	Modern Construction Technologies Conference
	CEO Series 2017 Conference

Mr Tan Chow Yin attended the MAP organized by The Iclif Leadership and Governance Centre on March 12, 2018 and March 13, 2018 held at Kuala Lumpur and has therefore complied with the Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Part III – Remuneration

6. Level and Composition of Remuneration

6.1 Remuneration Policy

The Company aims to set remuneration at levels which are sufficient to attract and to retain Directors and Senior Management needed to run the business successfully taking into consideration all relevant factors including the function, workload and responsibilities involved.

For the Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance; Non-Executive Directors receive a fixed Director's fee, meeting and travelling allowance for attending meetings of the Board and its Committees. Other allowance may also be paid for performance of specific job assignment.

The Board is mindful of the recommendation of MCCG pertaining to the establishment of the remuneration policy. The Board will take steps towards formalizing remuneration policy to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required.

6.2 Remuneration Committee

The Remuneration Committee has three (3) members comprising the following members, a majority of whom are Independent Directors:-

Chok Hooa @ Chok Yin Fatt – Chairman
Non-Independent Non-Executive Director

Dato' Mohd Adhan bin Kechik, DJMK, SMK - Member
Independent Non-Executive Director

Dato' Sri Kuan Khian Leng - Member
Independent Non-Executive Director

The Remuneration Committee is responsible for setting the policy framework and makes recommendation to the Board on all elements of remuneration and terms of employment of Executive Directors and senior management. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration.

The Remuneration Committee is entrusted to assist the Board, amongst others, to recommend to the Board the remuneration of Executive Directors by linking rewards to the corporate and individual performance. The Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and to retain Directors of the quality required to manage the business of the Group.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. During the financial year ended December 31, 2017, the Remuneration Committee convened two (2) meetings and full attendances of the members were recorded at both meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

7. Remuneration of Directors and Senior Management

7.1 Directors' Remuneration

The details of the remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the financial year ended December 31, 2017 are categorised as follows:-

Group

	Fee RM'000	Meeting Allowance RM'000	Salaries RM'000	Bonus RM'000	Benefits-in-kind RM'000	Other Emoluments RM'000	Total RM'000
Non-Executive Directors							
Dato' Lim Kok Cheong	68.0	3.0	-	-	36.2	395.0	502.2
Chok Yin Fatt	28.0	7.7	-	-	-	44.4	80.1
Dato' Ir Nik Mohamad Pena bin Mustapha	28.0	6.5	-	-	-	12.0	46.5
Dato' Mohd Adhan bin Kechik	28.0	7.5	-	-	-	36.0	71.5
Dato' Sri Kuan Khian Leng	28.0	7.5	-	-	-	-	35.5
Tan Chow Yin *(Appointed on December 15, 2017)*	-	-	-	-	-	-	-
Executive Directors							
Dato' Lim Kok Boon	56.5	3.0	902.2	982.2	86.0	220.8	2,250.7
Lim Seng Lee	28.0	3.0	754.2	419.0	34.5	155.3	1,394.0
Lam Sang	40.5	3.0	354.0	160.0	24.0	68.8	650.3
Dr Chuah Chaw Teo *(Resigned on December 15, 2017)*	44.5	4.5	285.8	95.0	17.4	25.9	473.1
Total	349.5	45.7	2,296.2	1,656.2	198.1	958.2	5,503.9

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Company

	Fee RM'000	Meeting Allowance RM'000	Salaries RM'000	Bonus RM'000	Benefits-in-kind RM'000	Other Emoluments RM'000	Total RM'000
Non-Executive Directors							
Dato' Lim Kok Cheong	31.0	3.0	-	-	-	-	34.0
Chok Yin Fatt	28.0	7.7	-	-	-	-	35.7
Dato' Ir Nik Mohamad Pena bin Mustapha	28.0	6.5	-	-	-	12.0	46.5
Dato' Mohd Adhan bin Kechik	28.0	7.5	-	-	-	-	35.5
Dato' Sri Kuan Khian Leng	28.0	7.5	-	-	-	-	35.5
Tan Chow Yin *(Appointed on December 15, 2017)*	-	-	-	-	-	-	-
Executive Directors							
Dato' Lim Kok Boon	28.0	3.0	-	-	-	-	31.0
Lim Seng Lee	28.0	3.0	-	-	-	-	31.0
Lam Sang	28.0	3.0	-	-	-	-	31.0
Dr Chuah Chaw Teo *(Resigned on December 15, 2017)*	28.0	4.5	-	-	-	-	32.5
Total	255.0	45.7	-	-	-	12.0	312.7

Directors' fees are subject to the approval by shareholders at the forthcoming 25th AGM of the Company.

7.2 Remuneration of the Top Five Senior Management

Remuneration paid to the top five (5) Senior Management of the Company for the financial year ended December 31, 2017 are as follows:-

Remuneration Range of the Top 5 Senior Management (not including Managing Director and Group Chief Executive Director)	Number of Senior Management
RM250,001 to RM300,000	2
RM300,001 to RM350,000	2
RM950,001 to RM1,000,000	1

The remuneration of the top five (5) Senior Management of the Company disclosed above is on aggregate basis and in bands instead of in named basis as the Board is of the opinion that the disclosure of the Senior Management's individual remuneration components (salary, bonus, benefits-in-kind and other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns and to support the Group's efforts to attract and to retain executives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit Committee

8. Effective and Independent Audit Committee

The Audit Committee ("**AC**") of the Company presently comprises four (4) Non-Executive Directors, with a majority being independent directors. The AC is chaired by an Independent Director, namely Dato' Ir Nik Mohamad Pena bin Nik Mustapha who is distinct from the Chairman of the Board.

The members of the Audit Committee have a mix of commercial, banking and financial skills and accounting experience. Arrangements will be made by the Company for the members of the Committee to attend seminars to continue to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The Board has established a formal and transparent arrangement with the external auditors of the Company through the Audit Committee. The Audit Committee communicated directly and independently with the auditors and without the presence of the Executive Directors.

The Audit Committee at its meeting held on February 26, 2018 undertook an annual evaluation of the performance, suitability, independence, professionalism and remuneration of the external auditors. In its evaluation, the Audit Committee considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit together with the independence of Deloitte PLT ("**Deloitte**") for the financial year ended December 31, 2017.

Being satisfied with Deloitte's performance, independence and suitability, the Audit Committee recommended the re-appointment of Deloitte as external auditors of the Company for the financial year ending December 31, 2018. The Board at its meeting held on February 26, 2018 approved the Audit Committee's recommendation for the approval to be obtained at the 25th AGM on the re-appointment of Deloitte as external auditors of the Company for the financial year ending December 31, 2018.

Part II – Risk Management and Internal Control Framework

9. Effective Risk Management and Internal Control Framework

The Group recognises that effective Risk Management is an integral part of corporate governance and continuously strives for excellence to ensure effective and systematic protection of its personnel, assets and stakeholders. The effectiveness of the risk management is monitored and evaluated by all levels of management on an ongoing basis. The Group's Enterprise Risk Management ("**ERM**") Framework provides for regular review and reporting.

A summary of significant risks is submitted to the Audit Committee for its attention. The Audit Committee will review and monitor the effectiveness of the Group's risk management system, and advises the Board accordingly.

The Group engages an outsourced Internal Audit Team to conduct scheduled internal audit visits to business units, and carries out its functions in monitoring the effective application of policies, procedures and activities related to internal controls, risk management and governance processes.

Further information on the Group's risk management and internal control framework is made available on the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

10. Effective Governance, Risk Management and Internal Control

On February 26, 2018, an annual assessment of the effectiveness and independence of the outsourced internal audit function has been conducted by the Audit Committee with the Head of the Internal Audit for the financial year ended December 31, 2017. The outsourced Internal Audit Team has fulfilled the Institute of Internal Auditors ("**IIA**")'s International Standards for the Professional Practice of Internal Auditing requirements of independence, objectivity, proficiency and due professional care. They have adequate resources and competency to undertake all the internal audit activities for the Group and the fees are reasonable and compatible with the audit works done by the external audit firms. Moreover, the goals and objectives as per the Annual Audit Plan had been achieved.

The Audit Committee is satisfied with the outsourced Internal Audit Team whereby they have maintained high degree of independence and professionalism in carrying out their duty as the internal auditors.

The Board is also of the view that the system of risk management and internal control in place during 2017 is sound and sufficient to safeguard the Group's interest and its business operations.

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

Part I – Communication with Stakeholders

11. Continuous Communication between Company and Stakeholders

The Board recognises the importance of communication with shareholders of the Company. Shareholders play an essential part in corporate governance and the Board ensures that shareholders are kept informed and notified of the Company's disclosures through timely releases to Bursa Securities. The Group Financial Controller and/or the Company Secretary oversee investor relations and where it deems it practicable to do so, will engage with institutional shareholders based on mutual understanding of objectives and entertains visits from such institutional shareholders or other fund managers representing shareholders/potential investors.

Company's annual report is integrated with all the required information such as the audited financial statements, governance and sustainability statement. The Board will continue to assess and improve on the reporting and disclosure. The Company further ensures that shareholders are kept fully informed through information provided on the Company's website at http://www.spritzer.com.my.

Part II – Conduct of General Meetings

12. Encourage Shareholders' Participation at General Meetings

The Board regards the AGM and other general meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue. To ensure effective participation of and engagement with shareholders at the 24th AGM of the Company held on May 29, 2017, all members of the Board were present at the meeting to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the 24th AGM in an orderly manner and allowed the shareholders or proxies to speak at the meeting. The Management and external auditors were in attendance to respond to the shareholders' queries. Further, in line with good corporate governance practice, the notice of the 24th AGM was issued at least 28 days before the AGM date.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll. Hence, all the resolutions set out in the notice of the Company's 24th AGM were voted by poll.

Due to the Company having a relatively small number of shareholders and that the Company's AGM are not held in remote areas, voting in absentia and remote shareholders' participation are not facilitated as advocated in MCCG's Practice 12.3.

This Corporate Governance Overview Statement was approved by the Board on April 10, 2018.

OTHER INFORMATION

1. Utilisation of Proceeds raised from Corporate Proposals

The status of utilisation of proceeds raised from the Private Placement as of December 31, 2017 is as follows:-

Purpose		Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation	Deviation RM'000	Deviation %
(i)	Construction of an automated warehouse	45,000	-	November 2020	-	-
(ii)	Working capital	18,613	-	November 2019	-	-
(iii)	Expenses in relation to the Private Placement	200	19	December 2017	181	91
	Total	**63,813**	**19**			

2. Non-audit Fees

For the financial year ended December 31, 2017, the amount of audit and non-audit fees paid/payable to the Company's external auditors are as follows:-

	Group RM'000	Company RM'000
Audit fee	187	41
Non-audit fee	1	-
Total	188	41

3. Material Contracts

There was no material contract which has been entered into by the Group, involving the Directors' and major shareholders' interests, since the end of the previous financial period and at the end of the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Spritzer Bhd ("**Board**") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"). The Board is committed towards fulfilling its responsibility on the Group's compliance with the Principle and the related Practices in relation to risk management and internal control as stipulated in the Malaysian Code on Corporate Governance. The Statement outlines the key features of risk management and internal control system of the Group during the year under review.

BOARD RESPONSIBILITIES

The Board acknowledges the importance in maintaining sound internal controls and effective risk management practices to mitigate and to manage potential adverse impact arising from unfavourable future events or condition, is good corporate governance in the pursuit of the Group's business objectives.

The Board affirms its overall responsibility for the Group's risk management and internal control system which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The Board is taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of the Group's operations.

The Board also recognises that a sound system of internal control can only provide reasonable, but not absolute assurance against material loss or failure. The internal control system is thus designed to minimise rather than to completely eliminate the risk of failure in achieving the Group's business objectives. This denotes that the internal control system has been applied to manage risks within cost levels appropriate to the significance of the risks.

RISK MANAGEMENT FRAMEWORK

The Group recognises that effective Risk Management is an integral part of corporate governance and continuously strives for excellence to ensure effective and systematic protection of its personnel, assets and stakeholders. The effectiveness of the risk management is monitored and evaluated by all levels of management on an ongoing basis. The Group's Enterprise Risk Management ("**ERM**") Framework provides for regular review and reporting.

Companies within the Group has their own Risk Management Committee ("**RMC**") chaired by Managing Director or General Manager of the respective companies and the members (Risk Management Representatives) are departmental heads of various business units. Risks identified are raised for attention in the Risk Action Plan ("**RAP**"). The RAPs include an assessment of the degree of risk, and an evaluation of the effectiveness of the risk mitigating and treatment measures. RAPs are compiled by the Risk Management Representative, reviewed by the Group Risk Officer and approved by the RMC Chairman. RAPs are discussed during RMC meetings that are held at least twice every year. All RAPs are reported to the Group Risk Management Advisory Committee ("**GRMAC**") during its meetings.

The GRMAC is headed by a member of the Audit Committee and three other members from Senior Management, including the Group Financial Controller. The GRMAC will provide direction and counsel to the risk management process as well as involves in the evaluation of the structure for the Group's risk management processes and support system. In addition, it will review and approve actions developed to mitigate key risks and advising the Board on risk related issues. The GRMAC meetings are held at least twice every year.

A summary of significant risks is submitted to the Audit Committee for its attention. The Audit Committee will review and monitor the effectiveness of the Group's risk management system, and advises the Board accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group Financial Controller also serves as the Group's Risk Officer who is responsible for enabling the efficient and effective governance of significant risks, and related opportunities, to the Group.

The risk management programme has served the Group with structured, consistent approaches and methodologies in responding to the uncertainties in its operating environment. This warrants the strategic and rapid response by the management to impede the impact on its key risks to achieve the Group's business objectives.

CONTROL ENVIRONMENT

- The Board Charter sets out the responsibilities and functions of the Board.
- Board committees such as the Audit Committee and the Remuneration Committee are established by the Board and they are governed by clearly defined terms of reference and authority for areas within their scope.
- The Employee Handbook of Spritzer Bhd provides for the corporate philosophy, core values and milestones of the Group and at the same time sets out the ethical standards and expected code of conduct to achieve the Group's vision and support the business objectives, risk management and internal controls.
- The Group has also written Environment, Safety and Health and Information Technology policies and procedures which are also incorporated into the Employee Handbook.
- The Group has organisational structures which are aligned with its business and operational requirements setting out clearly defined levels of authority and responsibilities. Job description for all levels of employees are also clearly documented and updated on a timely basis.

INTERNAL AUDIT FUNCTION

The Group engages an independent Internal Audit Team to conduct scheduled internal audit visits to business units, and carries out its functions in monitoring the effective application of policies, procedures and activities related to internal controls, risk management and governance processes.

The Internal Audit Team conducts risk-based audit with focus on effective risk management practices. Its primary function is to provide objective and independent assurance of the Group's system of internal controls as well as reviewing the adequacy and effectiveness of risk management, governance and control processes that are in place. It also monitors compliance with applicable laws and regulation, policies, and guidelines to ensure these are adhered to by the Group. Internal control weaknesses, if any together with audit recommendation for improvement shall be reported to management for corrective / preventive actions. Significant audit findings and corrective measures are to be highlighted to the GRMAC and the Audit Committee.

CONTROL ACTIVITIES

The control activities carried out by the Group include the following:

- The Group has in place policies and procedures in the form of Standard Operating Procedures – SOP and Operational Manuals in key business processes and support functions which include financial reporting, human capital, procurement, and information systems. Policies and procedures are also established relating to delegation of authority and segregation of duties.
- The Audit Committee reviews and approves the internal audit plan at the start of the year and reviews the internal audit reports and other internal control issues identified by the Internal Auditors.
- Major capital expenditure and investment are reviewed and approved by the Board. All other purchases and payments are approved by reference to formalised limits of authority.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The Group has in place insurance coverage where it is available on economically acceptable terms to minimise related financial impacts.
- The Group's business units set annual Key Performance Indices ("**KPI**") for improvement and performance evaluation purpose. KPIs are reviewed on a monthly basis at subsidiary levels in the monthly Performance Outstanding Steering Committee ("**POST**") meetings and Departmental Head KPI meetings.
- Internal audits are carried out to ensure compliance with KPIs, and audit findings are presented to the Senior Management for review. Corrective actions are carried out to ensure KPIs are achieved.
- Annual operating and financial budgets are prepared by the Group's business and operating units, and are approved by the Managing Directors and submitted to the Board. The review of budget against actual performance are performed on a quarterly basis and are presented to the Senior Management and certain directors. In the process, significant variances are investigated and necessary remedial actions taken to minimise variances in future.
- The Group's Safety and Health Committee holds regular meetings to discuss about related issues and to ensure that the Group's safety and health policies are carried out in compliance with the law and regulations to ensure employee and workplace safety.

INFORMATION AND COMMUNICATIONS

- Monthly and quarterly management reports and other relevant financial information containing key financial results, ratio analysis and operational performance indicators are submitted to the Senior Management and the Board for review on a timely basis.
- Minutes of Monthly Operations and Demand Review meetings are circulated to the Senior Management for information. Operational issues of material in nature are presented to the Board.
- Minutes of monthly POST meetings are circulated to Senior Management for information on operational matters and challenges faced by various departments. Results of the POST audits carried out are also communicated to Senior Management. This facilitates identification of risks on a timely basis.
- The Group has an Enterprise Resource Planning ("**ERP**") system that can capture, compile and analyse data to produce relevant reports for management decision making purposes.
- A Whistleblower policy is established to provide secured communication channel which facilitate whistleblowing in a transparent and confidential manner. The policy sets out mechanism in which genuine whistleblowers will be able to raise concerns about suspected or actual improprieties in matters of financial reporting, violation or non-compliance with the law and regulations and the Group's policy and ethical standards in carrying out its business.

MONITORING

Board meetings are held at least on a quarterly basis where the Board is kept up-to-date on significant changes in the business and the external environment in which the Group operates and to review the performance of the Group.

The Group's management team comprising executive directors and departmental heads carries out periodic meetings with agendas on matters for discussion and communicates regularly to monitor operational and financial performance as well as to formulate action plans to address areas of concern.

The independent Internal Audit Team reports to the Audit Committee on the findings of the audit, including risk and control matters of significance that could adversely affect the Group's financial position or reputation. The internal audit function will provide the Board with an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system in anticipating potential risk exposures over key business processes and in controlling the proper conduct of business within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF EFFECTIVENESS

The Board remains committed towards improving the system of internal control and risk management process to meet its corporate objectives and to support all types of businesses and operations within the Group. The Board is of the opinion that the Group's present system of internal controls is sound and sufficient to safeguard the Group's interest and its business operations. It is also satisfied that the risks taken are at an acceptable level within the control of the business environment of the Group.

MAJOR RISK AREAS

The major risk areas identified and managed by the Group on an on-going basis are as follows:

(a) Business / Operations risks

- The Group is constantly searching for new water sources as well as engaging with local water board in its efforts to ensure there is continuous flow of water supply to cater for demand and production needs.
- The Group has taken actions to identify and manage the threat and opportunities of the digital era and the Industry 4.0 revolution. Areas that are being explored include smart factory transformation, digitalisation of transactions, big data analysis and recruitment of new talent with specialised skills.
- It is the Group's policy to invest in modernisation and automation of production facilities and machinery to increase productivity, overcome labour shortages and keep operational costs at manageable levels.
- To manage risk of lack of talent, the Group has in place attractive remuneration packages and implemented HR policies which focus on attracting and retaining talents within the Group.
- Operations teams hold regular discussions and monthly meetings which include discussions on managing existing risks and identifying new risks affecting the business operations of the Group.
- New risks which are identified will be escalated to operations heads and general managers via electronic communications, minutes of meetings and written reports.
- RAP will be prepared on significant risks identified and the RAPs will be submitted to the Risk Management Representative for further action.

(b) Financial risks

The key financial risks facing the Group are credit risk and liquidity and cash flow risks.

Credit risk

- Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss which affects negatively the profitability and cash flows of the Group. The exposure of the Group to credit risk arises principally from its trade receivables.
- The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from customer defaults.
- The Group has in place an account opening verification and credit application process to ensure credit worthiness of potential new customers are properly evaluated before acceptance. Cash term or secured payment terms such as with financial guarantee and letter of credit will always be demanded for new customer accounts, with credit limit, where applicable.
- The Group has ageing reports for collection and monitoring purpose. Prompt action, which included orders and delivery suspension will be taken against long overdue accounts.
- The Group's other investments are in highly liquid, money market funds where the risk is limited because the counter parties are banks with high credit-ratings assigned by international credit-rating agencies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Liquidity and cash flow risks

- The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.
- The Group's principal source of liquidity has historically been cash flows from operations and funds obtained from long and short-term borrowings.
- The Group expects that the cash generated from its operations, its existing credit facilities and the trade terms provided by its suppliers will be sufficient to meet the Group's currently anticipated capital expenditure and working capital needs for at least the next 12 months.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23, of the Listing Requirements, the External Auditors, Deloitte PLT, have reviewed this Statement, in accordance with the Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the financial year ended December 31, 2017. Deloitte PLT had 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 aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Guidelines, nor is it factually inaccurate.

CONCLUSION

The Board has received assurance from the Group Chief Executive Officer and Group Financial Controller that the Group's risk management and internal control system have operated adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control processes in safeguarding the shareholders' investment as well as other stakeholders' interests.

There were no material or significant losses incurred during the financial year as a result of deficiencies in internal control that would require separate disclosure in this Annual Report.

This Statement has been approved by the Board on April 10, 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR PREPARING THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("**Act**") to prepare the financial statements for the financial year ended December 31, 2017 which give a true and fair view of the financial position of the Group and of the Company and the financial performance and cash flows for the financial year ended December 31, 2017 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure that the financial statements are drawn up in accordance with the provisions of the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

The directors of **SPRITZER BHD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2017.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The subsidiaries are principally involved in the production of natural mineral water, carbonated flavoured water, distilled water, drinking water and non-carbonated flavoured water, manufacturing and selling of PET preforms, PET bottles, caps, toothbrushes and other plastic products, distribution of bottled water and other consumer products, operator of a mini golf course and recreational park and investment holding. The information on the name, place of incorporation, principal activities, and percentage of issued and share capital held by the holding company in each subsidiary is as disclosed in Note 16 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit for the year attributable to owners of the Company	25,478	7,555

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

DIVIDENDS

Since the end of the previous financial period, the amount of dividends paid or proposed by the Company are in respect of the following:

A first and final dividend of 3.5 sen per share, under the single tier system, amounting to RM6,390,352, proposed in the previous financial period and dealt with in the previous period's directors' report was paid on June 23, 2017.

The directors have proposed a first and final dividend of 5.5 sen per share, under the single tier system, in respect of the current financial year. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2018.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued share capital of the Company was increased by way of:

(i) issue of 49,000 new ordinary shares for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company at an exercise price of RM0.75 per ordinary share;

(ii) issue of 153,000 new ordinary shares for cash pursuant to the ESOS of the Company at an exercise price of RM0.91 per ordinary share;

(iii) issue of 568,000 new ordinary shares for cash pursuant to the ESOS of the Company at an exercise price of RM1.56 per ordinary share;

(iv) issue of 2,262,500 new ordinary shares for cash pursuant to the ESOS of the Company at an exercise price of RM1.90 per ordinary share; and

(v) issue of 27,387,225 new ordinary shares for cash through a private placement at an issue price of RM2.33 per ordinary share.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

Treasury Shares

There was no repurchase of its own shares from the open market by the Company during the financial year. As of December 31, 2017, the Company held a total of 24,000 shares as treasury shares at a carrying amount of RM13,832. Further relevant details are disclosed in Note 25(b) to the financial statements.

Share Options

Under the Company's ESOS, which became effective on March 9, 2012, options to subscribe for new ordinary shares of RM0.50 each in the Company were granted to eligible persons who include directors and employees of the Group and of the Company. The details of the ESOS are disclosed in Note 33 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 37 to the financial statements.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that no known bad debts needed to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) 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.

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

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

(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 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.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS' REPORT

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP
Y Bhg Dato' Lim Kok Boon, DPMP
Mr Lim Seng Lee
Mr Lam Sang
Mr Chok Hooa @ Chok Yin Fatt, PMP
Y Bhg Dato' Ir Nik Mohamad Pena bin Nik Mustapha, DIMP
YB Dato' Mohd Adhan bin Kechik, DJMK, SMK
YH Dato' Sri Kuan Khian Leng, S.S.A.P.
Mr Tan Chow Yin (appointed on December 15, 2017)
Dr Chuah Chaw Teo (resigned on December 15, 2017)

The directors who hold office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Name of Directors	**Subsidiaries**
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	AG, CS, CSC, GPI, PM, SEP
Y Bhg Dato' Lim Kok Boon, DPMP	AG, CS, CSC, PM, SEP, SPR HK, SPR GZ
Mr Lim Seng Lee	SEP, SPR HK, SPR GZ
Dr Chuah Chaw Teo	AG, GPI, PM, SEP, CS (Appointed on December 15, 2017)
Mr Lam Sang	GPI, PM
Y Bhg Datin Chua Shok Tim @ Chua Siok Hoon	CS, CSC
Mr Lim Ee Young	SPR GZ
Mr Tang Ha Huat	GPI

Denotes:

AG	Angenet Sdn Bhd
CS	Chuan Sin Sdn Bhd
CSC	Chuan Sin Cactus Sdn Bhd
GPI	Golden PET Industries Sdn Bhd
PM	PET Master Sdn Bhd
SEP	Spritzer EcoPark Sdn Bhd
SPR HK	Spritzer (Hong Kong) Limited
SPR GZ	Spritzer (Guangzhou) Trading Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The interests in shares in the Company of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares			
Shares in the Company	**Balance as of 1.1.2017**	**Bought**	**Sold**	**Balance as of 31.12.2017**
Registered in the name of directors				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	9,147,207	-	-	9,147,207
Y Bhg Dato' Lim Kok Boon, DPMP	6,536,800	718,000	-	7,254,800
Mr Lim Seng Lee	280,566	1,175,000	(80,000)	1,375,566
Mr Lam Sang	1,228,082	-	(120,000)	1,108,082
Mr Chok Hooa @ Chok Yin Fatt, PMP	133,500	10,000	-	143,500
Y Bhg Dato' Ir Nik Mohamad Pena bin Nik Mustapha, DIMP	1,910,000	-	(40,000)	1,870,000
YB Dato' Mohd Adhan bin Kechik, DJMK, SMK	3,580,665	-	(156,700)	3,423,965
Deemed interests by virtue of shares held by companies in which the directors have interests				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	85,617,994	579,100	(1,040,000)	85,157,094
Y Bhg Dato' Lim Kok Boon, DPMP	4,447,000	-	(1,040,000)	3,407,000
Mr Lim Seng Lee	4,447,000	-	(1,040,000)	3,407,000
Y H Dato' Sri Kuan Khian Leng, S.S.A.P.	4,680,000	-	-	4,680,000
Deemed interests by virtue of shares held by immediate family members of the directors				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP	2,617,497	-	-	2,617,497
Y Bhg Dato' Lim Kok Boon, DPMP	800,899	1,235,000	(427,000)	1,608,899
Mr Lim Seng Lee	209,000	35,000	-	244,000

	Number of options over ordinary shares			
Share options of the Company	**Balance as of 1.1.2017**	**Granted**	**Exercised**	**Balance as of 31.12.2017**
Registered in the name of directors				
Y Bhg Dato' Lim Kok Boon, DPMP	478,000	-	(478,000)	-
Mr Lim Seng Lee	375,000	-	(375,000)	-

By virtue of Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP's interests in the shares of the Company, he is also deemed to have an interest in the shares of all the subsidiaries to the extent that the Company has interests.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 22 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' liability insurance for purpose of Section 289 of the Companies Act 2016 throughout the financial year, which provides appropriate insurance cover for the directors and/or officers of the Group and of the Company. The amount of insurance premium paid/payable during the financial year is as follows:

	The Group RM'000	The Company RM'000
Insurance premium paid/payable	4	1

There were no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act 2016.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended December 31, 2017 is as disclosed in Note 7 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

Y BHG DATO' LIM KOK BOON, DPMP
Managing Director

MR LIM SENG LEE
Executive Director

Ipoh,
April 10, 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPRITZER BHD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SPRITZER BHD**, which comprise the statements of financial position of the Group and of the Company as of December 31, 2017, and the statements of profit or loss, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 138.

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 of December 31, 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 SPRITZER BHD

(Incorporated in Malaysia)

Key audit matters	How the scope of our audit responded to the key audit matter
Trade receivables represent 8% of the Group's current assets and the management exercises significant judgement regarding the collectability of aged or impaired receivables. Refer to Note 21 to the financial statements for further information on trade receivables. The recognition and measurement of impairment of trade receivables are disclosed in Note 3 to the financial statements.	We have: • assessed the adequacy of allowance for doubtful debts on long outstanding debtors and those who exceeded credit period or limit. • evaluated management's assessment to support the collectability of receivables. • assessed the specific analysis of individual customers with long overdue balances, including the profile, background and credibility of the customers. • checked for post year end subsequent collections from customers. • performed past bad debts trend analysis by comparing the allowance for doubtful debts to the actual bad debts written off.

We have determined that there are no key audit matters to be communicated in our current year's report on the financial statements of 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 financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPRITZER BHD

(Incorporated in Malaysia)

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 of 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.

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPRITZER BHD

(Incorporated in Malaysia)

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 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LIM KENG PEO
Partner - 02939/01/2020 J
Chartered Accountant

Ipoh,
April 10, 2018

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Figures For The Period June 1, 2016 To December 31, 2016)

	Note	The Group Year Ended 31.12.2017 (12 Months) RM'000	The Group Period Ended 31.12.2016 (7 Months) RM'000	The Company Year Ended 31.12.2017 (12 Months) RM'000	The Company Period Ended 31.12.2016 (7 Months) RM'000
Revenue	5	313,849	185,943	5,516	5,416
Other gains and losses	7	912	454	3,320	1,502
Changes in inventories of finished goods, trading merchandise and work-in-progress		(1,741)	3,313	-	-
Purchase of finished goods and trading merchandise		(114)	(93)	-	-
Raw materials consumed		(129,401)	(76,772)	-	-
Employee benefit expenses	7	(46,236)	(26,547)	(313)	(165)
Depreciation and amortisation	8	(14,043)	(8,027)	-	-
Finance costs	11	(1,029)	(806)	(78)	-
Other expenses	7	(86,925)	(59,195)	(503)	(215)
Profit before tax		35,272	18,270	7,942	6,538
Tax expense	12	(9,794)	(5,763)	(387)	(318)
Profit for the year/period attributable to owners of the Company		25,478	12,507	7,555	6,220
Earnings per share					
Basic (sen)	13	13.83	7.53		
Diluted (sen)	13	13.83	7.49		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Figures For The Period June 1, 2016 To December 31, 2016)

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Profit for the year/period	25,478	12,507	7,555	6,220
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign entities	(44)	(12)	-	-
Total comprehensive income for the year/period attributable to owners of the Company	25,434	12,495	7,555	6,220

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	222,418	221,262	-	-
Investment properties	15	5,170	4,354	-	-
Investments in subsidiaries	16	-	-	92,353	83,964
Goodwill on consolidation	17	40	40	-	-
Other intangible asset	18	129	-	-	-
Total non-current assets		227,757	225,656	92,353	83,964
Current assets					
Other investments	19	110,977	24,212	110,919	24,154
Inventories	20	32,117	36,562	-	-
Trade and other receivables	21	63,698	58,790	27,992	51,338
Current tax assets	12	1,198	217	126	-
Other assets	23	4,494	3,480	1	3,737
Fixed deposits, cash and bank balances	24	17,307	18,580	1,973	343
Total current assets		229,791	141,841	141,011	79,572
Total assets		457,548	367,497	233,364	163,536
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	25(a)	216,571	89,787	216,571	89,787
Treasury shares	25(b)	(14)	(14)	(14)	(14)
Reserves	26	159,914	198,482	16,422	73,018
Total equity		376,471	288,255	232,979	162,791
Non-current liabilities					
Hire-purchase payables	27	89	261	-	-
Borrowings	28	5,584	9,311	-	-
Deferred tax liabilities	29	18,600	17,840	-	-
Total non-current liabilities		24,273	27,412	-	-

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Current liabilities					
Trade and other payables	30	27,393	25,195	16	17
Hire-purchase payables	27	171	198	-	-
Borrowings	28	6,768	10,284	-	-
Current tax liabilities	12	2,764	3,210	-	190
Other liabilities	31	19,708	12,943	369	538
Total current liabilities		56,804	51,830	385	745
Total liabilities		81,077	79,242	385	745
Total equity and liabilities		457,548	367,497	233,364	163,536

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Figures For The Period June 1, 2016 To December 31, 2016)

			← Non-distributable Reserves			→		
The Group	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Equity-Settled Employee Benefits Reserve RM'000	Translation Reserve RM'000	Distributable Reserve - Retained Earnings RM'000	Total Equity RM'000
Balance as of June 1, 2016		79,215	(14)	39,094	2,693	(22)	137,854	258,820
Profit for the period		-	-	-	-	-	12,507	12,507
Other comprehensive loss for the period		-	-	-	-	(12)	-	(12)
Total comprehensive (loss)/income for the period		-	-	-	-	(12)	12,507	12,495
Expenses relating to issuance of ESOS and Warrants		-	-	(21)	-	-	-	(21)
Recognition of share-based payments		-	-	-	(9)	-	9	-
Exercise of ESOS and Warrants		10,572	-	17,350	(1,339)	-	-	26,583
Payment of dividend	32	-	-	-	-	-	(9,622)	(9,622)
Balance as of December 31, 2016		89,787	(14)	56,423	1,345	(34)	140,748	288,255
Profit for the year		-	-	-	-	-	25,478	25,478
Other comprehensive loss for the year		-	-	-	-	(44)	-	(44)
Total comprehensive (loss)/income for the year		-	-	-	-	(44)	25,478	25,434
Expenses relating to issuance of ESOS		-	-	(1)	-	-	-	(1)
Exercise of ESOS		5,984	-	565	(1,189)	-	-	5,360
Transfer upon expiry of ESOS		-	-	-	(156)	-	156	-
Issuance of shares on private placement	25(a)	63,813	-	-	-	-	-	63,813
Payment of dividend	32	-	-	-	-	-	(6,390)	(6,390)
Transfer arising from "no par value" regime*	25(a)	56,987	-	(56,987)	-	-	-	-
Balance as of December 31, 2017		216,571	(14)	-	-	(78)	159,992	376,471

* With the Companies Act 2016 ("New Act") which came into effect on January 31, 2017, the credit standing in the Company's share premium account of RM56,987,152 now becomes part of the share capital of the Company. Pursuant to Section 618(3) of the New Act, the Company has 24 months from the commencement of the New Act to utilise this credit.

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Figures For The Period June 1, 2016 To December 31, 2016)

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Reserves: Share Premium RM'000	Non-distributable Reserves: Equity-Settled Employee Benefits Reserve RM'000	Distributable Reserve - Retained Earnings RM'000	Total Equity RM'000
Balance as of June 1, 2016		79,215	(14)	39,094	2,693	18,652	139,640
Profit and total comprehensive income for the period		-	-	-	-	6,220	6,220
Expenses relating to issuance of ESOS and Warrants		-	-	(21)	-	-	(21)
Recognition of share-based payments		-	-	-	(9)	-	(9)
Exercise of ESOS and Warrants		10,572	-	17,350	(1,339)	-	26,583
Payment of dividend	32	-	-	-	-	(9,622)	(9,622)
Balance as of December 31, 2016		89,787	(14)	56,423	1,345	15,250	162,791
Profit and total comprehensive income for the year		-	-	-	-	7,555	7,555
Expenses relating to issuance of ESOS		-	-	(1)	-	-	(1)
Exercise of ESOS		5,984	-	565	(1,189)	-	5,360
Transfer upon expiry of ESOS		-	-	-	(156)	7	(149)
Issuance of shares on private placement	25(a)	63,813	-	-	-	-	63,813
Payment of dividend	32	-	-	-	-	(6,390)	(6,390)
Transfer arising from "no par value" regime*	25(a)	56,987	-	(56,987)	-	-	-
Balance as of December 31, 2017		216,571	(14)	-	-	16,422	232,979

* With the Companies Act 2016 ("New Act") which came into effect on January 31, 2017, the credit standing in the Company's share premium account of RM56,987,152 now becomes part of the share capital of the Company. Pursuant to Section 618(3) of the New Act, the Company has 24 months from the commencement of the New Act to utilise this credit.

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Figures For The Period June 1, 2016 To December 31, 2016)

	Note	The Group Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year/period		25,478	12,507
Adjustments for:			
Depreciation of property, plant and equipment		14,047	8,032
Tax expense recognised in profit or loss		9,794	5,763
Inventories written off		2,101	38
Finance costs		1,029	806
Property, plant and equipment written off		155	679
Fair value adjustments of other investments		17	(12)
Impairment losses recognised on receivables		16	-
Amortisation of intangible asset		4	-
Unrealised loss/(gain) on foreign exchange		1	(199)
Investment revenue		(1,584)	(157)
Fair value adjustments of investment properties		(816)	-
Interest income		(276)	(112)
Gain on disposal of property, plant and equipment		(88)	(28)
Reversal of impairment losses on receivables		(58)	(65)
Allowance for slow moving and obsolete inventories no longer required		(22)	(53)
Gain on disposal of other investments		(19)	(18)
		49,779	27,181
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		2,366	(6,129)
Trade and other receivables		(4,540)	10,174
Other assets		(2)	2,891
Increase/(Decrease) in:			
Trade and other payables		2,154	(11,122)
Other liabilities		6,765	3,218
Cash Generated From Operations		56,522	26,213
Income tax refunded		362	-
Interest received		276	112
Income tax paid		(10,823)	(4,029)
Net Cash From Operating Activities		46,337	22,296

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Figures For The Period June 1, 2016 To December 31, 2016)

	Note	The Group Year Ended 31.12.2017 (12 Months) RM'000	The Group Period Ended 31.12.2016 (7 Months) RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of other investments		12,600	15,100
Proceeds from disposal of property, plant and equipment		266	44
Investment revenue		96	56
Placement of other investments		(98,200)	(32,800)
Purchase of property, plant and equipment	35(a)	(14,165)	(13,997)
Deposits paid for purchase of property, plant and equipment		(2,338)	(1,526)
Purchase of intangible asset		(133)	-
Placement of fixed deposits		-	(1)
Net Cash Used In Investing Activities		(101,874)	(33,124)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares on private placement		63,813	-
Proceeds from issuance of shares arising from exercise of ESOS and Warrants		5,360	26,583
Proceeds from/(Repayment of) revolving credits - net	35(c)	217	(2,950)
Dividend paid		(6,390)	(9,622)
Repayment of term loans	35(c)	(3,835)	(2,864)
Repayment of bankers' acceptances - net	35(c)	(3,625)	(3,159)
Finance costs paid		(1,029)	(806)
Repayment of hire-purchase payables	35(c)	(199)	(207)
Expenses relating to issuance of ESOS and Warrants paid		(1)	(21)
Proceeds from term loans		-	4,800
Net Cash From Financing Activities		54,311	11,754
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,226)	926
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		18,559	17,545
Effect of exchange rate changes on the balance of cash held in foreign currencies		(47)	88
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	35(b)	17,286	18,559

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Figures For The Period June 1, 2016 To December 31, 2016)

	Note	The Company Year Ended 31.12.2017 (12 Months) RM'000	The Company Period Ended 31.12.2016 (7 Months) RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year/period		7,555	6,220
Adjustments for:			
Tax expense recognised in profit or loss		387	318
Finance costs		78	-
Fair value adjustments of other investments		17	(12)
Dividend income		(5,516)	(5,416)
Interest income		(1,830)	(1,373)
Investment revenue		(1,488)	(101)
Gain on disposal of other investments		(19)	(18)
		(816)	(382)
Movements in working capital:			
Decrease/(Increase) in:			
Trade and other receivables		23,671	1,144
Other assets		-	(3,735)
(Decrease)/Increase in:			
Trade and other payables		(1)	2
Other liabilities		(169)	(287)
Cash Generated From/(Used In) Operations		22,685	(3,258)
Dividend received from subsidiaries		5,516	5,416
Interest received		1,830	1,373
Income tax paid		(703)	(175)
Net Cash From Operating Activities		29,328	3,356
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of other investments		12,600	15,100
Placement of other investments		(98,200)	(32,800)
Acquisition of shares in a subsidiary		(4,802)	(7,473)
Net Cash Used In Investing Activities		(90,402)	(25,173)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares on private placement		63,813	-
Proceeds from issuance of shares arising from exercise of ESOS and Warrants		5,360	26,583
Dividend paid		(6,390)	(9,622)
Finance cost paid		(78)	-
Expenses relating to issuance of ESOS and Warrants paid		(1)	(21)
Net Cash From Financing Activities		62,704	16,940
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,630	(4,877)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		343	5,220
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	35(b)	1,973	343

The accompanying Notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The subsidiaries are principally involved in the production of natural mineral water, carbonated flavoured water, distilled water, drinking water and non-carbonated flavoured water, manufacturing and selling of PET preforms, PET bottles, caps, toothbrushes and other plastic products, distribution of bottled water and other consumer products, operator of a mini golf course and recreational park and investment holding. The information on the name, place of incorporation, principal activities, and percentage of issued and share capital held by the holding company in each subsidiary is as disclosed in Note 16.

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 and was passed by Parliament on April 4, 2016. The New Act was subsequently gazetted on September 15, 2016. On January 26, 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for Section 241 and Division 8 of Part III of the New Act, to be January 31, 2017.

Amongst the key changes introduced in the New Act which affected the financial statements of the Group and of the Company included the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares and the transfer of share premium to share capital.

The adoption of the New Act did not have any financial impact on the Group and on the Company for the financial year ended December 31, 2017 except as mentioned in the preceding paragraph.

The registered office of the Company is located at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at Lot 898, Jalan Reservoir, Off Jalan Air Kuning, 34000 Taiping, Perak Darul Ridzuan.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on April 10, 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act 2016 in Malaysia.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.1 Adoption of amendments to MFRS

Amendments to MFRS affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group and the Company have applied a number of amendments to MFRS issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2017.

The adoption of the amendments to MFRS has had no material impact on the disclosures or on the amounts recognised in the financial statements of the Group and of the Company other than the disclosure made on the reconciliation of liabilities arising from financing activities required by amendments to MFRS 107 as demonstrated in Note 35(c).

2.2 Standards in issue but not yet effective

The directors anticipate that the following standards, amendments to standards and IC Interpretation will be adopted in the annual financial statements of the Group and of the Company when they become mandatorily effective for adoption. The adoption of these standards, amendments to standards and IC Interpretation are not expected to have a material impact on the financial statements of the Group and of the Company other than as further discussed below:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)[1]
MFRS 15	Revenue from Contracts with Customers[1]
MFRS 16	Leases[2]
Amendments to MFRSs	Annual Improvements to MFRSs 2014 - 2016 Cycle[1]
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 Cycle[2]
IC Interpretation 23	Uncertainty over Income Tax Payments[2]

[1] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

MFRS 9 *Financial Instruments*

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) include requirements for the classification and measurement of financial liabilities and for derecognition, and in February 2014, the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued by MASB - MFRS 9 (IFRS 9 issued by IASB in July 2014) mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Standards in issue but not yet effective (cont'd)

MFRS 9 *Financial Instruments* (cont'd)

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments*: *Recognition and Measurement* are required to be subsequently measured at amortised cost or at fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt instruments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Group and of the Company have assessed and determined that the application of MFRS 9 in the future will not have a material impact on amounts reported in respect of the Group's and of the Company's financial assets and financial liabilities as all loans and receivables of the Group and of the Company will continue to be carried at amortised cost while the investment in unquoted money market funds will be at fair value through profit or loss. The investment in unquoted shares of the Group, currently classified under available-for-sale with a carrying amount of RM58,500, will be accounted for as fair value through other comprehensive income under MFRS 9.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Standards in issue but not yet effective (cont'd)

MFRS 9 *Financial Instruments* (cont'd)

The Group and the Company is adopting the Simplified Approach for their trade receivables and measure the loss allowance at an amount equal to lifetime expected credit losses. In general, the directors anticipate that the application of expected credit loss model of MFRS 9 will result in earlier recognition of credit losses for the financial assets. However, the Group and the Company have estimated that the application of MFRS 9's impairment requirements as of January 1, 2018 will not have a material impact on the amounts reported and disclosures made in the financial statements.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Subsequently, amendments to MFRS 15 were issued in June 2016 which provide clarification on certain requirements of MFRS 15 and provide additional transitional relief upon implementing MFRS 15. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Group and the Company will elect the modified retrospective approach upon adoption of MFRS 15 with all financial impact, if any, adjusted at the transition date, January 1, 2018. The directors of the Group and of the Company have assessed and determined that the application of MFRS 15 in the future will not have a material impact on the amounts reported and disclosures made in these financial statements as majority of revenue of the Group derived from a single performance obligation, which is sale of products, and the recognition of sale is assessed to be similar to those currently adopted under MFRS 118. It is also not expected to have a material impact to the revenue currently recognised by the Group although MFRS 15 requires the Group to adjust the transaction price of its product with variable considerations such as discounts and rebates as the Group currently recognises the discounts and rebates as a reduction in sales on an accrued basis.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Standards in issue but not yet effective (cont'd)

MFRS 16 *Leases*

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

The directors of the Group and of the Company have assessed and determined that the application of MFRS 16 in the future will not have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements based on the analysis of lease commitments that the Group and the Company currently entered into.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at amortised cost or at fair value, at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements of the Group and of the Company is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The principal accounting policies are set out below:

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiaries controlled by the Company. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or a loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (cont'd)

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of goods and services tax, trade discounts and customer returns.

Sale of goods

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income

Dividend income represents gross dividends from unquoted investments and is recognised when the shareholder's rights to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

Income from mini golf operation

Revenue from mini golf entrance is recognised when tickets are sold.

Revenue from package events service fees is recognised when services are rendered.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income is recognised on a straight-line basis, by reference to the agreements entered.

Employee Benefits

Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

The Group makes statutory contributions to approved provident funds and the contributions are charged to profit or loss as incurred. The approved provident funds are defined contribution plans. Once the contributions have been paid, there are no further payment obligations.

Share-based compensation benefits

The Company operates an equity-settled, share-based compensation plan, where shares and/or options are issued by the Company to eligible directors and employees of the Group and of the Company. The fair value of the employee services received in exchange for the grant of the shares and/or options is recognised as an expense with a corresponding entry to reserves over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and/or options granted at the grant date and the number of shares and/or options vested by vesting date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the estimates of the number of the options that are expected to become exercisable. The grant of options by the Company over its equity instruments to the directors and employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, assets and liabilities of the foreign incorporated subsidiaries of the Group are expressed in Ringgit Malaysia using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve of the Group. Such exchange differences are reclassified to profit or loss in the year in which the foreign incorporated subsidiaries are disposed of.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which require a substantial period of time to get them ready for their intended use, are capitalised and included as part of the cost of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statements of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability of the Group and of the Company for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses, unused tax credits and unutilised reinvestment allowances to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses, unused tax credits and unutilised reinvestment allowances can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Group reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the "sale" presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair values of investment properties based on the expected tax rate that would apply on disposal of the investment properties.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the interest of the acquirer in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost of the acquiree.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the consolidated profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the consolidated profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential ordinary shares.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and capital work-in-progress are not depreciated.

Capital work-in-progress comprises factory building under construction and factory equipment under installation. Depreciation on assets under work-in-progress commences when the assets are ready for their intended use.

Leasehold land are amortised over the lease periods ranging from 77 to 82 years. Depreciation of other property, plant and equipment is computed on the reducing balance method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Buildings and factory extension	2% to 5%
Staff quarters	2% to 10%
Plant and machinery	5% to 10%
Motor vehicles	20%
Furniture, fixtures and equipment	5% to 20%
Electrical installation	10%
Water dispensers	10%

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, Plant and Equipment Under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding hire-purchase obligations are recorded at their fair values or, if lower, at the present value of the minimum hire-purchase payments of the assets at the inception of the respective arrangements.

Finance costs, which represent the differences between the total hire-purchase commitments and the fair values of the assets acquired, are charged to profit or loss over the term of the relevant hire-purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases, other than leasehold properties classified as investment property, are classified as operating leases. Property interest held under an operating lease to earn rentals or for capital appreciation or both is classified as investment property.

Assets held under finance leases, including those held under hire-purchase arrangement, are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at fair value. Fair value is arrived by reference to market evidence of transaction prices for similar properties. Gain or loss arising from changes in the fair value of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Gain or loss on the retirement or disposal of an investment property is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss in the year in which the retirement or disposal arise.

Investments in Subsidiaries

Investments in subsidiaries are stated in the Company's financial statements at cost less accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill

Goodwill acquired in a business combination is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. Goodwill arising on consolidation represents the excess of cost of business combination over the interest of the Group in the net fair values of the identifiable assets, liabilities and contingent liabilities recognised of the acquiree at the date of the combination.

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units of the Group expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in the consolidated statement of profit or loss and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or an operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

Any excess of the interest of the Group in the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition (previously known as negative goodwill) is reassessed and is recognised immediate in the consolidated statement of profit or loss.

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful life that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life of the intangible assets. The estimated useful life and the amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible asset represents software development cost and is amortised over a period of 5 years.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Tangible and Intangible Assets excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their assets (other than inventories, financial assets and investment properties which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. A reversal is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined principally on the "First-in, First-out" and "Weighted Average" methods. Cost of raw materials, trading merchandise, packing materials, spare parts and goods-in-transit comprise the original purchase price plus cost incurred in bringing the inventories to their existing location and condition. Cost of finished goods and work-in-progress comprise the cost of direct and packing materials, direct labour and a proportion of production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event and it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Research and Development Costs

Research costs relating to the original and planned investigation undertaken with the prospect of gaining new technical knowledge and understanding, are recognised as an expense when incurred.

Development costs represent costs incurred in the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems, or services prior to the commencement of commercial production or use. Development costs are charged to profit or loss in the year in which it is incurred except where a clearly-defined project is undertaken and it is probable that the development costs will give rise to future economic benefits. Such development costs are recognised as an intangible asset and amortised on a straight-line method over the life of the project from the date of commencement of commercial operation, which is on average five years.

Financial Instruments

Financial instruments are recognised in statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(a) Financial assets

Financial assets of the Group and of the Company are classified into FVTPL, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item. Fair value is determined in the manner described in Note 34.

(ii) AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS financial assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair values are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(a) Financial assets (cont'd)

(ii) AFS financial assets (cont'd)

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's and the Company's right to receive the dividends is established.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

AFS investments are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the AFS investments, the estimated future cash flows of the investments have been affected. For unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the investments below their costs is considered to be objective evidence of impairment. When an AFS investment is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss even though the investment has not been derecognised. Impairment losses of AFS investments previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under investment revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(a) Financial assets (cont'd)

(iv) Impairment of financial assets (cont'd)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(v) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interests in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(b) Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and by the Company are recognised at the proceeds received, net of direct issue costs.

Shares repurchased by the Company are held as treasury shares, and are stated at the cost of repurchases, including directly attributable costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Financial liabilities

Financial liabilities of the Group and of the Company are classified into "other financial liabilities" category.

(iv) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(v) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

(vi) Financial guarantee contracts

The Group has issued corporate guarantee to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Group to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liabilities are initially recognised at their fair values plus transaction costs and subsequently at the higher of the amount determined in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate, in the Group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(b) Financial liabilities and equity instruments (cont'd)

(vi) Financial guarantee contracts (cont'd)

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Group will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Group's statement of financial position.

(c) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Segment Reporting

For management purposes, the Group is organised into operating segments that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. The Group's reporting segments were identified based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's reportable segments are strategic business operations that are managed separately based on the Group's management and internal reporting structure.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents consist of cash and bank balances, deposits with licensed banks, bank overdrafts and highly liquid investments which are readily convertible to cash with insignificant risks of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies of the Group and of the Company which are described in Note 3, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement made in applying accounting policies

In the process of applying accounting policies of the Group and of the Company, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements, except for the following:

Deferred Tax on Investment Properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax on investment properties, the directors have determined that the presumption that the carrying amounts of the investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred tax liabilities on changes in fair values of investment properties based on the expected rate that would apply on disposal of the investment properties.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Recoverability of Receivables

The Group recognises allowance for doubtful receivables based on an assessment of the recoverability of trade and other receivables. An allowance is established for trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires use of judgment and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying values of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

(b) Allowance for Slow Moving and Obsolete Inventories

The Group recognises allowance for slow moving and obsolete inventories based on an assessment of the recoverability of the inventories through sales or recycling for alternative uses. Allowance is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of slow moving and obsolete inventories requires use of judgment and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying values of the inventories and expenses on inventories written down in the period in which such estimate has been changed.

(c) Income Taxes

The Group is subject to income taxes of numerous jurisdictions. Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

5. REVENUE

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Sale of goods	313,356	185,666	-	-
Income from mini golf operation	493	277	-	-
Dividend income from subsidiaries	-	-	5,516	5,416
	313,849	185,943	5,516	5,416

6. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The chief operating decision maker and senior management of the Group review the operating segment results regularly to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Group has three reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately as they require different technology and marketing strategies. The chief operating decision maker and senior management review the management reports of each of the strategic units on a monthly basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Goodwill is allocated to reportable segment as described in Note 17. Unallocated items mainly comprise corporate assets and liabilities, such as tax assets/liabilities and deferred tax assets/liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Segments comprise:

Segment	Products and services
Manufacturing	Natural mineral water, carbonated flavoured water, distilled water, drinking water, non-carbonated flavoured water, PET preforms, PET bottles, caps and toothbrushes
Trading	Bottled water and other consumer products
Others	Recreational park, investment and properties holding

For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment considering the following factors:

- the production of merchandise of the products are similar; and
- the methods used to distribute the products to the customers are the same.

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT REPORTING (CONT'D)

The Group 2017	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	298,189	15,167	493	-	313,849
Inter-segment sales	71,542	737	5,661	(77,940)	-
Total revenue	369,731	15,904	6,154	(77,940)	313,849
Results					
Segment results	44,880	(9,646)	6,383	(6,900)	34,717
Finance costs					(1,029)
Investment revenue					1,584
Profit before tax					35,272
Tax expense					(9,794)
Profit for the year					25,478
Other information					
Capital additions	15,371	202	2	(33)	15,542
Depreciation of property, plant and equipment	(13,861)	(126)	(60)	-	(14,047)
Property, plant and equipment written off	(81)	(74)	-	-	(155)
Gain on disposal of property, plant and equipment	88	-	-	-	88
Impairment loss recognised on receivables	-	(16)	-	-	(16)
Reversal of impairment loss on receivables	58	-	-	-	58
Allowance for slow moving and obsolete inventories no longer required	22	-	-	-	22
Fair value adjustments of:					
Investment properties	-	-	816	-	816
Other investments	-	-	(17)	-	(17)
Amortisation of intangible asset	(4)	-	-	-	(4)
Gain on disposal of other investments	-	-	19	-	19
Inventories written off	(346)	(909)	-	(846)	(2,101)
Assets					
Segment assets	351,552	3,771	257,981	(156,954)	456,350
Unallocated segment assets					1,198
Consolidated Total Assets					457,548
Liabilities					
Segment liabilities	99,621	4,070	1,289	(45,267)	59,713
Unallocated segment liabilities					21,364
Consolidated Total Liabilities					81,077

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT REPORTING (CONT'D)

The Group 2016	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	174,792	10,874	277	-	185,943
Inter-segment sales	38,311	9	5,488	(43,808)	-
Total revenue	213,103	10,883	5,765	(43,808)	185,943
Results					
Segment results	28,219	(9,259)	6,293	(6,334)	18,919
Finance costs					(806)
Investment revenue					157
Profit before tax					18,270
Tax expense					(5,763)
Profit for the year					12,507
Other information					
Capital additions	15,536	308	-	(70)	15,774
Depreciation of property, plant and equipment	(7,932)	(62)	(38)	-	(8,032)
Property, plant and equipment written off	(679)	-	-	-	(679)
Gain on disposal of property, plant and equipment	28	-	-	-	28
Impairment loss recognised on receivables	-	-	-	-	-
Reversal of impairment loss on receivables	65	-	-	-	65
Allowance for slow moving and obsolete inventories no longer required	53	-	-	-	53
Fair value adjustments of other investments	-	-	12	-	12
Gain on disposal of other investments	-	-	18	-	18
Inventories written off	(38)	-	-	-	(38)
Assets					
Segment assets	357,740	8,306	174,637	(173,403)	367,280
Unallocated segment assets					217
Consolidated Total Assets					367,497
Liabilities					
Segment liabilities	124,205	3,476	5,065	(74,554)	58,192
Unallocated segment liabilities					21,050
Consolidated Total Liabilities					79,242

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT REPORTING (CONT'D)

Geographical segments

Information on the Group's operations and analysis of the carrying amounts of segment assets and capital additions by geographical segment has not been provided as the segment assets and capital additions of the Group located outside Malaysia is less than 10% of its total segment assets and capital additions respectively.

The Group's analysis of the segment revenue from external customers by geographical area based on the geographical location of its customers has not been provided as the export sales of the Group is less than 10% of its total revenue.

7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFIT EXPENSES

Included in other gains and losses and other expenses are the following:

		The Group		The Company	
	Note	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Investment revenue	9	1,584	157	1,488	101
Fair value adjustments of:					
- Investment properties	15	816	-	-	-
- Other investments		(17)	12	(17)	12
Rental income:					
- Premises		348	146	-	-
- Motor vehicles		193	113	-	-
- Water dispensers		1	1	-	-
Interest income		276	112	1,830	1,373
Gain on disposal of property, plant and equipment		88	28	-	-
Reversal of impairment losses on receivables	21	58	65	-	-
Allowance for slow moving and obsolete inventories no longer required	20	22	53	-	-
Gain on disposal of other investments		19	18	19	18
Unrealised (loss)/gain on foreign exchange		(1)	199	-	-
Inventories written off	20	(2,101)	(38)	-	-
Rental expense:					
- Plant and equipment		(1,483)	(753)	-	-
- Premises		(712)	(534)	-	-
Realised loss on foreign exchange		(488)	(139)	-	-
Auditors' remuneration:					
Statutory audit		(182)	(183)	(41)	(36)
Others		(6)	(6)	-	-
Property, plant and equipment written off		(155)	(679)	-	-
Research and development expenditure		(153)	(91)	-	-
Impairment losses recognised on receivables	21	(16)	-	-	-

7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFIT EXPENSES (CONT'D)

Included in employee benefit expenses are the following:

		The Group		The Company	
	Note	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Directors' remuneration	10	5,391	2,815	313	165
Contributions to Employees' Provident Fund		3,089	1,621	-	-
Rental of hostels		74	46	-	-

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company which includes Executive Directors of the Company and certain members of senior management of the Company.

The remuneration of directors are disclosed in Note 10. The remuneration of other members of key management personnel of the Group during the financial year/period are as follows:

	The Group	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Short-term employee benefits	3,884	2,258
Post-employment benefits - Defined contribution plan	449	179
	4,333	2,437

The estimated monetary value of benefits-in-kind received and receivable by other members of key management personnel otherwise than in cash from the Group amounted to RM142,360 (2016: RM75,444).

NOTES TO THE FINANCIAL STATEMENTS

8. DEPRECIATION AND AMORTISATION

	The Group Year Ended 31.12.2017 (12 Months) RM'000	The Group Period Ended 31.12.2016 (7 Months) RM'000
Depreciation of property, plant and equipment (Note 14)	14,039	8,027
Amortisation of intangible asset (Note 18)	4	-
	14,043	8,027

9. INVESTMENT REVENUE

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Income from other investments	1,488	101	1,488	101
Rental income from investment properties	96	56	-	-
	1,584	157	1,488	101

The following is an analysis of investment revenue earned by category of assets:

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Investment income earned on:				
Non-derivative financial assets carried at fair value through profit or loss	1,488	101	1,488	101
Non-financial assets	96	56	-	-
	1,584	157	1,488	101

NOTES TO THE FINANCIAL STATEMENTS

10. DIRECTORS' REMUNERATION

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Directors of the Company:				
Fees	350	193	255	137
Other emoluments	4,956	2,571	58	28
	5,306	2,764	313	165
Directors of the subsidiaries:				
Fees	29	17	-	-
Other emoluments	56	34	-	-
	85	51	-	-
	5,391	2,815	313	165

Included in directors' other emoluments are contributions made by the Group to the Employees' Provident Fund of RM448,115 (2016: RM142,272).

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM244,908 (2016: RM144,603).

11. FINANCE COSTS

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Interest on:				
Term loans	498	261	-	-
Revolving credits	81	152	-	-
Bankers' acceptances	42	157	-	-
Hire-purchase	20	17	-	-
Bank overdrafts	-	1	-	-
Total interest expenses for financial liabilities not classified as at FVTPL	641	588	-	-
Other finance costs	388	218	78	-
	1,029	806	78	-

NOTES TO THE FINANCIAL STATEMENTS

12. TAX EXPENSE

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Malaysian income tax:				
Current year/period	9,049	6,182	404	318
Prior year	(15)	-	(17)	-
	9,034	6,182	387	318
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	416	241	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus	(20)	(12)	-	-
Prior year	364	(648)	-	-
	760	(419)	-	-
	9,794	5,763	387	318

The Group's and the Company's income tax rate remained at 24% (2016: 24%) except for its foreign subsidiaries whose income tax rates range from 16.5% to 25% (2016: 16.5% to 25%).

The Finance Act, 2017 which was gazetted on January 16, 2017, enacts that the incremental portion of chargeable income compared to the immediate preceding year of assessment enjoys reduced income tax rate as follows with effect from years of assessment 2017 and 2018:

Percentage of increase in chargeable income as compared to the immediate preceding year of assessment	Percentage point of reduction in tax rate	Tax rate after reduction %
Less than 5%	Nil	24
5% - 9.99%	1	23
10% - 14.99%	2	22
15% - 19.99%	3	21
20% and above	4	20

NOTES TO THE FINANCIAL STATEMENTS

12. TAX EXPENSE (CONT'D)

The tax expense for the year/period can be reconciled to the accounting profit as follows:

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Profit before tax	35,272	18,270	7,942	6,538
Tax at the applicable statutory income tax rate of 24% (2016: 24%)	8,465	4,385	1,906	1,569
Tax effects of:				
Expenses that are not deductible in determining taxable profit	2,060	2,394	211	49
Current year/period unutilised tax losses and unabsorbed capital allowances not recognised as deferred tax assets	1,170	564	-	-
Utilisation of reinvestment allowances	(1,728)	(593)	-	-
Income that is not taxable in determining taxable profit	(400)	-	(1,713)	(1,300)
Expenses allowed for double tax deductions	(144)	(161)	-	-
Others	22	(84)	-	-
Effect of difference in tax rates of subsidiaries operating in other jurisdictions	-	(94)	-	-
Income tax - prior year	(15)	-	(17)	-
Deferred tax - prior year	364	(648)	-	-
Tax expense recognised in profit or loss	9,794	5,763	387	318

Current tax assets and liabilities

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax assets				
Tax refunds receivables	1,198	217	126	-
Current tax liabilities				
Income tax payables	2,764	3,210	-	190

NOTES TO THE FINANCIAL STATEMENTS

13. EARNINGS PER SHARE

The basic and diluted earnings per ordinary share are calculated as follows:

	The Group	
	Year Ended 31.12.2017 (12 Months)	Period Ended 31.12.2016 (7 Months)
Profit for the year/period attributable to owners of the Company (RM'000)	25,478	12,507
Number of ordinary shares in issue as of January 1/June 1 ('000)	179,573	158,431
Shares repurchased and held as treasury shares ('000)	(24)	(24)
	179,549	158,407
Weighted average number of ordinary shares issued during the year/period ('000)	4,710	7,618
Weighted average number of ordinary shares in issue ('000)	184,259	166,025
Basic earnings per ordinary share (sen)	13.83	7.53
Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	184,259	166,025
Shares deemed to be issued for no consideration in respect of ESOS and Warrants ('000)	-	919
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	184,259	166,944
Diluted earnings per ordinary share (sen)	13.83	7.49

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Factory extension RM'000	Staff quarters RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Motor vehicles under hire-purchase RM'000	Furniture, fixtures and equipment RM'000	Electrical installation RM'000	Water dispensers RM'000	Capital work-in-progress RM'000	Total RM'000
Cost													
As of June 1, 2016	54,240	4,809	53,658	3,665	1,118	168,889	15,875	1,722	17,337	2,893	291	907	325,404
Additions	-	-	305	38	-	11,229	1,506	-	834	98	-	1,764	15,774
Disposals	-	-	-	-	-	-	(245)	-	-	-	-	-	(245)
Write offs	-	-	(79)	-	(200)	(2,047)	(93)	-	(138)	-	-	-	(2,557)
Reclassification	-	-	(1,017)	-	1,036	534	632	(632)	-	-	-	(553)	-
Translation difference	-	-	-	-	-	-	-	-	6	-	-	-	6
As of December 31, 2016	54,240	4,809	52,867	3,703	1,954	178,605	17,675	1,090	18,039	2,991	291	2,118	338,382
Additions	720	-	767	300	338	7,474	1,308	-	1,545	333	-	2,757	15,542
Disposals	-	-	-	-	-	(4)	(1,188)	-	(5)	-	-	-	(1,197)
Write offs	-	-	-	-	-	(35)	-	-	(349)	-	(238)	-	(622)
Reclassification	-	-	1,430	-	-	1,139	352	(352)	-	-	-	(2,569)	-
Translation difference	-	-	-	-	-	-	-	-	(7)	-	-	-	(7)
As of December 31, 2017	54,960	4,809	55,064	4,003	2,292	187,179	18,147	738	19,223	3,324	53	2,306	352,098
Accumulated depreciation													
As of June 1, 2016	-	626	7,122	706	237	83,595	8,909	426	8,249	1,144	180	-	111,194
Charge for the period	-	33	534	87	29	5,427	990	111	709	105	7	-	8,032
Disposals	-	-	-	-	-	-	(229)	-	-	-	-	-	(229)
Write offs	-	-	(16)	-	(45)	(1,611)	(93)	-	(113)	-	-	-	(1,878)
Reclassification	-	-	(15)	-	15	-	287	(287)	-	-	-	-	-
Translation difference	-	-	-	-	-	-	-	-	1	-	-	-	1
As of December 31, 2016	-	659	7,625	793	236	87,411	9,864	250	8,846	1,249	187	-	117,120
Charge for the year	-	57	913	147	50	9,540	1,747	145	1,255	186	7	-	14,047
Disposals	-	-	-	-	-	(2)	(1,013)	-	(4)	-	-	-	(1,019)
Write offs	-	-	-	-	-	(25)	-	-	(279)	-	(163)	-	(467)
Reclassification	-	-	-	-	-	-	169	(169)	-	-	-	-	-
Translation difference	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)
As of December 31, 2017	-	716	8,538	940	286	96,924	10,767	226	9,817	1,435	31	-	129,680
Carrying amounts													
As of December 31, 2017	54,960	4,093	46,526	3,063	2,006	90,255	7,380	512	9,406	1,889	22	2,306	222,418
As of December 31, 2016	54,240	4,150	45,242	2,910	1,718	91,194	7,811	840	9,193	1,742	104	2,118	221,262

NOTES TO THE FINANCIAL STATEMENTS

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

During the financial year/period, depreciation expenses are charged to the following items in the statement of profit or loss:

	The Group	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Depreciation of property, plant and equipment (Note 8)	14,039	8,027
Research and development expenses included in other expenses	8	5
	14,047	8,032

15. INVESTMENT PROPERTIES

The Group	Freehold land and buildings RM'000	Long-term leasehold land RM'000	Short-term leasehold land RM'000	Buildings RM'000	Renovation RM'000	Total RM'000
At fair value						
As of June 1, 2016	614	1,710	590	1,376	64	4,354
Fair value adjustments	-	-	-	-	-	-
As of December 31, 2016	614	1,710	590	1,376	64	4,354
Fair value adjustments	276	400	-	140	-	816
As of December 31, 2017	890	2,110	590	1,516	64	5,170

The fair values of the Group's investment properties as of December 31, 2017 had been arrived at on the basis of a valuation carried out by independent valuers who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to the market evidence of transaction prices for similar properties.

The fair value of the investment properties were determined based on the market comparable approach that reflects recent transacted prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As of December 31, 2017, there were no contractual obligations for future repairs and maintenance of the investment properties (2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT PROPERTIES (CONT'D)

Details of the Group's investment properties and information about the fair value hierarchy as of December 31, 2017 are as follows:

The Group	Fair Value		
2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Freehold land and buildings	-	890	-
Long-term leasehold land	-	2,110	-
Short-term leasehold land	-	590	-
Buildings	-	1,516	-
Renovation	-	64	-
2016			
Freehold land and buildings	-	614	-
Long-term leasehold land	-	1,710	-
Short-term leasehold land	-	590	-
Buildings	-	1,376	-
Renovation	-	64	-

There were no transfers between Levels 1 and 2 during the financial year/period.

During the financial year/period, direct operating expenses incurred relating to the investment properties of the Group are as follows:

The Group	Generate rental income		Do not generate rental income	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Quit rent and assessments	12	7	13	5
Electricity and water charges	-	-	7	4
Repair and maintenance	-	-	-	12

16. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost:		
At beginning of year/period	83,964	72,557
Subscription of shares	8,538	11,416
Reversals	(149)	(9)
At end of year/period	92,353	83,964

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of company	Place of incorporation	Proportion of ownership interest and voting power held by the Group 2017 %	2016 %	Principal activities
Direct subsidiaries				
Chuan Sin Sdn Bhd	Malaysia	100	100	Production of natural mineral water, carbonated flavoured water, distilled water, drinking water and non-carbonated flavoured water
Golden PET Industries Sdn Bhd*	Malaysia	100	100	Manufacturing and selling of PET preforms, PET bottles, caps, toothbrushes and other plastic products
Chuan Sin Cactus Sdn Bhd	Malaysia	100	100	Distribution of bottled water and other consumer products
PET Master Sdn Bhd	Malaysia	100	100	Manufacturing and selling of PET preforms
Angenet Sdn Bhd	Malaysia	100	100	Manufacturing and selling of bottled water
Spritzer EcoPark Sdn Bhd	Malaysia	100	100	Operator of a mini golf course and recreational park
Spritzer (Hong Kong) Limited*[(1)]	Hong Kong	100	100	Investment holding
Indirect subsidiary held through Spritzer (Hong Kong) Limited				
Spritzer (Guangzhou) Trading Limited*	People's Republic of China	100	100	Distribution of bottled water and other consumer products

[(1)] During the financial year, the Company subscribed for 15,372,471 new ordinary shares of HKD1 each, in the share capital of Spritzer (Hong Kong) Limited for a cash consideration of RM8,537,839. The effective equity interest of the Company in Spritzer (Hong Kong) Limited remained at 100%.

* The financial statements of this company are examined by auditors other than the auditors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Composition of the Group

Information about composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries 2017	2016
Production of natural mineral water, carbonated flavoured water, distilled water, drinking water and non-carbonated flavoured water	Malaysia	2	2
Manufacturing and selling of PET preforms, PET bottles, caps, toothbrushes and other plastic products	Malaysia	2	2
Distribution of bottled water and other consumer products	Malaysia	1	1
	People's Republic of China	1	1
Investment holding	Hong Kong	1	1
Operator of a mini golf course and recreational park	Malaysia	1	1
		8	8

17. GOODWILL ON CONSOLIDATION

	The Group 2017 RM'000	2016 RM'000
At beginning and end of year/period	40	40

Impairment tests for cash-generating units ("CGU") containing goodwill

Carrying amount of goodwill is allocated to Chuan Sin Cactus Sdn Bhd's trading operations.

The directors did not test the above goodwill for impairment in the current financial year as the operations of Chuan Sin Cactus Sdn Bhd have not deviated materially from that achieved in the previous financial period and any write down in goodwill, if necessary, to its recoverable amount is unlikely to be material to the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER INTANGIBLE ASSET

Software development cost	The Group 2017 RM'000	2016 RM'000
Cost		
At beginning of year/period	-	-
Additions	133	-
At end of year/period	133	-
Accumulated amortisation		
At beginning of year/period	-	-
Amortisation during the year/period (Note 8)	4	-
At end of year/period	4	-
Carrying amount	129	-

19. OTHER INVESTMENTS

	The Group 2017 RM'000	2016 RM'000	The Company 2017 RM'000	2016 RM'000
Available-for-sale investment carried at cost				
Investment in unquoted shares	58	58	-	-
Financial assets carried at fair value through profit and loss:				
Investments in quoted money market funds in Malaysia	110,919	24,154	110,919	24,154
	110,977	24,212	110,919	24,154

Details of the Group's and of the Company's other investments and information about the fair value hierarchy as of December 31, 2017 are as follows:

The Group and The Company 2017	Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets carried at fair value through profit and loss:			
Investments in quoted money market funds in Malaysia	110,919	-	-
2016			
Financial assets carried at fair value through profit and loss:			
Investments in quoted money market funds in Malaysia	24,154	-	-

There were no transfers between Levels 1 and 2 during the financial year/period.

NOTES TO THE FINANCIAL STATEMENTS

20. INVENTORIES

	The Group 2017 RM'000	The Group 2016 RM'000
Finished goods and trading merchandise	11,499	13,349
Raw materials	7,626	10,254
Spare parts	6,594	6,364
Packing materials	6,001	5,412
Goods-in-transit	481	1,424
Work-in-progress	410	312
	32,611	37,115
Less: Allowance for slow moving and obsolete inventories	(494)	(553)
Net	32,117	36,562

	The Group Year Ended 31.12.2017 (12 Months) RM'000	The Group Period Ended 31.12.2016 (7 Months) RM'000
Recognised as an expense during the year/period:		
Cost of inventories	193,183	112,869
Inventories written off (Note 7)	2,101	38

Movement in allowance for slow moving and obsolete inventories is as follows:

	The Group 2017 RM'000	The Group 2016 RM'000
At beginning of year/period	553	606
Allowance no longer required (Note 7)	(22)	(53)
Written off against cost	(37)	-
At end of year/period	494	553

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables	18,357	16,395	-	-
Less: Allowance for doubtful debts	(16)	(65)	-	-
	18,341	16,330	-	-
Amount due from subsidiaries				
- non-trade (Note 22)	-	-	27,667	51,328
Amount due from other related parties - trade	44,282	41,953	-	-
Other receivables	1,075	507	325	10
	63,698	58,790	27,992	51,338

The currency profile of trade and other receivables is as follows:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	60,995	55,945	27,992	51,338
Singapore Dollar	1,544	1,867	-	-
United States Dollar	684	127	-	-
Chinese Renminbi	489	858	-	-
Euro	2	-	-	-
Australian Dollar	-	58	-	-
	63,714	58,855	27,992	51,338

Trade receivables and the trade portions of amount due from other related parties of the Group comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 7 to 120 days (2016: 7 to 120 days). No interest is charged on overdue outstanding trade balances.

Included in other receivables of the Group is an amount of RM703,657 (2016: RM331,336) being Goods and Services Tax and Value Added Tax refundable.

An allowance has been made for estimated irrecoverable amounts from sale of goods of the Group amounting to RM16,301 (2016: RM64,951) and has been determined by reference to past default experience.

Movement in the allowance for doubtful debts is as follows:

	The Group	
	2017 RM'000	2016 RM'000
At beginning of year/period	65	130
Impairment losses recognised on receivables (Note 7)	16	-
Impairment losses reversed (Note 7)	(58)	(65)
Impairment losses recognised on receivables written off as uncollectible	(7)	-
At end of year/period	16	65

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (CONT'D)

The currency profile of impaired trade receivables is as follows:

	The Group	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	16	7
Australian Dollar	-	58
	16	65

Ageing of impaired trade receivables is as follows:

	The Group	
	2017 RM'000	2016 RM'000
More than 120 days	16	65

Included in trade receivables and amount due from other related parties of the Group are receivables with total carrying amount of RM1,352,109 (2016: RM1,146,706) and RM2,673,898 (2016: RM230,825) respectively which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances nor does it have a legal right to offset against any amounts owed by the Group to the counterparty.

Ageing of trade receivables and amount due from other related parties which are past due but not impaired at the end of the reporting period are as follows:

The Group	Trade receivables		Amount due from other related parties	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
31 - 60 days	203	152	-	-
61 - 90 days	250	425	-	-
91 - 120 days	546	435	-	-
More than 120 days	353	135	2,674	231
	1,352	1,147	2,674	231

The Group seeks to maintain strict control over its outstanding trade receivables and amount due from other related parties and has a credit period policy to minimise credit risk. Overdue balances are reviewed regularly by management. The Group has not provided for impairment loss on these trade receivables and trade amount due from other related parties that are past due as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Transactions with related parties are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

22. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

Related party transactions

Transactions with related parties are as follows:

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Subsidiaries				
Dividends received	-	-	5,516	5,416
Loan interest received/receivable	-	-	1,717	1,341
Transactions with other related parties being companies in which certain directors/shareholders and/or persons connected with the directors/shareholders have substantial interests				
Cactus Marketing Sdn Bhd				
Sale of goods	8,068	5,257	-	-
Rental of premise received	94	28	-	-
Cranberry (M) Sdn Bhd				
Sale of goods	11	-	-	-
Rental of premise received	23	24	-	-
Multibase Systems Sdn Bhd				
Secretarial fees paid/payable	25	15	10	6
Sabah Tea Garden Sdn Bhd				
Purchase of goods and services	82	2	-	-
Rental of premise received	51	20	-	-
Sale of goods	6	4	-	-
Sementra Resort Sdn Bhd				
Sale of property, plant and equipment	60	-	-	-
South East Asia Paper Products Sdn Bhd				
Purchase of goods	4,902	2,953	-	-
Sale of goods	1	1	-	-
Unikampar Credit And Leasing Sdn Bhd				
Hire-purchase interest paid	20	17	-	-
Sale of goods	2	1	-	-
Hire-purchase financing	-	500	-	-

NOTES TO THE FINANCIAL STATEMENTS

22. RELATED PARTY TRANSACTIONS (CONT'D)

	The Group		The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Transactions with other related parties being companies in which certain directors/shareholders and/or persons connected with the directors/shareholders have substantial interests				
Unipon Enterprise Sdn Bhd				
Sale of goods	551	236	-	-
Yee Lee Edible Oils Sdn Bhd				
Sale of goods	9,299	6,524	-	-
Transport charges paid	16	61	-	-
Internal audit fee paid	14	15	-	-
Yee Lee Marketing Sdn Bhd				
Sale of goods	25,178	13,419	-	-
Yee Lee Oils & Foodstuffs (Singapore) Pte Ltd				
Sale of goods	4,612	2,747	-	-
Yee Lee Trading Co Sdn Bhd				
Sale of goods	116,311	73,541	-	-
Purchase of goods	359	2	-	-
Yew Lee Chiong Tin Factory Sdn Bhd				
Sale of goods	6	4	-	-

The non-trade amount due from subsidiaries is unsecured, bears interest at 4.00% (2016: 4.00%) per annum, repayable on demand and will be settled in cash.

The non-trade amounts owing to other related parties are unsecured, interest-free, repayable on demand and will be settled in cash.

The outstanding balances arising from related party transactions are disclosed in Notes 21, 27 and 30.

NOTES TO THE FINANCIAL STATEMENTS

23. OTHER ASSETS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits	3,218	2,133	1	1
Prepaid expenses	1,276	1,347	-	-
Share application monies	-	-	-	3,736
	4,494	3,480	1	3,737

Included in deposits and prepaid expenses of the Group are amounts totalling RM2,538,105 (2016: RM1,526,124) which represent deposits paid for purchase of property, plant and equipment.

24. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	1,821	5,421	1,800	-
Cash and bank balances	15,486	13,159	173	343
	17,307	18,580	1,973	343

Fixed deposit of RM21,358 (2016: RM20,727) is pledged to a licensed bank as security for banking facilities granted to a subsidiary.

The effective interest rates for fixed deposits ranged from 2.50% to 3.00% (2016: 2.40% to 3.15%) per annum with maturity periods of 6 to 30 days (2016: 4 to 30 days).

The currency profile of fixed deposits, cash and bank balances is as follows:

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	11,417	11,469	1,973	343
United States Dollar	2,847	1,153	-	-
Australian Dollar	1,840	1,861	-	-
Chinese Renminbi	1,187	4,082	-	-
Hong Kong Dollar	16	15	-	-
	17,307	18,580	1,973	343

NOTES TO THE FINANCIAL STATEMENTS

25. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

The Group and The Company

	2017 Number of ordinary shares '000 units	2016 Number of ordinary shares '000 units	2017 RM'000	2016 RM'000
Authorised:				
Ordinary shares	-	200,000	-	100,000
Issued and fully paid:				
Ordinary shares:				
Balance at beginning of year/period	179,573	158,431	89,787	79,215
Exercise of ESOS	3,033	3,584	5,984	1,793
Warrants conversion	-	17,558	-	8,779
Transfer from share premium arising from "no par value" regime (Note 26 (a))	-	-	56,987	-
Private Placement	27,387	-	63,813	-
Balance at beginning and end of year/period	209,993	179,573	216,571	89,787

The Group's and the Company's issued share capital comprised ordinary shares with a par value of RM0.50 each. The Companies Act 2016, which came into operation on January 31, 2017, introduced the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

The Company increased its issued share capital during the financial year by the issuance of 3,032,500 (2016: 3,584,500) and 27,387,225 (2016: Nil) new ordinary shares pursuant to the exercise of ESOS of the Company and Private Placement respectively.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

(b) Treasury shares

The Group and The Company

	2017 Number of ordinary shares '000 units	2016 Number of ordinary shares '000 units	2017 RM'000	2016 RM'000
Balance at beginning and end of year/period	24	24	14	14

NOTES TO THE FINANCIAL STATEMENTS

25. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) Treasury shares (cont'd)

As of December 31, 2017, there are 24,000 treasury shares held by the Company. The number of ordinary shares in issue after excluding the treasury shares is 209,968,727 (2016: 179,549,002).

The mandate given by the shareholders to purchase own shares will expire at the forthcoming Annual General Meeting ("AGM") and an ordinary resolution needs to be tabled at the AGM for shareholders to grant a fresh mandate for another year.

26. RESERVES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable reserves:				
Share premium	-	56,423	-	56,423
Equity-settled employee benefits reserve	-	1,345	-	1,345
Translation reserve	(78)	(34)	-	-
	(78)	57,734	-	57,768
Distributable reserve:				
Retained earnings	159,992	140,748	16,422	15,250
	159,914	198,482	16,422	73,018

(a) Share premium

	The Group and The Company	
	2017 RM'000	2016 RM'000
Balance at beginning of year/period	56,423	39,094
Issuance of ordinary shares pursuant to conversion of Warrants at a premium of RM0.68 per ordinary share	-	11,939
Transfer from equity-settled employee benefits reserve upon exercise of ESOS	-	1,339
Issuance of ordinary shares pursuant to the ESOS at a premium of RM0.41 per ordinary share	5	149
Issuance of ordinary shares pursuant to the ESOS at a premium of RM0.25 per ordinary share	2	42
Issuance of ordinary shares pursuant to the ESOS at a premium of RM1.06 per ordinary share	91	1,232
Issuance of ordinary shares pursuant to the ESOS at a premium of RM1.40 per ordinary share	467	2,649
Expenses relating to issuance of ESOS and Warrants	(1)	(21)
	56,987	56,423
Less: Transfer to the share capital arising from "no par value" regime (Note 25 (a))	(56,987)	-
Balance at end of year/period	-	56,423

NOTES TO THE FINANCIAL STATEMENTS

26. RESERVES (CONT'D)

(b) Translation reserve

Exchange differences relating to the translation from the functional currency of foreign subsidiaries of the Group into Ringgit Malaysia are recognised directly in other comprehensive income and accumulated in the translation reserve.

(c) Retained earnings

The entire retained earnings of the Company as of the end of the financial year is available for distribution as single tier dividends to the shareholders of the Company.

27. HIRE-PURCHASE PAYABLES

The Group	**Minimum hire-purchase payments**		**Present value of minimum hire-purchase payments**	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Amounts payable under hire-purchase arrangements:				
Within one year	181	218	171	198
In the second to fifth year inclusive	91	273	89	261
	272	491	260	459
Less: Future finance charges	(12)	(32)	-	-
Present value of hire-purchase payables	260	459	260	459
Less: Amount due within 12 months (shown under current liabilities)			(171)	(198)
Non-current portion			89	261

The non-current portion is repayable as follows:

	The Group	
	2017 RM'000	**2016 RM'000**
Financial years ending December 31		
2018	-	171
2019	89	90
	89	261

As of December 31, 2017, hire-purchase obligations of the Group payable to a related party amounted to RM260,619 (2016: RM458,281).

NOTES TO THE FINANCIAL STATEMENTS

27. HIRE-PURCHASE PAYABLES (CONT'D)

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The terms for hire-purchase are 3 years (2016: 3 years). For the financial year ended December 31, 2017, the effective borrowing rates ranged from 5.68% to 5.87% (2016: 5.68% to 5.87%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the assets under hire-purchase and are guaranteed by the Company.

28. BORROWINGS

	The Group 2017 RM'000	The Group 2016 RM'000
Unsecured		
Term loans	9,335	13,170
Revolving credits	2,217	2,000
Bankers' acceptances	800	4,425
	12,352	19,595
Less: Amount due within 12 months (shown under current liabilities)	(6,768)	(10,284)
Non-current portion	5,584	9,311

The non-current portion of the term loans is repayable as follows:

	The Group 2017 RM'000	The Group 2016 RM'000
Financial years ending December 31:		
2018	-	3,751
2019	2,413	2,413
2020	2,012	2,012
2021	1,135	1,135
2022	24	-
	5,584	9,311

The currency profile of borrowings is as follows:

	The Group 2017 RM'000	The Group 2016 RM'000
Ringgit Malaysia	10,635	19,595
Chinese Renminbi	1,717	-
	12,352	19,595

NOTES TO THE FINANCIAL STATEMENTS

28. BORROWINGS (CONT'D)

The Group has the following term loans:

(a) a five (5) year term loan of RM3,230,000 (2016: RM3,230,000) which is repayable by equal monthly instalments commencing November 1, 2013;

(b) a five (5) year term loan of RM6,000,000 (2016: RM6,000,000) which is repayable by equal monthly instalments commencing May 29, 2014;

(c) a five (5) year term loan of RM5,000,000 (2016: RM5,000,000) which is repayable by equal monthly instalments commencing June 1, 2016; and

(d) a five (5) year term loan of RM4,800,000 (2016: RM4,800,000) which is repayable by equal monthly instalments commencing January 16, 2017.

The average effective interest rates per annum are as follows:

	The Group	
	Year Ended 31.12.2017 (12 Months) %	Period Ended 31.12.2016 (7 Months) %
Term loans	4.30 - 4.53	4.15 - 4.95
Revolving credits	4.45 - 5.60	4.30 - 4.67
Bankers' acceptances	3.28 - 4.09	3.18 - 3.84
Bank overdrafts	7.15 - 7.85	7.15 - 8.10

The Group obtained banking facilities including term loan facilities to the extent of RM142,820,000 (2016: RM138,380,000) from certain licensed banks, of which RM134,020,000 (2016: RM130,580,000) are guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

29. DEFERRED TAX LIABILITIES

The Group

	Property, plant and equipment RM'000	Investment properties RM'000	Revaluation reserve RM'000	Unrealised loss on foreign exchange RM'000	Unutilised reinvestment allowances RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Total RM'000
As of June 1, 2016	17,747	50	1,598	(1)	(1,100)	(35)	18,259
Recognised in profit or loss	(738)	-	(12)	1	350	(20)	(419)
As of December 31, 2016	17,009	50	1,586	-	(750)	(55)	17,840
Recognised in profit or loss	401	41	(20)	2	330	6	760
As of December 31, 2017	17,410	91	1,566	2	(420)	(49)	18,600

As of December 31, 2017, the amounts of unutilised tax losses and unabsorbed capital allowances and unutilised reinvestment allowances of the Group which are not recognised in the financial statements, are as follows:

	The Group 2017 RM'000	2016 RM'000
Unutilised tax losses and unabsorbed capital allowances	8,177	3,095
Unutilised reinvestment allowances	-	4,576
	8,177	7,671

Unrecognised deferred tax assets

The following deferred tax assets at the applicable tax rate of 24% (2016: 24%) have not been recognised at the end of the reporting period:

	The Group 2017 RM'000	2016 RM'000
Tax effects of:		
Unutilised tax losses and unabsorbed capital allowances	1,962	688
Unutilised reinvestment allowances	-	348
	1,962	1,036

30. TRADE AND OTHER PAYABLES

	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
Trade payables	16,486	14,119	-	-
Amount due to other related parties (Note 22):				
- trade	1,327	1,321	-	-
- non-trade	20	1,076	3	-
Other payables	9,560	8,679	13	17
	27,393	25,195	16	17

The currency profile of trade and other payables is as follows:

	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
Ringgit Malaysia	26,084	23,255	16	17
United States Dollar	1,144	1,627	-	-
Chinese Renminbi	94	211	-	-
Singapore Dollar	53	-	-	-
Euro	18	102	-	-
	27,393	25,195	16	17

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs respectively. The credit periods granted to the Group for trade purchases range from 30 to 120 days (2016: 30 to 120 days).

Included in other payables of the Group is an amount payable for Goods and Services Tax for RM531,222 (2016: RM518,649).

Other payables of the Group and of the Company are unsecured, interest-free and are repayable on demand.

Transactions with related parties are disclosed in Note 22.

31. OTHER LIABILITIES

	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
Accrued expenses	19,433	12,338	369	175
Deposits received	275	605	-	363
	19,708	12,943	369	538

NOTES TO THE FINANCIAL STATEMENTS

32. DIVIDEND

	The Group and The Company	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
First and final dividend paid: 3.5 sen, single tier, for financial period ended December 31, 2016 (2016: 5.5 sen per share, single tier, for financial year ended May 31, 2016)	6,390	9,622

The directors proposed a first and final dividend of 5.5 sen per share, under the single tier system, in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

33. SHARE-BASED PAYMENTS

Under the Company's Employees' Share Option Scheme ("ESOS"), which has been approved at an Extraordinary General Meeting held on November 24, 2011, options to subscribe for new ordinary shares ("Spritzer Shares") of RM0.50 each in the Company were granted to eligible employees, Executive Directors and Non-Executive Directors ("Eligible Persons") of the Company and its subsidiaries, which are not dormant. The ESOS is administered by the ESOS Committee and governed by a set of by-laws.

The ESOS is in force for a period of five (5) years from March 9, 2012 to March 8, 2017. The ESOS had expired on March 8, 2017 and 364,500 share options that remained unexercise on that date had lapsed and became null and void.

<u>Basis of determining the Subscription Price</u>

Subject to any adjustments made under the by-laws and pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the subscription price shall be the higher of:

(a) The five (5)-day weighted average of the market prices of Spritzer Shares immediately preceding the date of offer, with a discount of not more than 10% at the ESOS Committee's discretion; or

(b) The par value of Spritzer Shares.

NOTES TO THE FINANCIAL STATEMENTS

33. SHARE-BASED PAYMENTS (CONT'D)

Details of the movements in share options during the financial year are as follows:

Option series	Expiry date	Exercise price per ordinary share RM	Number of options over ordinary shares Balance as of 1.1.2017 '000 units	Exercised '000 units	Lapsed '000 units	Balance as of 31.12.2017 '000 units
(1) Granted on 9.3.2012 (Offer 1)	8.3.2017	0.75	49	(49)	-	-
(2) Granted on 11.3.2013 (Offer 2)	8.3.2017	0.91	153	(153)	-	-
(3) Granted on 10.3.2014 (Offer 3)	8.3.2017	1.56	590	(568)	(22)	-
(4) Granted on 9.3.2015 (Offer 4)	8.3.2017	1.90	2,605	(2,263)	(342)	-
Total			3,397	(3,033)	(364)	-

Fair value of share options granted

The range of fair value of the options granted ranged from RM0.2070 to RM0.4145.

The fair value of the options was determined using the "Black-Scholes" model based on the closing market price at offer date, the exercise price, expected volatility based on its historical volatility, expected dividend yield, option life and risk-free rate.

Input into the model

	Offer 1	Offer 2	Offer 3	Offer 4
Offer date share price (RM)	0.825	1.010	1.730	2.100
Exercise price (RM)	0.750	0.910	1.560	1.900
Expected volatility (%):				
1st year	29.04	29.50	31.67	26.80
2nd year	32.13	28.60	N/A	25.90
3rd year	33.25	31.40	N/A	N/A
4th year	36.78	31.00	N/A	N/A
5th year	35.01	N/A	N/A	N/A
Expected dividend yield (%)	2.48	2.62	3.46	2.43
Option life (years)	5	4	3	2

The range of risk-free rate was 3.23% to 3.85% (2016: 3.23% to 3.85%).

The range of share prices at the date of exercise of the options during the financial year were RM2.24 to RM2.44 (2016: RM2.19 to RM2.60).

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial assets				
Available-for-sale:				
Investment in unquoted shares	58	58	-	-
Fair value through profit and loss:				
Investments in quoted money market funds	110,919	24,154	110,919	24,154
Loans and receivables:				
Trade and other receivables	62,995	58,459	325	10
Amount due from subsidiaries	-	-	27,667	51,328
Refundable deposits	831	742	1	1
Fixed deposits, cash and bank balances	17,307	18,580	1,973	343
Financial liabilities				
Other financial liabilities:				
Trade and other payables	26,862	24,677	16	17
Borrowings	12,352	19,595	-	-
Hire-purchase payables	260	459	-	-
Accrued expenses	19,433	12,338	369	175
Refundable deposits received	274	134	-	-

Financial Risk Management Objectives and Policies

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risks.

(a) Market risk

(i) Foreign currency risk

The Group's transactions in foreign currencies are in United States Dollar ("USD"), Australian Dollars ("AUD"), Euro ("EUR"), Singapore Dollar ("SGD"), Chinese Renminbi ("RMB"), Japanese Yen ("JPY") and Hong Kong Dollar ("HKD") and therefore, are exposed to foreign exchange risk.

The carrying amounts of the foreign currency denominated monetary assets and liabilities of the Group at the end of the reporting period are disclosed in Notes 21, 24, 28 and 30.

Sensitivity analysis for foreign currency risk

The management does not consider the Group's exposure to foreign currency exchange risk significant as of December 31, 2017. Therefore, sensitivity analysis for foreign currency exchange risk is not disclosed.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Market risk (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group finances its operations by a mixture of internal funds and bank and other borrowings. The Group regularly reviews the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration of the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The policy of the Group is to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The details of the Group's borrowings are as disclosed in Notes 27 and 28.

Sensitivity analysis for interest rate risk

The Group does not consider its exposure to interest rate risk from bank borrowings and interest-bearing assets significant as of December 31, 2017 due to insignificant fluctuations in the market interest rates. Therefore, interest rate sensitivity analysis is not disclosed.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The exposure of the Group to credit risk arises principally from its receivables, amount due from other related parties and other financial assets. The credit risk exposure of the Company arises from amount due from subsidiaries and financial guarantees given to licensed banks and credit and leasing company for credit and hire-purchase facilities granted to subsidiaries and other financial assets.

Receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Group established policies on credit control involves comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history and regular review of customers' outstanding balances and payment trends. The Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

At the end of the reporting period, the Group is not subject to significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(b) Credit risk (cont'd)

Receivables (cont'd)

The Group holds bank guarantees and a personal guarantee to the extent of RM908,790 (2016: RM930,180) and RM1,960,379 (2016: Nil) respectively that secure them against any outstanding charges or liabilities incurred by customers. Other than these, the Group does not hold any other collateral and the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position, net of the amount of the bank guarantees and a personal guarantee mentioned above. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

For other receivables, management does not consider its exposure to credit risk significant due to the insignificant carrying amount as of December 31, 2017. At the end of the reporting period, the maximum exposure to credit risk of the Group and of the Company arising from other receivables is represented by their carrying amounts in the statements of financial position.

The ageing of trade receivables and amount due from other related parties that are past due are disclosed in Note 21.

Amount Due From Subsidiaries

The credit risk on advances made to subsidiaries that are repayable on demand is managed on a Group basis by management of the Company to ensure that risk of losses incurred by the Company due to non-repayment by subsidiaries is minimal.

At the end of the reporting period, there was no indication that the balances due from subsidiaries are not recoverable.

At the end of the reporting period, the maximum exposure to credit risk of the Company arising from amount due from subsidiaries is represented by its carrying amounts in the statements of financial position.

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks and a credit and leasing company in respect of credit and hire-purchase facilities granted to subsidiaries. The Company monitors on an ongoing basis the trend of repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM12,612,000 (2016: RM20,054,000) representing banking and hire-purchase facilities utilised as of the end of the reporting period.

At the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

Other Financial Assets

The credit risk on liquid funds are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The Group's and the Company's principal source of liquidity has historically been cash flows from operations and funds obtained from long and short-term borrowings.

The Group and the Company expect that the cash generated from their operations, their existing credit facilities and the trade terms provided by its suppliers will be sufficient to meet the Group's and the Company's currently anticipated capital expenditure and working capital needs for at least the next 12 months.

The Group has credit facilities of approximately RM88,824,000 (2016: RM85,546,000) which are unused at the end of the reporting period. The Group expects to meet its financial obligations from its operating cash flows and proceeds from maturing financial assets.

The maturity profile of the Group's and of the Company's non-derivative financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

The Group 2017	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
Non-derivative financial assets:				
Investment in unquoted shares	58	-	-	58
Investments in quoted money market funds	110,919	-	-	110,919
Trade and other receivables	62,995	-	-	62,995
Refundable deposits	831	-	-	831
Fixed deposits, cash and bank balances	17,308	-	-	17,308
Total undiscounted non-derivative financial assets	192,111	-	-	192,111
Non-derivative financial liabilities:				
Trade and other payables	26,862	-	-	26,862
Refundable deposits received	274	-	-	274
Accrued expenses	19,433	-	-	19,433
Hire-purchase payables	181	91	-	272
Borrowings	7,182	5,956	-	13,138
Total undiscounted non-derivative financial liabilities	53,932	6,047	-	59,979
Net undiscounted non-derivative financial assets/(liabilities)	138,179	(6,047)	-	132,132

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks (cont'd)

The Group 2016	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
Non-derivative financial assets:				
Investment in unquoted shares	58	-	-	58
Investments in quoted money market funds	24,154	-	-	24,154
Trade and other receivables	58,459	-	-	58,459
Refundable deposits	742	-	-	742
Fixed deposits, cash and bank balances	18,581	-	-	18,581
Total undiscounted non-derivative financial assets	101,994	-	-	101,994
Non-derivative financial liabilities:				
Trade and other payables	24,677	-	-	24,677
Refundable deposits received	134	-	-	134
Accrued expenses	12,338	-	-	12,338
Hire-purchase payables	218	272	-	490
Borrowings	10,830	10,037	-	20,867
Total undiscounted non-derivative financial liabilities	48,197	10,309	-	58,506
Net undiscounted non-derivative financial assets/(liabilities)	53,797	(10,309)	-	43,488
The Company 2017				
Non-derivative financial assets:				
Investments in quoted money market funds	110,919	-	-	110,919
Trade and other receivables	325	-	-	325
Amount due from subsidiaries	27,667	-	-	27,667
Refundable deposits	1	-	-	1
Fixed deposits, cash and bank balances	1,973	-	-	1,973
Total undiscounted non-derivative financial assets	140,885	-	-	140,885

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks (cont'd)

The Company 2017	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
Non-derivative financial liabilities:				
Trade and other payables	16	-	-	16
Accrued expenses	369	-	-	369
Financial guarantee contracts	12,612	-	-	12,612
Total undiscounted non-derivative financial liabilities	12,997	-	-	12,997
Net undiscounted non-derivative financial assets	127,888	-	-	127,888
The Company 2016				
Non-derivative financial assets:				
Trade and other receivables	10	-	-	10
Amount due from subsidiaries	51,328	-	-	51,328
Refundable deposits	1	-	-	1
Investments in quoted money market funds	24,154	-	-	24,154
Fixed deposits, cash and bank balances	343	-	-	343
Total undiscounted non-derivative financial assets	75,836	-	-	75,836
Non-derivative financial liabilities:				
Trade and other payables	17	-	-	17
Accrued expenses	175	-	-	175
Financial guarantee contracts	20,054	-	-	20,054
Total undiscounted non-derivative financial liabilities	20,246	-	-	20,246
Net undiscounted non-derivative financial assets	55,590	-	-	55,590

The Group and the Company have not committed to any derivative financial instruments during the financial year/period.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(d) Capital risk management

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from the previous financial period.

The capital structure of the Group and of the Company consist of net debt and equity of the Group and of the Company.

Fair Values of Financial Assets and Financial Liabilities

The carrying amounts of short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of long-term financial liabilities are included in Level 2 category of the fair value hierarchy in accordance with MFRS 7 - Financial Instruments: Disclosure and have been determined by the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the carrying amounts and the estimated fair values of these financial liabilities as of the end of the reporting period.

No disclosure is made on the fair value of investment in unquoted shares of the Group as it is impractical to estimate due to the lack of quoted market price and the inability to establish its fair value without incurring excessive cost.

The fair values of investment properties and other investments are disclosed in Notes 15 and 19 respectively.

35. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group	
	Year Ended 31.12.2017 (12 Months) RM'000	Period Ended 31.12.2016 (7 Months) RM'000
Cash purchase	14,165	13,997
Included in other payables	1,326	409
Advance payments made in prior year included in deposits	51	1,368
	15,542	15,774

NOTES TO THE FINANCIAL STATEMENTS

35. STATEMENTS OF CASH FLOWS (CONT'D)

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposits with licensed banks	1,821	5,421	1,800	-
Cash and bank balances	15,486	13,159	173	343
	17,307	18,580	1,973	343
Less : Fixed deposit pledged to a licensed bank	(21)	(21)	-	-
	17,286	18,559	1,973	343

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activities.

The Group	Note	As of 1.1.2017 RM'000	Financing cash flows RM'000	As of 31.12.2017 RM'000
Revolving credits	28	2,000	217	2,217
Term loans	28	13,170	(3,835)	9,335
Bankers' acceptances	28	4,425	(3,625)	800
Hire-purchase payables	27	459	(199)	260

36. CAPITAL COMMITMENTS

As of December 31, 2017, the Group has the following commitments in respect of property, plant and equipment:

	The Group	
	2017 RM'000	2016 RM'000
Approved and contracted for:		
- land and buildings	96	1,248
- plant and equipment	1,108	3,188
	1,204	4,436

NOTES TO THE FINANCIAL STATEMENTS

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Private Placement of 27,387,225 new ordinary shares

On September 21, 2017, the Company entered into a subscription agreement with Tasik Puncak Holdings Ltd (as general partner for Tasik Puncak Holdings, LP, the subscriber for the Placement Shares) for a proposed private placement of 27,387,225 Placement Shares, representing 15% of the issued shares of the Company (excluding 24,000 treasury shares), at an issue price of RM2.33 per Placement Share.

The Company has obtained approval from Bursa Malaysia Securities Berhad on October 12, 2017 for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement, subject to shareholders' approval and certain conditions, which were subsequently met. The shareholders have approved the Proposed Private Placement in the Company's Extraordinary General Meeting held on November 13, 2017.

The Private Placement has been completed following the listing of and quotation for 27,387,225 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad on November 22, 2017.

The proceeds from the Private Placement are intended to be utilised for the acquisition of property, plant and equipment and for working capital purpose of the Group.

STATEMENT BY DIRECTORS

The directors of **SPRITZER BHD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 December 31, 2017 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

Y BHG DATO' LIM KOK BOON, DPMP
Managing Director

MR LIM SENG LEE
Executive Director

Ipoh,
April 10, 2018

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MR SOW YENG CHONG (IC No. 570218-08-5997)**, the officer primarily responsible for the financial management of **SPRITZER BHD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MR SOW YENG CHONG
MIA 4122

Subscribed and solemnly declared by the abovenamed **MR SOW YENG CHONG** at **IPOH** this 10th day of April, 2018.

Before me,

MR WONG HOCK SENG, PPT
NO.: A245
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS
AS AT APRIL 2, 2018

SHARE CAPITAL

Number of Issued Share	:	209,968,727 ordinary shares (excluding 24,000 Treasury Shares)
Issued Share Capital	:	RM216,570,655
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders		Number of Issued Shares	
	Number	Percentage	Number	Percentage
Less than 100 shares	110	6.03	4,334	**
100 to 1,000 shares	282	15.45	178,993	0.09
1,001 to 10,000 shares	1,097	60.11	4,153,912	1.98
10,001 to 100,000 shares	253	13.86	8,233,970	3.92
100,001 to less than 5% of issued shares	80	4.39	94,895,212	45.19
5% and above of issued shares	3	0.16	102,502,306	48.82
Total	**1,825**	**100.00**	**209,968,727**	**100.00**

** Negligible

SUBSTANTIAL SHAREHOLDERS (as per the Company's Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	Percentage	Number of Shares	Percentage
1. Yee Lee Corporation Bhd ("**YLC**")	59,192,429	28.19	-	-
2. Tasik Puncak Holdings Ltd. ("**TPH**") (as general partner for Tasik Puncak Holdings, LP)	27,387,225	13.04	-	-
3. Yee Lee Holdings Sdn Bhd ("**YLH**")	22,811,665	10.86	-	-
4. Lim A Heng @ Lim Kok Cheong ("**LKC**")	9,147,207	4.36	88,028,591 [a]	41.92
5. Lim Kok Boon ("**LKB**")	7,654,800	3.65	5,015,899 [b]	2.39
6. Chua Shok Tim @ Chua Siok Hoon ("**CSH**")	2,110,500	1.01	95,065,298 [c]	45.28
7. Lai Yin Leng ("**LYL**")	233,333	0.11	12,437,366 [d]	5.92
8. Yee Lee Organization Bhd ("**YLO**")	-	-	82,004,094 [e]	39.06
9. Unikampar Credit And Leasing Sdn Bhd ("**UCL**")	-	-	82,004,094 [f]	39.06
10. Uniyelee Sdn Bhd ("**UYL**")	-	-	82,004,094 [f]	39.06
11. Yeleta Holdings Sdn Bhd ("**YH**")	-	-	82,004,094 [g]	39.06
12. Young Wei Holdings Sdn Bhd ("**YW**")	-	-	82,004,094 [h]	39.06
13. Diamond GP Holdings Ltd ("**DGP**")	-	-	27,387,225 [i]	13.04
14. Dymon Asia Private Equity (S.E. Asia) 2012 Ltd ("**DAPE**")	-	-	27,387,225 [j]	13.04
15. Tan Keng Soon	-	-	27,387,225 [k]	13.04
16. Dymon Asia Capital Ltd ("**DAC**")	-	-	27,387,225 [k]	13.04
17. Yong Ming Chong	-	-	27,387,225 [l]	13.04

ANALYSIS OF SHAREHOLDINGS
AS AT APRIL 2, 2018

Notes:-

[a] Deemed interest by virtue of shareholdings in Chuan Sin Resources Sdn Bhd ("**CSR**") and YW pursuant to Section 8 of the Companies Act 2016 ("Act"); and the shares held by his spouse, CSH and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 59(11)(c) of the Act.
[b] Deemed interest by virtue of shareholding in CSR pursuant to Section 8 of the Act; and the shares held by his spouse, LYL and child, Lim Seng Lee in the Company pursuant to Section 59(11)(c) of the Act.
[c] Deemed interest by virtue of shareholding in YW and deemed shareholding in CSR pursuant to Section 8 of the Act; and the shares held by her spouse, LKC and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 59(11)(c) of the Act.
[d] Deemed interest by virtue of deemed shareholding in CSR pursuant to Section 8 of the Act; and the shares held by her spouse, LKB and child, Lim Seng Lee in the Company pursuant to Section 59(11)(c) of the Act.
[e] Deemed interest held through YLC and YLH pursuant to Section 8 of the Act.
[f] Deemed interest held through YLO pursuant to Section 8 of the Act.
[g] Deemed interest held through UCL and UYL pursuant to Section 8 of the Act.
[h] Deemed interest held through YH pursuant to Section 8 of the Act.
[i] Deemed interest held through TPH pursuant to Section 8(4)(c) of the Act.
[j] Deemed interest held through DGP pursuant to Section 8(4)(c) of the Act.
[k] Deemed interest held through DAPE pursuant to Section 8(4)(c) of the Act.
[l] Deemed interest held through DAC pursuant to Section 8(4)(c) of the Act.

DIRECTORS' SHAREHOLDINGS (as per the Company's Register of Directors' Shareholdings)

	Directors	Direct Interest		Deemed Interest	
		Number of Shares	Percentage	Number of Shares	Percentage
1.	Lim A Heng @ Lim Kok Cheong	9,147,207	4.36	88,028,591 [a]	41.92
2.	Lim Kok Boon	7,654,800	3.65	5,015,899 [b]	2.39
3.	Lim Seng Lee	1,375,566	0.66	3,651,000 [c]	1.74
4.	Lam Sang	1,108,082	0.53	-	-
5.	Chok Hooa @ Chok Yin Fatt	143,500	0.07	-	-
6.	Nik Mohamad Pena bin Nik Mustapha	1,870,000	0.89	-	-
7.	Mohd Adhan bin Kechik	3,423,965	1.63	-	-
8.	Kuan Khian Leng	-	-	4,680,000 [d]	2.23
9.	Tan Chow Yin	-	-	-	-

Notes:-

[a] Deemed interest by virtue of shareholdings in CSR and YW pursuant to Section 8 of the Act; and the shares held by his spouse, CSH and children, Lim Ee Young and Lim Ee Wai in the Company pursuant to Section 59(11)(c) of the Act.
[b] Deemed interest by virtue of shareholding in CSR pursuant to Section 8 of the Act; and the shares held by his spouse, LYL and child, Lim Seng Lee in the Company pursuant to Section 59(11)(c) of the Act.
[c] Deemed interest by virtue of shareholding in CSR pursuant to Section 8 of the Act; and the shares held by his spouse, Huang Yu Ying in the Company pursuant to Section 59(11)(c) of the Act.
[d] Deemed interest by virtue of shareholding in Unique Bay Sdn Bhd pursuant to Section 8 of the Act.

By virtue of Dato' Lim A Heng @ Lim Kok Cheong's interest in the shares of the Company, he is also deemed to have an interest in the shares of all the subsidiaries to the extent that the Company has interests.

ANALYSIS OF SHAREHOLDINGS
AS AT APRIL 2, 2018

TOP THIRTY SECURITIES ACCOUNT HOLDERS

	Shareholders	Number of Shares	Percentage
1.	Yee Lee Corporation Bhd	50,338,666	23.97
2.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd	29,351,975	13.98
3.	Yee Lee Holdings Sdn Bhd	22,811,665	10.86
4.	Lim A Heng @ Lim Kok Cheong	9,147,207	4.36
5.	Yee Lee Corporation Bhd	8,853,763	4.22
6.	Lim Kok Boon	7,654,800	3.65
7.	Cartaban Nominees (Asing) Sdn Bhd BBH and Co Boston for Fidelity Low-Priced Stock Fund	5,120,400	2.44
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Unique Bay Sdn Bhd	4,680,000	2.23
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	4,512,000	2.15
10.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund F9EX for Fidelity Northstar Fund	3,600,000	1.71
11.	AmanahRaya Trustees Berhad PB Smallcap Growth Fund	3,478,900	1.66
12.	Mohd Adhan Bin Kechik	3,423,965	1.63
13.	Chuan Sin Resources Sdn Bhd	3,407,000	1.62
14.	AmanahRaya Trustees Berhad Public Strategic Smallcap Fund	3,288,000	1.57
15.	AmanahRaya Trustees Berhad Public Islamic Treasures Growth Fund	2,714,800	1.29
16.	Chua Shok Tim @ Chua Siok Hoon	2,110,500	1.01
17.	Nik Mohamad Pena Bin Nik Mustapha	1,870,000	0.89
18.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Apex Dana Al-Sofi-I	1,758,600	0.84
19.	AmanahRaya Trustees Berhad Public Islamic Emerging Opportunities Fund	1,717,300	0.82
20.	RHB Nominees (Tempatan) Sdn Bhd OSK Technology Ventures Sdn Bhd	1,513,800	0.72
21.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Apex Dana Al-Faiz-I	1,288,000	0.61
22.	AmanahRaya Trustees Berhad Public Select Treasures Equity Fund	1,267,200	0.60
23.	BT Capital Sdn Bhd	1,175,700	0.56
24.	Lam Sang	1,108,082	0.53
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yoong Fui Kien	1,043,000	0.50
26.	Lim Seng Lee	1,000,566	0.48
27.	Cartaban Nominees (Asing) Sdn Bhd BBH and Co Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund	1,000,000	0.47
28.	Jailani Bin Abdullah	997,375	0.47
29.	Zalaraz Sdn Bhd	841,000	0.40
30.	Lim Peng Jin	700,000	0.33
	Total	**181,774,264**	**86.57**

LIST OF PROPERTIES
AS AT DECEMBER 31, 2017

Location	Tenure	Current Use	Approximate Age of Building	Land/Gross Floor Area (sq. metres)	Carrying Amount RM'000	Date of Acquisition*/ Valuation
Lot 144371 H.S. (D) 127812 (formerly Lot PT 121576), Mukim and District of Klang, Selangor Darul Ehsan.	Freehold	Industrial land / Factory / Office complex	Factory / Office 11 years	31,386 / 13,380	31,623	11.09.2009
PT 7579 Pajakan Negeri No. H.S. (D) 24492 (formerly Lot No. 643 Geran 35453), PT 7580 Pajakan Negeri No. H.S. (D) 24493 (formerly part of Lot No. 129 CT 12779), PT 7581 Pajakan Negeri No. H.S. (D) 24494 (formerly part of Lot No. 129 CT 12779), Lot No.135 Title No. Pajakan Negeri No. 2577, Lot No. 898 Title No. Geran Mukim 300, Lot No. PT 4911 Surat Hakmilik H.S. (D) LM 15332, Lot No. 814 Geran Mukim 313, Lot No. 388 EMR 753, Lot No.1574 EMR 630, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Lot 135 Leasehold expiring on 31.08.2890 PT 7579, 7580 & 7581 Leasehold expiring on 23.09.2890 Remaining Lots Freehold	Factory / Office / Staff quarters / Agricultural / Development land	Factory / Office 10 to 23 years Warehouse 19 years Staff quarters 11 to 13 years	212,182 / 38,381	23,904	31.05.2010
Lot No. 454 Pajakan Negeri No. 3176, Lot Nos.1595, 384, 386, 387, 10078, 10079, and (P.T.) 4912, Title Nos. Geran 31600 (formerly C.T. 7366), Geran Mukim 315, EMR 615, EMR 1374 and Surat Hakmilik H.S. (D) LM 15333 respectively, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Lot 454 Leasehold expiring on 28.11.2894 Remaining Lots Freehold	Staff quarters / Minigolf course and building / Agricultural / Development land	Staff quarters 10 years Building 2 years	201,673 / 1,689	8,148	31.05.2010
Lot No. 9535 Pajakan Negeri No. 114421, Lot No. 9538 Pajakan Negeri No. 114424, Lot No. 9539 Pajakan Negeri No. 114425, Lot No. 9540 Pajakan Negeri No. 114426, Lot No. 9545 Pajakan Negeri No. 114431, Lot No. 9546 Pajakan Negeri No. 114432, Lot No. 9547 Pajakan Negeri No. 114433, Lot No. 9548 Pajakan Negeri No. 114434, Title No. H.S. (D) L & M 2361, 2364, 2365, 2366, 2371, 2372, 2373 and 2374, respectively, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Leasehold expiring on 13.11.2084	8 units single storey terrace house	23 years	1,537 / 669	515	31.05.2010
Lot Nos. 181631, 181632, 181633 & 181642, Title Nos. Pajakan Negeri 89482, 89483, 89484 & 89493 respectively, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan.	Leasehold expiring on 17.10.2089	Factory / Office complex / Vacant industrial land	Factory / Office 24 years Warehouses 5 to 21 years	33,969 / 15,517	12,304	31.05.2010

LIST OF PROPERTIES
AS AT DECEMBER 31, 2017

Location	Tenure	Current Use	Approximate Age of Building	Land/Gross Floor Area (sq. metres)	Carrying Amount RM'000	Date of Acquisition*/ Valuation
H.S. (M) 4162 No. P.T.D. 6382, H.S. (M) 4163 No. P.T.D. 6383, H.S. (M) 4164 No. P.T.D. 6384, H.S. (M) 4189 No. P.T.D. 6385, H.S. (M) 4188 No. P.T.D. 6386, H.S. (M) 4202 No. P.T.D. 6405, H.S. (M) 4201 No. P.T.D. 6407, H.S. (M) 4160 No. P.T.D. 6409, H.S. (M) 4172 No. P.T.D. 6408, H.S. (M) 4194 No. P.T.D. 6442, Mukim Tanjong Sembrong, Bukit Jintan, Johor Darul Takzim.	Freehold	Factory / Office / Staff quarters / Agricultural land	1 to 22 years	85,720 / 7,859	8,638	31.05.2010, *17.12.2012, *02.06.2014 and *19.12.2017
Lot No. 644 Geran 35454, Lot No. 130 CT 12780, Lot No. 131 CT 2974, Lot No. 902 EMR 663, Lot No. 903 EMR 664, Lot No. 904 EMR 665, Lot Nos. 125, 126, 10083, 10084 & 817, Lot No. 48 EMR 1000, Lot No. 827 EMR 539, Lot No. 1234 EMR 929, Lot No. 1235 EMR 928, Lot No. 1246 EMR 931, Lot No. 1466 EMR 1069, Lot No. 1043 CT 9668, Lot No. 455 Pajakan Negeri No. 2653, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Lot 125, 130 & 131 Leasehold expiring on 31.08.2890 Lot 126 Leasehold expiring on 23.09.2890 Lot 455 Leasehold expiring on 19.11.2893 Remaining Lots Freehold	Agricultural / Development land	N/A	764,890	10,673	31.05.2010
Lot No. 57253, Mukim of Bandar Kepong, District of Gombak, Selangor Darul Ehsan.	Freehold	Vacant industrial land	N/A	8,266	10,885	31.05.2010
Lot 47439 PN 379994 (formerly Lot No. P.T. 77 Title No. H.S. (D) KA 6980/85), Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan.	Leasehold expiring on 05.04.2066	Industrial / Factory complex	34 to 51 years	4,076 / 2,539	2,470	31.12.2017
Lot No. 10647 Title No. Pajakan Negeri 78371, Mukim of Bidor, District of Batang Padang, Perak Darul Ridzuan.	Leasehold expiring on 06.03.2050	Vacant industrial land	N/A	16,190	870	31.12.2017
Lot No. 3729 Title No. H.S. (D) L & M 124/75, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Leasehold expiring on 22.08.2035	Factory / Office complex	24 to 43 years	1,028 / 782	940	31.12.2017

LIST OF PROPERTIES
AS AT DECEMBER 31, 2017

Location	Tenure	Current Use	Approximate Age of Building	Land/Gross Floor Area (sq. metres)	Carrying Amount RM'000	Date of Acquisition*/ Valuation
Lot No. 11319 HSM 1854, Lot No. 11320 HSM 1855, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Freehold	Commercial building	9 years	339	890	31.12.2017
Lot No. 1044 Title No. Pajakan Negeri 2561 Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Leasehold expiring on 31.08.2891	Agricultural land	N/A	122,190	3,102	*30.09.2013
Lot No.10082 Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Freehold	Agricultural land	N/A	11,710	519	*31.08.2017
Geran 44071/M3/8/356, No. Petak 356 & Geran 44071/M4/8/492, No. Petak 492, Lot 40356, Pekan Hicom, Daerah Petaling, Selangor Darul Ehsan.	Strata title	Staff quarters	20 years	138	335	*02.06.2017

SPRITZER®

SPRITZER BHD (265348-V)
(Incorporated in Malaysia)

Number of shares held	
CDS Account Number	

FORM OF PROXY

I/We, ...
(Full name, NRIC No. or Company No.)

of ....
(Address)

being a member of **SPRITZER BHD**, hereby appoint ....
(Full name, NRIC No. or Company No.)

of ....
(Address)

*and/or failing him, ...
(delete as appropriate) *(Full name, NRIC No. or Company No.)*

of ....
(Address)

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company, to be held on Wednesday, May 30, 2018 at 10.30 a.m. at Lot 898, Jalan Reservoir, Off Jalan Air Kuning, 34000 Taiping, Perak Darul Ridzuan, and at any adjournment thereof for/against* the resolutions to be proposed thereat.

RESOLUTION NO.	DESCRIPTIONS	FOR	AGAINST
ORDINARY BUSINESS			
1.	To declare a first and final dividend		
2.	To re-elect Lam Sang as Director		
3.	To re-elect Chok Hooa @ Chok Yin Fatt as Director		
4.	To re-elect Lim Seng Lee as Director		
5.	To re-elect Tan Chow Yin as Director		
6.	To approve the payment of Directors' fees		
7.	To approve the payment of benefits payable to Independent Non-Executive Directors from May 31, 2018 to the next AGM of the Company.		
8.	To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
9.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
10.	To approve the Proposed Shareholders' Mandate		
11.	To approve the Proposed Renewal of Authority to Purchase its Own Shares by Spritzer Bhd		
12.	Retention of Dato' Ir Nik Mohamad Pena bin Nik Mustapha as an Independent Non-Executive Director		
13.	Retention of Dato' Mohd Adhan Bin Kechik as an Independent Non-Executive Director		
14.	Retention of Dato' Sri Kuan Khian Leng as an Independent Non-Executive Director		

Dated this _______________day of ____________________ 2018.

____
Signature(s)/Common Seal of Member

* Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

Notes:-

(i) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
(ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an attorney.
(iii) A member may appoints not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, such appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
(iv) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it hold.
(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than twenty-four (24) hours before the time appointed for holding the meeting.
(vi) Only a depositor whose name appears on the Record of Depositors as at May 23, 2018 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.
(vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice will be put to vote by poll.

Fold here to seal

STAMP

THE COMPANY SECRETARY
SPRITZER BHD (265348-V)
Lot 85, Jalan Portland
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan
Malaysia

Fold here to seal

www.spritzer.com.my

Lot 898, Jalan Reservoir, Off Jalan Air Kuning, 34000 Taiping, Perak Darul Ridzuan, Malaysia