SPRITZER®

SPRITZER BHD

必 胜 有 限 公 司

199301010611 (265348-V)

30 YEARS OF NATURAL GOODNESS

ANNUAL REPORT 2019

Did You Know?

ACILIS™
by SPRITZER

Silica is sometimes called the "beauty mineral" because it improves skin elasticity, nail growth, and hair

SPRITZER®

Spritzer Natural Mineral Water contains essential minerals beneficial to our bodies and is abstracted from pristine surroundings far away from any pollution

---

Source:

1. *Acilis: https://www.reboothealth.co.uk/blog/competition-win-a-months-supply-of-acilis-silica-water/*
2. *Spritzer Mineral Water: https://corporate.spritzer.com.my/*

TINGE

Contains Natural Mineral Water providing extra healthy benefits

SPRITZER

BonRica

Fiber has a number of health benefits, including normalising bowel function and preventing constipation

SPRITZER

Sparkling

Research has shown that sparkling water can help relieve constipation and indigestion

Source:

1. *Tinge: https://corporate.spritzer.com.my/*
2. *BonRica: https://my.clevelandclinic.org/health/articles/14400-improving-your-health-with-fiber*
3. *Spritzer Sparkling: https://badgut.org/information-centre/a-z-digestive-topics/carbonated-water-may-help-dyspepsia-and-constipation/*

WHAT'S INSIDE

Corporate Information

BOARD OF DIRECTORS

Non-Independent
Non-Executive Chairman

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

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

Members
Dato' Sri Kuan Khian Leng, S.S.A.P.
Tan Chow Yin

EMPLOYEES' SHARE GRANT PLAN COMMITTEE

Chairman
Lim Seng Lee

Members
Dr. Chuah Chaw Teo
Tan Chow Yin

COMPANY SECRETARIES

Sow Yeng Chong
SSM PC No 202008002172
MIA 4122

Tan Boon Ting
SSM PC No 202008002544
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
197101000970 (11324-H)
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel. No : 03-27839299
Fax No : 03-27839222

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, 2019

SPRITZER BHD

- 100% CHUAN SIN SDN BHD
- 100% ANGENET SDN BHD
- 100% CHUAN SIN CACTUS SDN BHD
- 100% SPRITZER ECOPARK SDN BHD
- 100% GOLDEN PET INDUSTRIES SDN BHD
- 100% PET MASTER SDN BHD
- 100% SPRITZER (HONG KONG) LIMITED
  - 100% SPRITZER (GUANGZHOU) TRADING LIMITED

Financial Highlights

Revenue
RM **374.4** million

Total Equity
RM **415.3** million

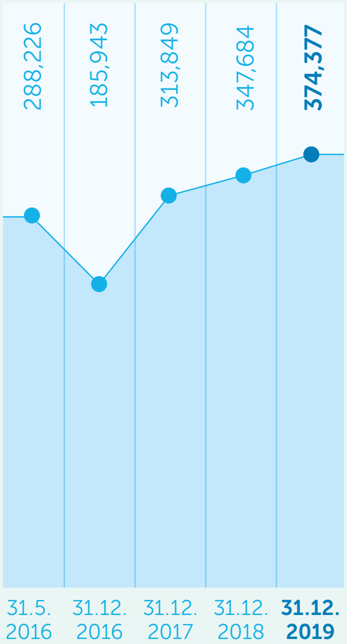
Market Capitalisation
RM **472.4** million

Financial year / period ended	31.12.2019 (12 Months)	31.12.2018 (12 Months)	31.12.2017 (12 Months)	31.12.2016 (7 Months)	31.5.2016 (12 Months)
Revenue (RM'000)	**374,377**	347,684	313,849	185,943	288,226
Revenue growth (%)	**7.7**	10.8	(1.5)[#]	10.6[#]	13.6
Profit before interest, tax, depreciation and amortisation (RM'000)	**57,711**	48,525	49,964	26,890	51,529
Profit before taxation (RM'000)	**41,299**	33,856	35,272	18,270	37,078
Profit attributable to owners of the Company (RM'000)	**31,249**	24,225	25,478	12,507	28,457
Earnings per share (sen)					
- Basic	**14.9**	11.5	13.8	7.5	19.5
- Diluted	**14.6**	11.5	13.8	7.5	18.0
Dividend per share (sen)	**4.5**	3.5	5.5	3.5	5.5
Dividend pay out ratio (%)	**30**	30	45	51	34
No. of shares in issue (less treasury shares) ('000)	**209,969**	209,969	209,969	179,549	158,407
Total equity (RM'000)	**415,280**	389,204	376,471	288,255	258,820
Net debt to equity ratio (*) (%)	**-**	-	-	0.5	2.5
Net assets per share (RM)	**1.98**	1.85	1.79	1.61	1.63
Share price at 31 December / 31 May (RM)	**2.25**	2.10	2.35	2.44	2.57
Market capitalisation (RM'000)	**472,430**	440,934	493,427	438,100	407,106

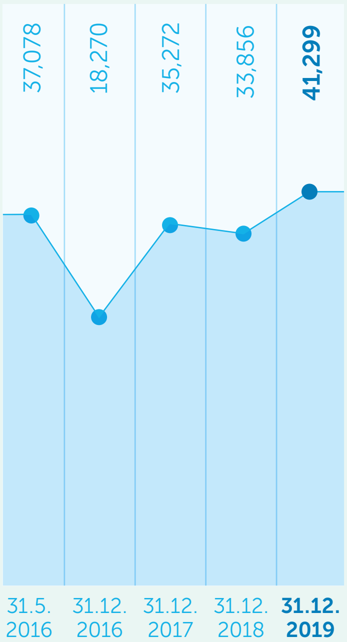
(#) Based on annualised revenue.
(*) Based on net debt (total borrowings less cash and cash equivalents) expressed as a percentage of total equity.

Financial Highlights

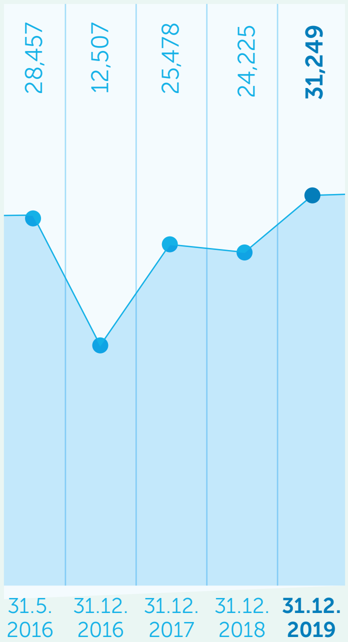
REVENUE
(RM'000)



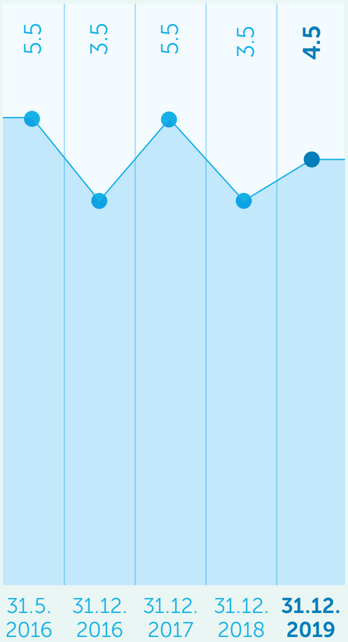
PROFIT BEFORE TAXATION
(RM'000)



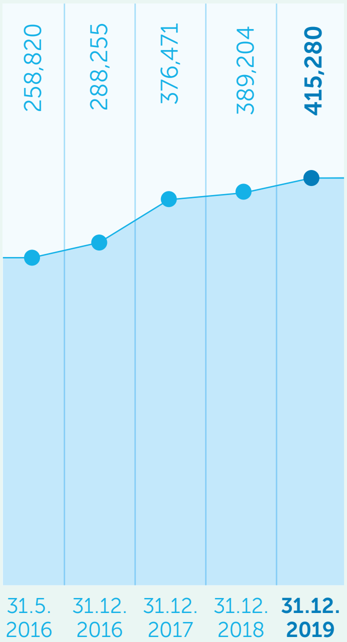
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



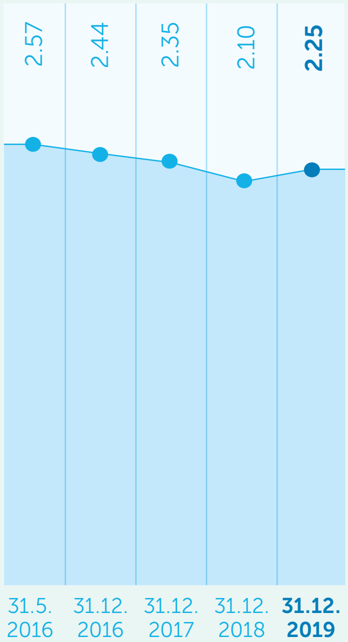
DIVIDEND PER SHARE
(SEN)



TOTAL EQUITY
(RM'000)



SHARE PRICE
(RM)



Chairman's Statement

"On behalf of the Board of Directors of Spritzer Bhd, I am pleased to present to you the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended December 31, 2019."

Malaysia recorded a slower gross domestic product ("GDP") growth of 4.3% (2018: 4.7%) in 2019. The external uncertainties, notably the US-China trade conflicts and the unresolved Brexit; the volatile commodities prices and slower economic activities were among the key challenges that have impacted the Malaysian economy in 2019.

The Group's performance in 2019 was commendable with decent revenue and earnings growth. The Group recorded a revenue of RM374.4 million and profit attributable to shareholders of the Company of RM31.2 million in the financial year ended December 31, 2019.

FINANCIAL PERFORMANCE

In the financial year 2019, the Group recorded a revenue growth of 8% to RM374.4 million (2018: RM347.7 million). Profit before tax has improved by 22% to RM41.3 million (2018: RM33.9 million) and profit after tax was also higher at RM31.2 million (2018: RM24.23 million). The better performance was mainly attributed to higher sales volume, better average selling prices, reduction in certain key raw material costs, better cost management of our China operations and lower effective corporate tax rate due to the claim of certain tax incentives.

Chairman's Statement

DIVIDEND

The Directors have proposed a first and final dividend of 4.5 sen (2018: 3.5 sen) per ordinary share in respect of the financial year ended December 31, 2019 which is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. The current dividend payout ratio is 30% (2018: 30%).

ESTABLISHMENT OF A PERFORMANCE-BASED SHARE GRANT PLAN

To strive for superior performance and to drive the Group's profitability and success, and thus aligning the shareholders' interests of creating sustainable value enhancement for the Group, the Company has during the year, established a performance-based share grant plan ("SGP") of up to five percent (5%) of the issued share capital of the Company (excluding treasury shares) at any point in time for the award of new shares to the Group's executive directors and selected key employees, who fulfil the criteria for eligibility which is stipulated in the by-laws governing the SGP. Under the SGP, each grant of the new shares is subject to certain vesting periods and the achievement of the performance targets before the new shares are issued to the grantees. This SGP will serve as a long-term incentive plan, which will provide the Group with the flexibility to determine the most suitable instrument to be used to motivate, reward and retain key employees. The effective date for the implementation of the SGP is on September 30, 2019.

PROSPECTS

The financial year 2020 will be extremely challenging as the world is currently facing an unprecedented and severe health crisis. At this juncture, it is not possible to predict how severely our economy will be affected by the COVID-19 pandemic. We will manage our business prudently and vigilantly. The safety and health of our employees, customers, consumers and business partners will remain our priority. We will conserve our resources and remain focused on sustaining our business operations and safeguarding our leading position in the Malaysian bottled water industry.

The Group recorded a revenue growth rate of 8% to

RM374.4 million

(2018: RM347.7 million)

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 decent revenue growth and the strong performance in this financial year were 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, DPMP, JSM, JP
Chairman

Management Discussion and Analysis

For Financial Year Ended December 31, 2019

ECONOMIC OVERVIEW

The Malaysian economy recorded a slower Gross Domestic Product growth rate of 4.3% in 2019 (2018: 4.7%). The year 2019 was another volatile year where we continued to witness the escalation of global trade conflicts, the unresolved Brexit and the volatility of global commodity prices. Resilient domestic demand, private sector expenditure and consumption, and stable labour market conditions had helped to sustain the economic growth. Nevertheless, consumer sentiments have been cautious throughout the year.

BUSINESS AND OPERATIONS OVERVIEW

We are a pioneer and the industry leader in the Malaysian bottled water industry. We started the production and sale of bottled water products in year 1989. Listed in the year 2000, Spritzer Bhd is the first and only bottled water company listed on Bursa Malaysia Securities Berhad. Our Group is principally involved in the manufacturing, marketing and selling of a comprehensive range of bottled water products. With annual turnover exceeding RM370 million and a market capitalisation of RM472 million as at December 31, 2019, our Group is the largest and most integrated bottled water producer in Malaysia with a commanding market share of about 40%. Our core brands are *Spritzer, Spritzer Sparkling, Spritzer Tinge, Spritzer BonRica, Cactus, Cactus Sparkling, 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. During the year, the Group added another high-speed and fully automatic bottling line at its Taiping plant. Currently, the Group has 16 bottling lines with an annual production capacity of about 750 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 had, in April 2016, started its operations of selling and wholesale distribution of bottled water products in Guangzhou and its surrounding areas. The Group also exports its mineral water products under the brand name ACILIS by Spritzer to United Kingdom and Netherlands.

The Group also owns and manages Spritzer EcoPark. This recreational park is situated within our 330-acre mineral water plant in Taiping, Perak. 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.

As at December 31, 2019, the Group has a workforce of 869 employees (2018: 841).

Management Discussion and Analysis

For Financial Year Ended December 31, 2019

STRATEGIC DIRECTION

Being the largest, most integrated and the leading bottled water company in Malaysia, we are committed to delivering high quality bottled water products all Malaysians with special focus on health benefits and at the same time, catering to the sophisticated taste preference and the hydration needs of our consumers. Our strategy is to strengthen our leading position in the Malaysian bottled water industry by constantly improving our processes across our value chain and improving our market coverage and sales volume. We will continue to strengthen our position in the markets where we are currently operating. We are also exploring business opportunities in the regional markets.

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

	Financial year ended		Change	
	31.12.2019	31.12.2018	Amount	%
Revenue (RM'000)	374,377	347,684	26,693	8
Profit before taxation (RM'000)	41,299	33,856	7,443	22
Profit after taxation (RM'000)	31,249	24,225	7,024	29
Pre-tax margin (%)	11.0	9.7	1.3	
Net margin (%)	8.3	6.9	1.4	
Basic earnings per share (sen)	14.9	11.5	3.4	30
Diluted earnings per share (sen)	14.6	11.5	3.1	27
Dividend per share (sen)	4.5	3.5	1.0	29
Dividend payout ratio (%)	30	30	-	
Current ratio (time)	3.2	3.6	(0.4)	
Quick ratio (time)	2.4	3.0	(0.6)	
Number of shares in issue (less treasury shares) ('000)	209,969	209,969	-	-
Total equity (RM'000)	415,280	389,204	26,076	7
Net debt to equity ratio (%)	-	-	-	
Total assets (RM'000)	498,900	476,361	22,539	5
Total liabilities (RM'000)	83,620	87,157	(3,537)	(4)
Net assets per share (RM)	1.98	1.85	0.13	7
Market capitalisation (RM'000)	472,430	440,934	31,496	7

Management Discussion and Analysis

For Financial Year Ended December 31, 2019

Revenue, Results and Dividend

The Group recorded a higher revenue of RM374.4 million in the financial year ended December 31, 2019, an increase of 8% from the previous year's revenue of RM347.7 million. The increase is attributed to higher bottled water sales resulting from both higher sales volume and better average selling prices. The non-bottled water sales were lower as certain customers began to produce their own preforms and ceased purchasing these products from us. Both the profit before tax and profit after tax of the Group for the year ended December 31, 2019 were higher at RM41.3 million (2018: RM33.9 million) and RM31.2 million (2018: RM24.2 million) respectively. The higher earnings recorded were attributed to improved economies of scale arising from higher sales volume, lower raw material costs and claim of certain tax incentives. The Group's basic earnings per share and diluted earnings per share for the year stood at 14.9 sen and 14.6 sen (2018: 11.5 sen and 11.5 sen) respectively.

The higher sales volumes of bottled water recorded in 2019 were mainly due to the increased demand for bottled water as a result of persistent hot weather and the water supply disruptions in Klang Valley, together with successful sales campaigns carried out and special trade incentives offered to customers to drive sales volumes. Profit margins improved considerably due mainly to lower packaging costs and better average selling prices. However, other costs such as employee costs, energy, selling and distribution expenses and other overheads were also at higher levels in year 2019. The current year effective tax rate of 25.2% (2018: 26.1%) is marginally higher than the statutory tax rate due to differing factors which include the claim of certain tax incentive, that certain expenses were not allowable for tax purposes and the unutilised losses of certain subsidiary companies were not recognised as deferred asset.

The Directors have proposed a first and final dividend of 4.5 sen (2018: 3.5 sen) per ordinary share in respect of the financial year ended December 31, 2019. The current dividend payout ratio remains at 30% (2018: 30%) as the Group had incurred a significant amount of capital expenditure in year 2019. Whilst we do not have an official dividend policy, we are committed to reward our shareholders with appropriate dividend payments which are in line with our earnings and cash flow requirements.

Cash Flow

The Group's cash flow has remained healthy and continued to generate good cash flow from its business activities. In year 2019, the Group generated a net cash of RM32.5 million (2018: 34.4 million) from its operating activities. The cash outflow for the purchase of property, plant and equipment in 2019 amounted to RM64.8 million (2018: RM39.2 million). The property, plant and equipment acquired during the year included an additional injection moulding machine, a Solar Photovoltaic System installed at our plastic packaging plant, the upgrade of the Reverse Osmosis processing system of our Shah Alam Plant and other fixed assets. During the year, we had utilised RM33.0 million, being bulk of the proceeds that we raised in 2017 via a private placement, to settle the additional progress payments for the construction of the automated warehouse. The Company also paid the first and final dividend of 3.5 sen per share in respect of the financial year ended December 31, 2018, amounting to RM7.3 million to its shareholders on June 21, 2019. With the healthy cash flow, the Group was able to sustain its net cash position throughout 2019.

Management Discussion and Analysis

For Financial Year Ended December 31, 2019

Financial Position and Gearing

The financial position of the Group has been further strengthened with the net profit of RM31.2 million (2018: RM24.2 million) recorded during the year. Our total assets have increased by RM22.5 million or 5% from RM476.4 million on December 31, 2018 to RM498.9 million on December 31, 2019. Our total liabilities have decreased by RM3.5 million or 4% from RM87.2 million on December 31, 2018 to RM83.6 million on December 31, 2019. The Group's ability to meet its short term financial and debt obligations has remained strong. As at December 31, 2019, the current ratio was high at 3.2 times (2018: 3.6 times) and similarly, the quick ratio was also high at 2.4 times (2018: 3.0 times). Throughout the year 2019 and as at December 31, 2019, the Group was in a net cash position.

Equity, Reserves and Market Capitalisation

Resulting from the net profit RM31.2 million generated during the year and the recognition of the share-based payment of RM2.2 million and after the payment of the final dividend of RM7.3 million in respect of the preceding financial year, our equity and reserves have increased by RM26.1 million or 7% from RM389.2 million on December 31, 2018 to RM415.3 million on December 31, 2019. As at December 31, 2019, the net asset value per share stood at RM1.98 (2018: RM1.85). There was no new issue of ordinary shares during the year and the total number of ordinary shares (net of treasury shares) in issue and fully paid as at the end of financial year was unchanged at 209,968,727. As at December 31, 2019, the Company's market capitalisation has increased by 7% to RM472.4 million from RM440.9 million as at December 31, 2018 due to a higher market price per share of RM2.25 (2018: RM2.10).

RISKS

The Group is sensitive to various risks such as reputation risk, business and operations 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 are firmly committed to high product quality and cultivate 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.

Business Operations Risk

Our significant business operations risks include the risk of adequacy and suitability of water supply, supply chain risk, business disruption risk, customer/consumer 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 constantly strive 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 adequate credit facilities and resources for contingency funding requirement. The Group has a healthy balance sheet and strong financial capability to manage its financial risk.

AWARDS AND RECOGNITIONS

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

In April 2019 and for the fifth time in a row, Spritzer was honoured with The Asia Excellence Brand Award 2018 at an award ceremony held in Hong Kong. The award was organised by Yazhou Zhoukan, the premier Chinese language international affairs newsweekly. This achievement is a powerful endorsement of Spritzer's strong brand equity and our solid reputation in the market with its trusted and clinically proven health benefits natural mineral water.

Management Discussion and Analysis

For Financial Year Ended December 31, 2019

In June 2019, Spritzer brand had once again, emerged as the Platinum Winner of the Readers' Digest Trusted Brands Award 2019. This is the 18th consecutive year that Spritzer has won this award. Our Cactus brand has also for the sixth consecutive year, won the Gold award of the Readers' Digest Trusted Brand 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. The Gold Trusted Brand Awards are given to brands that scored significantly higher than their rivals and the 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 Readers' 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 October 2019, Spritzer had been awarded Silver in the Beverage – Non-alcoholic, at the Putra Brand Awards 2019. This is the fifth time that Spritzer has won the Putra award. This achievement has propelled Spritzer to be a beverage product leader. The Putra Brand Awards, an initiative supported Branding Association of Malaysia, the Malaysian Advertisers Association and Media and supported 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 7,000 respondents nationwide, making it the largest brand research sampling of its kind and the most prestigious consumer award in the country.

In November 2019, we had, for the fifth consecutive year, received the World Branding Awards as Brand of the Year 2019 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 200,000 consumers from around the world; the shortlisted topmost brands were then judged by World Branding Forum Advisory Council to be truly exceptional.

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

Management Discussion and Analysis

For Financial Year Ended December 31, 2019

PROSPECTS

The financial year 2020 will be extremely challenging as the world is currently facing an unprecedented and severe health crisis. At this juncture, we have yet to know the full severity of the COVID-19 pandemic. We will manage our business prudently and vigilantly. The safety and health of our employees, customers, consumers and business partners will remain our priority. We will conserve our resources and remain focus on sustaining our business operations and safeguarding our leading position in the Malaysian bottled water industry.

The new automated warehouse in our Taiping plant is expected to be commissioned in the second quarter of 2020. The commissioning of the automated warehouse will certainly improve our supply chain management and efficiency.

We will closely monitor the consumers' sentiments and the market demand of bottled water and its opportunities. We will take appropriate measures to cater to the needs of our customers and consumers. We will be focusing on sustaining our sales revenue and to preserve and safeguard our market share in the bottled water industry.

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 our brands.

Sustainability Statement

In 2018, Spritzer Bhd ("Spritzer" or the "Group") adopted a structured approach to establish and formalise a sustainability framework as part of our ongoing effort to enhance our sustainability practices, and meet the Main Market Listing Requirements on Sustainability Reporting ("Listing Requirements") as published by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Sustainability Statement

This Sustainability Statement (the "Statement") represents our journey towards value-creation, demonstrating Spritzer's contribution to the local economy, relentless effort to improve the wellbeing of society, minimising negative environmental impacts arising from our operations, and ultimately placing purpose ahead of short-term profits.

Reporting Period	January 1, 2019 – December 31, 2019
Reporting Framework & Guidelines	• Bursa Malaysia Sustainability Reporting Guide and Toolkits • Global Reporting Initiative ("GRI") Standards • United Nations ("UN") Sustainable Development Goals ("SDGs") - *SDG Industry Matrix – Food Beverage & Consumer Goods by the UN Global Compact* • Eleventh Malaysia Plan ("11MP")

A key vision in Spritzer's aspiration is the achievement of positive long-term value creation for our stakeholders through the integration of Economic, Environmental and Social ("EES") aspects. These aspects are applied in formulating business strategies, maintaining an effective governance operating model and fostering a high performance culture. This Statement provides insight into our sustainability initiatives, followed by measures to monitor and manage our progress and performance in achieving targets set in relation to our sustainability matters.

The scope of entities covered in this Statement, as listed below, are subsidiaries of Spritzer involved in the Group's primary business activities:

Business Segment	Business Activity	Entities
Manufacturing	Natural mineral water, carbonated & non-carbonated flavoured water, distilled & drinking water, polyethylene terephthalate ("PET") preforms & bottles, caps & toothbrushes	• Chuan Sin Sdn Bhd • PET Master Sdn Bhd • Angenet Sdn Bhd • Golden PET Industries Sdn Bhd • Chuan Sin Cactus Sdn Bhd • Spritzer EcoPark Sdn Bhd
Trading	Bottled water & other consumer products	
Others	Recreational park, investment & properties holding	

In 2015, world leaders collectively embarked on a global path towards sustainable development through the adoption of United Nation's Sustainable Development Goals. At the heart of this global agenda is a universal set of 17 Sustainable Development Goals which set out measurable indicators and targets across EES dimensions of sustainable development. The goals provide a framework for shared action for people, planet and prosperity, to be implemented by all countries and all stakeholders acting in collaborative partnership. In a local context, the Eleventh Malaysia Plan mirrors the multidimensional nature of SDGs. It promotes inclusiveness, accelerates human capital development and green growth towards realising the goal of Vision 2020.

We have taken initial steps in aligning our initiatives and contributions towards the UN SDGs and 11MP alongside our stakeholders' expectations. We define stakeholders as persons or organisations with a vested interest in the Group, with respect to economic, environmental or social impacts. Moving forward, we intend to expand our scope of sustainability reporting, and use the measures, actions and performance results as reported in this Statement as a baseline to strengthen our sustainability practice and framework.

IDENTIFYING SUSTAINABLE PATHWAYS FOR THE FUTURE OF THE BOTTLED-WATER MANUFACTURING INDUSTRY

In addition to complying with the National Water Quality Standards of Malaysia, Spritzer is also a proud member of the Asia Middle East Bottled Water Association ("ABWA") and an International Affiliate Member of the American Beverage Association[1]. These memberships ensure our quality standards are rigorously assessed to meet regulatory requirements, and allow us to form strategic partnerships and collaborations in innovating manufacturing processes and generating ideas on the best sustainable practices. It is currently our seventh year being listed in the Malaysia Book of Records as the largest bottled water producer.

Sustainability Statement

Water scarcity affects 1.2 billion people worldwide[2]. We believe Spritzer shares a responsibility to continually revolutionise manufacturing and transportation methods to diminish this by reducing waste and improving distribution. In recent years, consumers of bottled water have seen an increase in purchasing power and the emerging market has been increasingly health-conscious[3]. Customers demand products adhering to set standards, from regional suppliers with the support of local communities. Spritzer has responded to this emerging consensus and changing consumer mind-set with a sustainable distribution plan. Transporting our products in-land instead of importing allows us to bypass inefficient and heavily regulated shipping routes. This has improved logistical productivity by organising in-land transportation between manufacturing facilities, warehouses and the consumer. This drive to 'stay local' has helped us create valuable relationships with local communities and better understand the impact that our business has on the environment.

The Malaysian government has charted a zero-waste plan that aims to abolish single-use plastic by 2030. Malaysia is the first country in Southeast Asia to take bold action to tackle plastic pollution[4]. Innovations in packaging technology, such as the development of lightweight, 100% recycled PET plastic bottles enable us to both reduce negative environmental externalities and transport a greater quantity of products at a faster pace. Continued investment into research and development programmes such as the PET project secures Spritzer's ability to keep up with the constantly changing market, and reduce negative ecological impacts and expenditure. It is a key objective of the Group to advance operational efficiency and cut down costs for sustainable, long-term value creation. New initiatives taken by Spritzer include exploring the use of alternative materials to virgin PET such as plant-based PET, recycled PET ("rPET"), for our PET bottles and Tetrapak as packaging for our water products.

We are privileged to improve the overall wellbeing of society through our products and services. For example, our natural mineral water is enriched with silicon, enabling us to flush aluminium toxins from the body.

Aluminium can be found in a wide range of sources we come across in our daily lives. According to analytical research labs, 80% of people tested had excessively high aluminium levels which is a disturbing statistic, given that metal toxicities are associated with a wide range of chronic diseases. The omnipresent aluminium metal has been linked to Alzheimer's disease ("AD"), and the overwhelming evidence suggests serious threats to our health.

Spritzer was found to be naturally rich in silicon. Clinical trials done in the United Kingdom ("UK") has shown that silicon is a powerful antagonist to aluminium. When a person drinks silicon rich natural mineral water, the water soluble form of silicon, removes aluminium toxins from the body through urine. Research has shown silicon is able to stimulate an enzyme that synthesises collagen naturally in the body. This is beneficial for collagenous or connective tissues such as bone, skin, hair & blood vessels.

Our desire to improve the health & wellbeing of our consumers has motivated Spritzer to invest in 330 acres of vast landbank surrounded by a natural tropical rainforest away from all pollution, ensuring the safest, purest, highest quality natural mineral water for their daily hydration needs.

1. Awards and Recognitions, Spritzer, https://www.spritzer.com.my/about-us/awards
2. United Nations Development Report, UNDV, 2006
3. Asia Food and Drink Report Q2 2018, BMI Research, 2018
4. Malaysia to ban single-use plastic, https://www.eco-business.com/news/malaysia-to-ban-single-use-plastic/

OUR SUSTAINABILITY COMMITMENT

In 2018, Spritzer established its first Sustainability Committee ("SC"). As endorsed by the Board, the SC is responsible for overseeing sustainability management to ensure the Group's sustainability objectives are realised.

01 Ensuring compliance with existing legislation, regulation and industry codes of practice

02 New policy recommendation

03 Ensuring the commitment of management in realising sustainability objectives

04 Identification & categorisation of sustainability matters

05 Facilitating Stakeholder Engagement

06 Review of Performance Indicators

07 Promoting the integration of sustainability measures into strategies, policies & procedures

08 Existing Policy Reviews / Amendments

Figure 1 – Key Roles & Responsibilities of the Sustainability Committee

Sustainability Statement

Board of Directors ("BOD" or the "Board")

The Board retains the overriding authority as the ultimate decision making body with respect to policy amendment / creation and with regards to the Group's strategic direction. They endorse & monitor the activities of the SC for the Group & for stakeholders' value creation

Group Chief Executive Officer ("GCEO")

The GCEO acts as an instrument of the Board, charged with initiating, facilitating & realising the intentions & sustainability objectives approved by the Board. He also assumes the role of an advisor to the Board & Committee, ensuring communication between them is cohesive & productive

Sustainability Committee ("SC")

Chaired by Research & Development ("R&D") Director, the SC comprises of department heads from various business units. The SC is in charge of identifying, reviewing & implementing sustainability measures across the Group's policies & procedures

Figure 2 – Sustainability Governance Structure

MANAGING VALUE

To prioritise key sustainability matters that align with our corporate vision and SDGs, a materiality assessment was carried out in 2018, guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits. The objective of this process is to evaluate the impact of identified sustainability matters on the Group, and its significance on the decisions and assessments of our stakeholders.

1. IDENTIFY RELEVANT MATTERS

Review of External Sources
- GRI Standards 2018
- UN SDGs
- 11MP
- Relevant industry specific publications

Review of Internal Sources
- Review of management data
- Feedback received from with stakeholders
- Approval by the Board and GCEO

Identification of sustainability matters from internal & external sources including the categorisation of relevant topics

2. PRIORITISE MATERIAL MATTERS

Stakeholder Prioritisation Exercise
- Assess the level of influence & dependence of each group on Spritzer

Stakeholder Engagement
- Engage with internal & external stakeholders to produce & rank a list of 15 sustainability matters

Assessment of EES impacts on Spritzer & prioritise material interests & expectations of stakeholders

3. VALIDATE & COMMUNICATE

Validation of Material Matters
- Validate material matters against stakeholder expectations and SDG's to identify most material indicators

Examination of prioritisation results, validation of material matters with management & structuring of disclosure strategy

4. REVIEW

Review of Material Matters
- Review the impact of material matters, taking into account emerging trends, changing customer expectations & overall business performance

Update materiality matrix in light of changes to Spritzer's strategy

Figure 3 – Materiality Assessment

Sustainability Statement

Based on the outcome of the Stakeholder Prioritisation Exercise, the Board of Directors, employees, customers, and government / regulatory authorities were found to have the highest influence and dependence on our business operations. In addition to the existing engagement approach, we conducted surveys to determine the level of importance of each identified sustainability matter to our key stakeholders. This was followed by a sustainability impact assessment to determine the impact of sustainability matters to the Group. Members of the SWG and representatives from various functions within the Group participated in this assessment. We have considered our existing risk evaluation criteria to rate the likelihood and impact of occurrence of events associated with the identified sustainability matters.

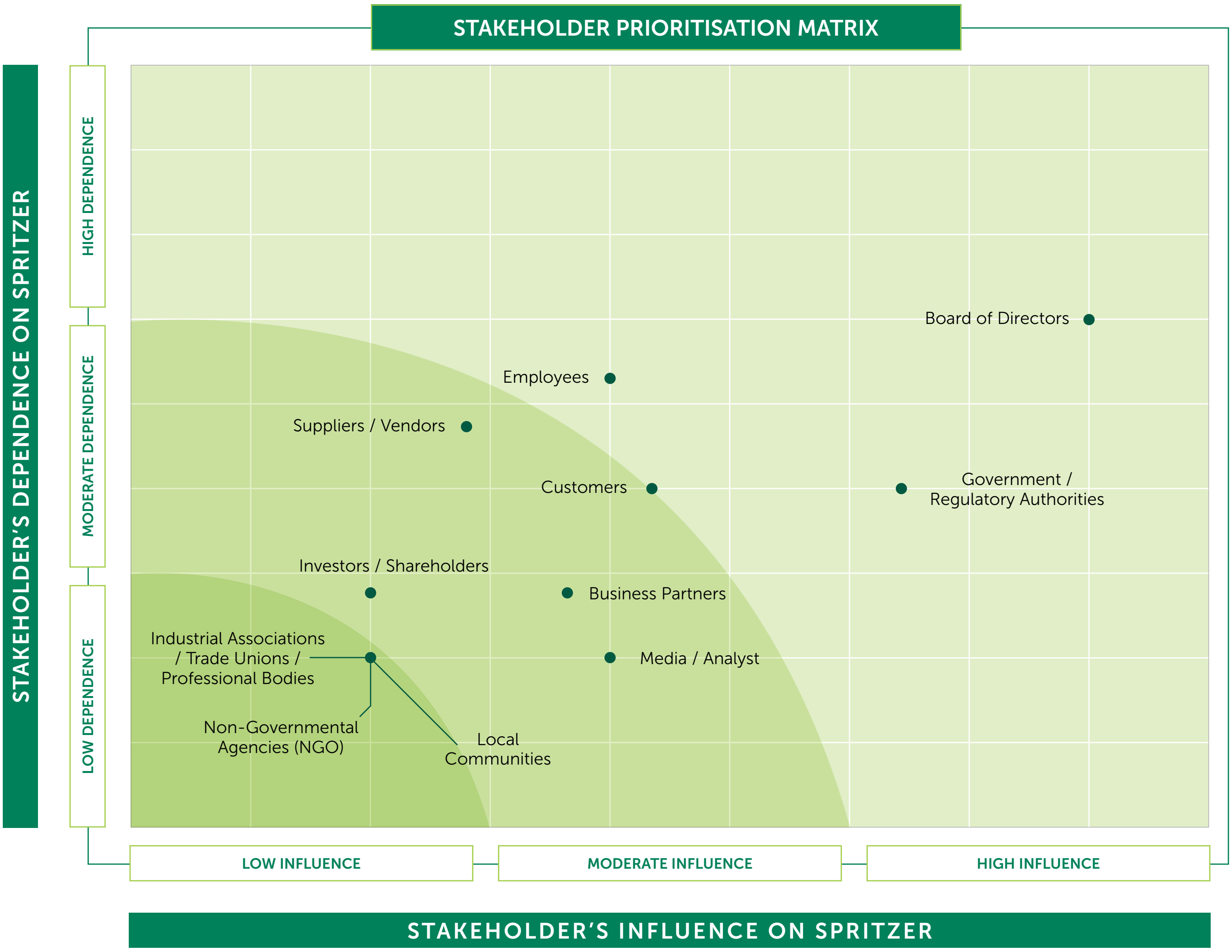


Figure 4 – Stakeholder Prioritisation Matrix

Overall, the materiality of each sustainability matter is derived by combining the importance of 15 identified matters for our stakeholders and its significance in terms of EES impacts on our business. The outcome of the materiality assessment was presented to and approved by the Board of Directors. An annual materiality assessment process will be undertaken by the SC.

Sustainability Statement

STAKEHOLDER ENGAGEMENT

Continuous engagement with our stakeholders, allows us to address important matters related to our business operations. Ongoing communication with our stakeholders allow the Management to understand emerging trends, differing perspectives and strengthen our relationships to make informed business decisions and deliver on our commitments. A cohesive, open channel of engagement is imperative to ascertain productive communication. The mechanisms of such are highlighted below:

Table 1 – Stakeholder Engagement Details

Stakeholder Groups	Engagement Channels	Focus Areas	Our Response
Board of Directors ("BOD" or "the Board")	• Board meetings • Annual General Meeting ("AGM") • Corporate / Group events • Email correspondences • Conference calls • Stakeholder Engagement Survey	• Financial performance • Environmental practices • Human capital management • Corporate governance • Corporate strategy • Quality of products & services • Business development / Partnerships • Societal contributions	**Theme 1: Our Sustainable Value** (refer to pages 24-30) **Theme 2: Our Planet** (refer to pages 31-33) **Theme 3: Our People & Community** (refer to pages 34-43)
Government / Regulatory Authorities (e.g. Ministry of Health ("MOH"), Ministry of Energy, Science, Technology, Environment & Climate Change ("KeTTHA"))	• Site visits • Inspections • Conferences • Ad-hoc invitations • Programmes organised by the authorities	• Corporate governance • Compliance to applicable laws / regulatory requirements • Information security	**Theme 1: Our Sustainable Value** (refer to pages 24-30) **Theme 2: Our Planet** (refer to pages 31-33) **Theme 3: Our People & Community** (refer to pages 34-43)
Customers	• Official website • Social media platforms • Conventional telecommunication • Customer Satisfaction Surveys • Conferences / Roadshows / Exhibitions	• Quality of products & services • Environmental practices	**Theme 1: Our Sustainable Value** (refer to pages 24-30) **Theme 2: Our Planet** (refer to pages 31-33)
Employees (e.g. Management, Executives, Non-Executives)	• Group memos • Email correspondences • Recreational events • Meetings / Briefings • Social media platforms • Training programmes • Stakeholder Engagement Surveys • Annual employee performance discussions	• Occupational safety & health • Fair remuneration • Fair employment practice • Training & development • Diversity & inclusion • Information security • Career development • Societal contributions • Environmental practices • Financial performance	**Theme 1: Our Sustainable Value** (refer to pages 24-30) **Theme 2: Our Planet** (refer to pages 31-33) **Theme 3: Our People & Community** (refer to pages 34-43)

Sustainability Statement

Stakeholder Groups	Engagement Channels	Focus Areas	Our Response
Suppliers / Vendors	• One-to-one meetings • Periodic performance evaluation • Conferences	• Agreeable contracts • Terms of payments • Business development / partnerships • Corporate governance	**Theme 1: Our Sustainable Value** (refer to pages 24-30)
Media / Analysts	• Meetings / Briefings • Press releases / Conferences • Media releases / Interviews	• Open & transparent communication • Environmental practices • Corporate strategy • Human rights • Future business aspirations	**Theme 1: Our Sustainable Value** (refer to pages 24-30) **Theme 2: Our Planet** (refer to pages 31-33) **Theme 3: Our People & Community** (refer to pages 34-43)
Business Partners (i.e. Major Distributors)	• Ongoing meetings • Conference calls • Site visits	• Quality of products & services • Production capacity • Open & transparent communication • Business development / partnerships • Collaboration & market synergy	**Theme 1: Our Sustainable Value** (refer to pages 24-30)
Investors / Shareholders	• AGM • Official website • Media releases • Investor relations • Public announcements • Ad-hoc discussion sessions • Annual reports	• Financial performance • Human rights • Corporate governance • Quality of products & services • Societal contributions • Open & transparent communication	**Theme 1: Our Sustainable Value** (refer to pages 24-30) **Theme 2: Our Planet** (refer to pages 31-33) **Theme 3: Our People & Community** (refer to pages 34-43)
Industry Associations / Trade Unions / Professional Bodies	• Official website • Group discussions • Conferences / Roadshows / Exhibitions • Public announcements	• Quality of products & services • Business development / partnerships • Collaboration & market synergy	**Theme 1: Our Sustainable Value** (refer to pages 24-30) **Theme 2: Our Planet** (refer to pages 31-33) **Theme 3: Our People & Community** (refer to pages 34-43)
Local Communities	• Community development programmes • Conferences / Roadshows / Exhibitions	• Societal contributions • Environmental practices	**Theme 2: Our Planet** (refer to pages 31-33) **Theme 3: Our People & Community** (refer to pages 34-43)
Non-Governmental Organisations ("NGO")	• Meetings / Discussions • Site visits • Conferences / Roadshows / Exhibitions	• Societal contributions • Environmental practices	**Theme 2: Our Planet** (refer to pages 31-33) **Theme 3: Our People & Community** (refer to pages 34-43)

Sustainability Statement

CREATING VALUE

At Spritzer, we believe sustainability considerations should be integrated in every decision we make, across our Group operations. Our sustainability matters, as identified during the materiality assessment process, are categorised into three themes: Sustainable Value, Our Planet and Our People & Community. These themes comprise of 15 sustainability matters, relevant to our business and stakeholders.

Theme 1: Our Sustainable Value

Spritzer aims to share sustainable value with our stakeholders by operating in an efficient and responsible manner

1. **Customer Satisfaction**
2. **Product Quality & Stewardship**
3. **Sustainable Supply Chain Management**
4. **Business Expansion & Strategic Partnership**
5. **Data Privacy & Security**
6. **Ethical & Responsible Business**
7. **Responsible Labelling & Marketing**

Theme 2: Our Planet

Spritzer positively contributes to the environment by ensuring sustainable consumption and production across our value chain

8. **Biodiversity**
9. **Packaging & Waste Management**
10. **Energy & Greenhouse Gas Emissions Management**
11. **Water Stewardship**

Theme 3: Our People & Community

Spritzer seeks to improve the wellbeing of our employees and local communities through empowerment and engagement

12. **Occupational Health & Safety**
13. **Fair Employment Practices**
14. **Human Capital Development**
15. **Community Development**

Figure 5 – Our Sustainability Matters

In addition to the material matters pertinent to our Group's vision, we also take inspiration from the UN SDGs, a set of 17 targeted areas identified by the UN, as a universal call for action upon global sustainability issues such as social justice, environmental stewardship and economic growth. Within the national framework, we strive to take part in the 11MP; a Malaysian-specific programme in alignment with the SDGs, built upon a series of strategic thrusts.

As a preliminary step to fulfil these agendas and Spritzer's commitment to sustainable growth, we have mapped the relevance of each initiative against the specific SDGs and strategic thrusts appropriate to our business activities. This ensures that each of our sustainability matters are intrinsically linked, driven and aligned with these targets.

Sustainability Statement

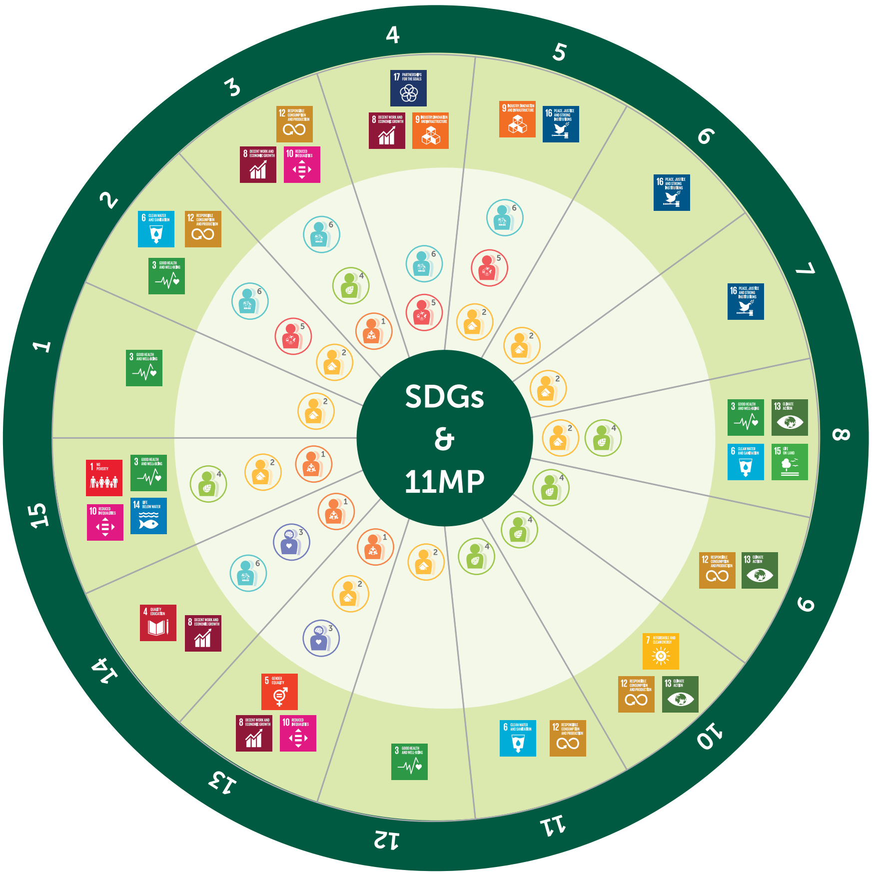


Figure 6 – Sustainability Matters Mapped Against the SDGs & 11MP

	Legend – Sustainability Matters
1	Customer Satisfaction
2	Product Quality & Stewardship
3	Sustainable Supply Chain Management
4	Business Expansion & Strategic Partnership
5	Data Privacy & Security
6	Ethical & Responsible Business
7	Responsible Labelling & Marketing
8	Biodiversity
9	Packaging & Waste Management
10	Energy & Greenhouse Gas Emissions Management
11	Water Stewardship
12	Occupational Health & Safety
13	Fair Employment Practices
14	Human Capital Development
15	Community Development

	Eleventh Malaysia Plan (11MP) Description
ST #1	Enhancing inclusiveness towards an equitable society
ST #2	Improving well-being for all
ST #3	Accelerating human capital development for an advanced nation
ST #4	Pursuing green growth for sustainability and resilience
ST #5	Strengthening infrastructure to support economic expansion
ST #6	Re-engineering economic growth for greater prosperity

	Sustainable Development Goals (SDGs) Description
SDG #1	End poverty in all its forms everywhere
SDG #3	Ensure healthy lives & promote well-being for all at all ages
SDG #4	Ensure inclusive & equitable quality education & promote lifelong learning opportunities for all
SDG #5	Achieve gender equality & empower all women & girls
SDG #6	Ensure availability & sustainable management of water & sanitation for all
SDG #7	Ensure access to affordable, reliable, sustainable & modern energy for all
SDG #8	Promote sustained, inclusive & sustainable economic growth, full & productive employment & decent work for all
SDG #9	Build resilient infrastructure, promote inclusive & sustainable industrialisation & foster innovation
SDG #10	Reduce inequality within & among countries
SDG #11	Make cities & human settlements inclusive, safe, resilient & sustainable
SDG #12	Ensure sustainable consumption & production patterns
SDG #13	Take urgent action to combat climate change & its impacts
SDG #14	Conserve & sustainably use the oceans, seas & marine resources for sustainable development
SDG #15	Protect, restore & promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification & halt & reverse land degradation & halt biodiversity loss
SDG #16	Promote peaceful & inclusive societies for sustainable development, provide access to justice for all & build effective, accountable & inclusive institutions at all levels
SDG #17	Strengthen the means of implementation & revitalise the Global Partnership for Sustainable Development

Sustainability Statement

Recognising the implications of emerging trends and changes in risks have an effect on our ability to create long-term value, Spritzer intends to take a strategic and holistic approach towards building our momentum and delivering quality products as we navigate through the industry's competitive landscape. As illustrated below, our approach to achieving sustainable business is through diligent management of our various resources or inputs to transform our operations into outputs that bring value to both our business and various stakeholder groups.

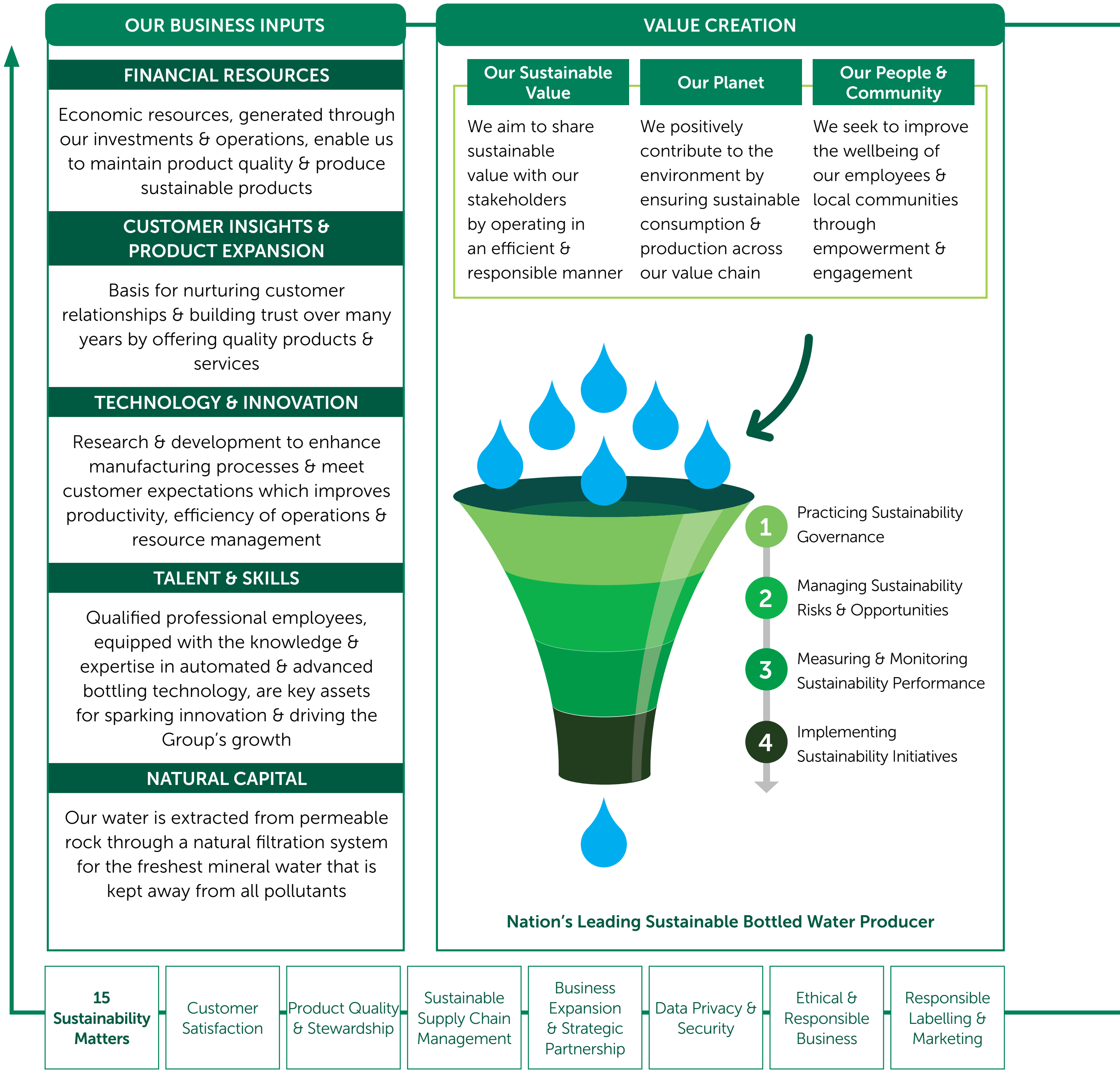
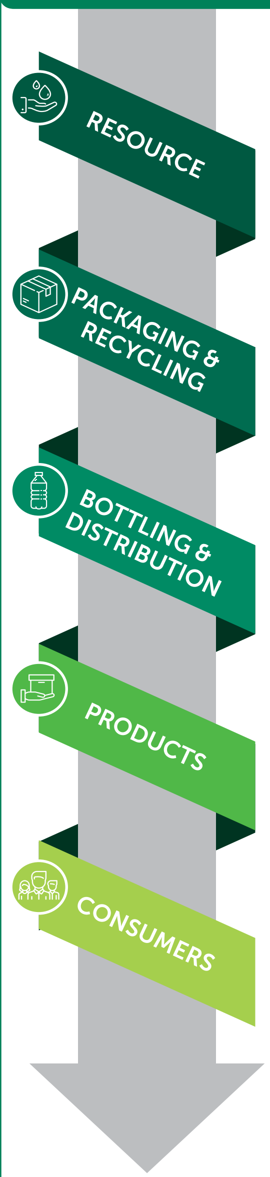


Figure 7 – How we create value

Sustainability Statement

SUSTAINING VALUE



Our Sustainable Value

Our Planet

Our People & Community

VALUE OUTPUT

- Opportunity for shared value
- Built trust, increased rapport & positive relationships with stakeholders
- Improved distributional efficiency
- Secured personal information & intellectual property
- Efficient running of business operations
- Enhanced sustainability, quality & brand image
- Ethical & responsible business
- Raised awareness of sustainability matters & efforts
- Continuous effort in optimising bottle design & promote recycling for stakeholders
- Management of energy utilisation
- High quality of products maintained
- Safe & conducive working environment
- Health & safety management
- Continuous corporate & personal growth
- Contribution to an inclusive & sustainable society

Biodiversity	Packaging & Waste Management	Energy & Greenhouse Gas Emissions Management	Water Stewardship	Occupational Health & Safety	Fair Employment Practices	Human Capital Development	Community Development

Sustainability Statement

THEME 1: OUR SUSTAINABLE VALUE

As Malaysia's largest manufacturer of bottled water, we have always felt responsible for recognising, engaging with and incorporating sustainability measures in our Group's vision. We aim to foster a culture of sustainable business at Spritzer, as a way of achieving long-term sustainable value.

Sustainability Matters	Sustainability Initiatives	Outcomes	Value Created for Our Business & Stakeholders
Customer Satisfaction	• Policies & procedures for customer satisfaction evaluation & handling of feedback	• Customer Satisfaction Level maintained at satisfactory level • Provide prompt responses in addressing issues raised by customers	• Opportunity for shared value • Product credibility
Product Quality & Stewardship	• Policies & procedures to meet specifications & applicable regulatory requirements • Application of technological solutions across the Group's manufacturing processes	• Met quality standards as prescribed in internal policies & applicable regulatory requirements • Internationally recognised systems used in quality assurance & food safety • Recognised accreditation by international awarding bodies for consistent performance in quality assurance and food safety • Enhanced overall Group's operational efficiency • Rejection rates were kept within the set target	• Encourage competitiveness • Build trust with stakeholders • Advancing operations • Maximising process efficiency • Increased health & wellbeing of the society
Sustainable Supply Chain Management	• Policies & procedures in relation to sustainable supply chain management • Support local products & suppliers • Compliance with supplier assessment criteria & continuous monitoring	• Optimum distribution / trading management • Local suppliers hired was more than 90%	• Improve distributional efficiency • Support the growth of small & medium enterprises ("SME") • Ensures business operates on a sustainable value chain
Business Expansion & Strategic Partnership	• Member of the Asia Middle East Bottled Water Association ("ABWA"),an international affiliate member of the American Beverage Association ("ABA") • Continuously exploring opportunities to reach out to new markets & form strategic partnerships	• Potential diversification & development of products • Access to technical knowledge & better practices amongst other industry players	• Maintain positive existing relationships • Provide new job opportunities for the local community • Enhancement of local expertise • Increase growth opportunities

Sustainability Statement

Sustainability Matters	Sustainability Initiatives	Outcomes	Value Created for Our Business & Stakeholders
Data Privacy & Security	• Adherence to policies & procedures pertaining data privacy & security • Carry out periodic IT audits & inspections • Provide trainings & briefings on data privacy & security for all employees	• No data security breaches reported • Maintenance & upgrading of IT systems	• Protection of stakeholders' personal information & intellectual property • Supporting local & global policies in cybersecurity
Ethical & Responsible Business	• Communication of ethical & responsible business behaviour through relevant policies • Proper channels / mechanisms provided to report on suspected offenses and/or ethical breaches	• Maintain compliance with relevant regulatory requirements	• Enhancing brand image by being an ethical & responsible business practitioner • Build trust with stakeholders
Responsible Labelling & Marketing	• Policies & procedures in accordance to applicable regulatory requirements • Marketing strategies & promotion programmes	• Ensure marketing campaigns are feasible & effective	• Build customer confidence & trust • Appropriate product information presented to the public • Meet quality standards which adhere to client expectations

CUSTOMER SATISFACTION

Customer loyalty is an essential factor for being an industry-leader in Malaysia. We aim to maintain this by satisfying and exceeding our customers' expectations through affordable, high-quality and standardised products. By offering our customers healthy beverage choices, we are able to aid their adoption of healthier lifestyles, and raise awareness on the importance of a nutritious diet.

To gauge the level of customer satisfaction and provide immediate response to matters raised by customers, we abide by the following policies and procedures. These serve as mechanisms of receiving, evaluating and responding to customers' concerns or complaints.

Policies & Procedures in relation to Customer Satisfaction

Operation Policies & Procedures	Customer Satisfaction Evaluation	Customer Complaint Handling Procedure

Collaboration amongst departments is essential to ensure our customers' expectations are met.

Departments involved in Managing, Monitoring & Maintaining Customer Satisfaction

Public Relations ("PR") Department	Sales, Sales Support & Export Department	Quality Assurance ("QA") Department

- Ensure customers have access to various platforms to communicate their concerns or feedback
- Review feedback from customers
- Identify & validate all customer feedback for service, quality & product improvements
- Resolve issues raised by customers

Sustainability Statement

We are constantly looking for ways to improve quality and provide products based on customer feedback. Our customer satisfaction performance is assessed based on the following criteria:

Quality
Delivery
Service
Technical Support

We have met our overall targets and maintained our performance at a satisfactory level for the past three years.

PRODUCT QUALITY & STEWARDSHIP

Given the change in pace of the economic environment, it is paramount to maintaining and monitoring product quality effectively as governed by our Quality Policy. We are committed to continuously driving product quality and innovation, be it by obtaining health and safety standard certifications, developing new sustainability practices, or enhancing production processes to address quality issues.

Our Group is committed to producing safe bottled water, meeting customer needs and adhering to applicable regulatory requirements. The departments listed in the following table are tasked with the responsibility of ensuring the Group meets these targets, and have taken many measures to do so:

Table 2 – Roles & Responsibilities related to Maintaining & Assessing Product Quality & Food Safety

Departments	Roles & Responsibilities
QA	Ensures processes & products meet specifications and requirements set
Production	Ensures adherence to all hygienic practices, Quality Management System ("QMS") & Food Safety Management System ("FSMS") outlined in accordance with applicable standards to achieve business objectives
Supply Chain Management	• Receive orders, coordinate delivery of goods & attend to customers' feedback • Monitor effectiveness of materials & products handling • Manage storage procedures for continuous improvement
Engineering	Conduct routine machinery maintenance
Export	Handles export inquiries, orders, shipping arrangements, documentations, after-sales service & new market developments / expansions
PR	Manage customer enquiries, feedback & complaints
R&D	• Design & develop new products • Enhance current products & innovate sustainable solutions

Quality Policy Statement

Vision Statement

To be recognised and respected as the premier and best bottled water producer.

Mission Statement

Customer satisfaction is the main goal of Spritzer and the Group is committed to manufacture the highest quality bottled water for the healthy consumption of general population.

Mission Principles

1. Produce high quality products under hygienic conditions that meeting customers and statutory/ regulatory requirement.
2. Practice total quality commitment and teamwork in all works at all levels.
3. Instil high quality awareness at all levels through effective training.
4. To provide adequate resources to ensure effectiveness and quality in all works done.

It is the responsibility of everyone in the Group to adhere to and to continually improve the effectiveness of Quality Management System ("QMS") outlined in compliance with ISO 9001:2015 requirements to ensure that the Group's main goal is achieved.

Sustainability Statement

Food Safety Policy Statement

Our Management is committed to producing bottled water which is safe & suitable for consumption & consistently meets food safety requirements of customers & regulations. It is the responsibility of all to adhere to & continually improve the effectiveness of the Food Safety Management System ("FSMS") implemented throughout the extraction, receiving, processing, bottling, packing, storage & delivery of bottled water.

The implementation of our FSMS is in accordance with:
- Malaysian Standard, MS1480:2019
- Codex Alimentarius Guidelines according to Hazard Analysis & Critical Control Point ("HACCP") System

The implementation of Good Manufacturing Practices & Good Hygienic Practices ("GMP" & "GHP") are in compliance with:
- Recommended International Code of Practice – General Principles of Food Hygiene

Other measures include the renewed certification of our internationally recognised systems and awarded certifications for consistent performance in terms of quality assurance and food safety.

Internationally Recognised Systems & Certifications

- MS1480:2007 Food Safety According to HACCP system by SIRIM (2016-2019), SGS (2017-2019) & MOH Malaysia (2017 - 2020)
- HACCP Codex Alimentarius by SGS (2017 – 2019)
- GMP Certification by MOH Malaysia (2017 - 2020)
- ISO 9001:2015 Certification by SIRIM (2018-2021)
- Certificate of Authentication Halal by Department of Islamic Development of Malaysia ("JAKIM") for all our products (2019 - 2021)
- ABWA Certificate of Accomplishment (2017-2019)
- ABWA Certificate of Excellence in Manufacturing (2017-2019)
- MeSTI Certificate Awarded by MOH Malaysia (2018-2020)
- Certificate of Authentication Healthier Choice Logo ("HCL") for our products by MOH Malaysia (2017-2019)
- Malaysia Brand by SIRIM (2019 – 2021)

Awards Received in Recognition of Spritzer's Efforts

- Reader's Digest Trusted Brand Award 2019 – Platinum Winner for Spritzer Brand
- Reader's Digest Trusted Brand Award 2019 – Gold Winner for Cactus Brand
- Putra Brand Award 2019 – Silver Award for Spritzer Beverage, Non-Alcoholic Category
- World Branding Award – Brand of the Year 2019-2020 for Spritzer Brand
- Frost & Sullivan Asia Pacific – Bottled Water Company of the Year for Spritzer Brand
- The Malaysia Book of Records – Largest Bottled Water Producer for Spritzer Brand

Throughout our value chain, we place great emphasis on measures and efforts that are aimed towards the improvement and management of product quality and overall business operations. The application of innovative technological solutions in our manufacturing processes have enhanced the Group's overall operational efficiency.

Table 3 – Examples of Products & Applications with Sustainable Features

Products & Applications	Description
ACILIS & Spritzer	Bottled water with high silica content
Light Weight Packaging & Design	Bisphenol A ("BPA")-free PET polyester plastic bottles are lightweight, reduces plastic consumption & enhances collapsibility to save recycling space
Digital Services (Enterprise Resource Planning ("ERP") & Integration of Systems)	Streamline production & business processes through innovative technological applications
Digital Testing Equipment for QA & Quality Control ("QC")	Application of technological innovation to shorten examination & testing durations with more accurate results

Sustainability Statement

Spritzer has initiatives in place to reduce rejection rates and ensure adherence to customer specifications, international standards and internal quality checks as seen below:

Ensure QMS & FSMS are effectively implemented	Regular inspection of manufacturing equipment & facilities	Ensure adequate supervision is provided throughout the design & production process	Hiring experienced personnel & obtaining standardised technology

During the reporting year, our product rejects were continuously and properly managed by our operations team while our rejection rates were within the target set. All our products were tested and met quality standards as prescribed in our internal policies and applicable requirements.

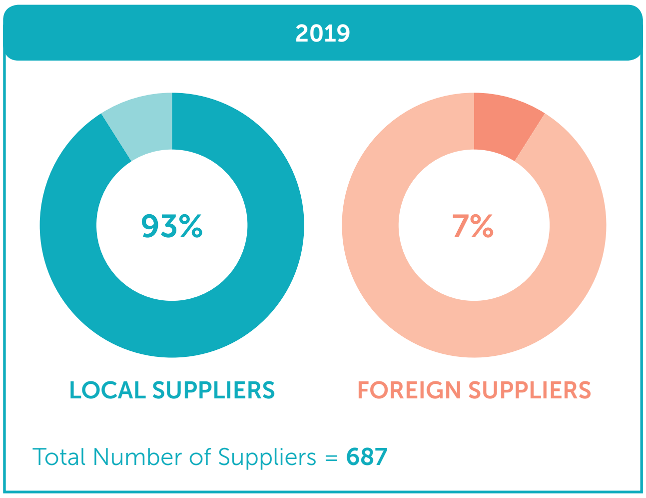
Spritzer is a consistent recipient of the highly coveted Crystal Taste Award 2019, conferred upon by the International Taste Institute. Five of our products have been awarded. The award is adjudicated by selected multinational professional chefs and sommeliers, who are trained to evaluate the characteristics of food products in terms of sensory factors such as taste, smell, texture and consistency.

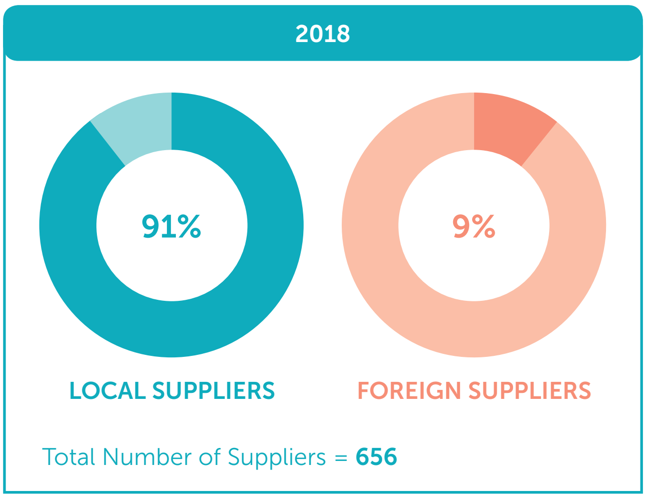
SUSTAINABLE SUPPLY CHAIN MANAGEMENT

The Supply Chain Management function is responsible for ensuring adherence to internal and external policies in relation to sustainable supply chain management. This includes the administration of internal guidelines on sustainable procurement practices and compliance with relevant requirements. We aim to promote local sourcing and have in place initiatives focused on responsible consumption of resources and manufacturing practices as part of our Group's commitment. By hiring local suppliers and vendors, we support the growth of our local economy.

We maintain a strict set of requirements for contractors, including anti-corruption measures, legal compliance and ethical business to ensure the entire supply chain of Spritzer's operation conforms to our internal policies. This allows us to hold the contractors accountable for complying with our internal policies and regulatory obligations.

Proper assessments are conducted on prospective suppliers prior to being listed on our Approved External Provider List to ensure evaluated suppliers meet Spritzer's requirements. Existing suppliers are subjected to Yearly Performance Evaluation by respective departments. We have undertaken several initiatives to optimise our trading management process. This includes proper route planning with manufacturing facilities and distribution centres at strategic locations to allow for closer access to customers.





Sustainability Statement

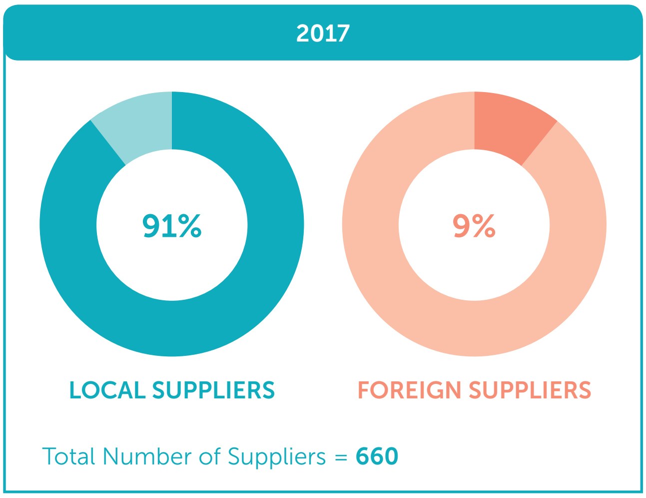


Figure 8 – Supplier Statistics

BUSINESS EXPANSION & STRATEGIC PARTNERSHIP

Professional collaboration is an important aspect of Spritzer's business growth. It provides us with a comprehensive understanding of market trends and latest developments, and allows for the exchange of mutually beneficial technical knowledge and resources. Continued participation in domestic and international conventions, exhibitions and events provide networking opportunities that boosts engagement with key industry players and customers. Spritzer's Management Committee is responsible for maintaining positive relationships with our stakeholders as well as identifying and developing the business in new potential markets.

We consider EES impacts when making strategic business investments and establishing key partnerships. The acquisition of our bottling facilities represents our commitment towards sustainable expansion and we continuously explore opportunities to venture into new markets and investments through strategic alliances. Such growth opportunities not only increase our production capacity, but create new job opportunities for the local community, as well as link our logistical network of production facilities, warehouses and suppliers. We focus on the diversification and development of our products whilst leveraging on technological innovation to ensure cost optimisation and efficient production.

Spritzer has a responsibility to contribute to the development of the beverage industry at local, regional and international levels. We aim to be a leading player within the industry through continuous improvement and integration of numerous sustainability efforts. Collaboration is important to ensure industrial development and we actively engage with industry players via corporate events and multinational affiliations. Spritzer is a member of the Asia Middle East Bottled Water Association ("ABWA") and an international affiliate member of the American Beverages Association ("ABA"). Such memberships offer us the access to conventions and a collection of technical knowledge on sustainable development and best practices that can be incorporated into our processes. Spritzer's Group Chief Executive Officer is currently serving as the President of ABWA.

DATA PRIVACY & SECURITY

At Spritzer, we place high priority on safeguarding intellectual property, preventing security breaches and investing in information protection. The SDGs highlight the need in today's world of protecting stakeholder information for continued industry growth and innovation. By conducting periodic maintenance of hardware infrastructure, systematic software audits and the implementation of antivirus software, we are able to protect personal information and intellectual property belonging to our stakeholders.

The objective of our internal policies and procedures is to define the guidelines on the use of information technology within the Group which includes controls over the use of sensitive data and information.

Policies & Procedures in relation to Data Privacy & Security

Malaysian Personal Data Protection Act ("PDPA") 2010
Software Policy
Information Technology Security & Backup Plan

Software usage guidelines are overseen by the Information Technology ("IT") Department and applies to all employees. The IT Department is responsible for managing IT operations, ensuring data security, assigning appropriate IT resources to employees, and maintaining IT services to keep the business running.

We carry out periodic IT audits and inspections to make certain our technology is protected to a satisfactory degree and up-to-date with international standards of data safeguarding. Internal security procedures include employee trainings on the defence against cybersecurity threats, as well as protocols for identifying and processing security breaches. To further ensure the safety of our IT systems, we established an IT Security and Backup Plan.

Sustainability Statement

System complications are unavoidable, hence, we provide IT support services in an efficient manner to prevent any major disruptions to our business operations.

At Spritzer, we invest in IT systems to enhance and ensure smooth business operations, specifically in security solutions and scheduled upgrades.

Spritzer provides trainings and briefings pertaining to data privacy and security for all employees to create awareness and maintain cybersecurity standards. In 2019, no incidents of data breaches were reported.

ETHICAL & RESPONSIBLE BUSINESS

Cultivating ethical and responsible business behaviour is part of our corporate responsibility and a key objective in promoting sustainable value. As the leading bottled water manufacturing company in Malaysia, Spritzer has a strong commitment to quality and enhancing our brand's image and reputation. We actively pursue an ethical and responsible business culture to make certain of compliance with applicable standards, internal policies, and external rules and regulations. We focus on effective communication and compliance amongst all employees for the growth of our Group.

Our policies are in place to establish an acceptable conduct, maintain transparency, responsibility and compliance. These policies are embedded throughout the Group's operations and provide a mechanism for all employees and external stakeholders to report instances of non-compliance through appropriate channels. Spritzer's Employee Handbook is widely available over our internal communication platforms, and outlines our corporate philosophy, protocols and expectations in maintaining ethical integrity. We are also determined to hold our suppliers, vendors and outsourced companies, accountable to their business activities to maintain our seamless affiliation.

Key Policies in ensuring Ethical & Responsible Business Practices

Whistle-blower Policy	• Maintains good business practices & corporate governance at the workplace • Uphold integrity in all our business dealings • Encourages employees to report instances of wrongdoings in an appropriate & timely manner

Code of Ethics & Code of Conduct	
Anti-Corruption & Bribery Policy	• Prohibit all forms of corruption & bribery activities • Avoid conflict of interest • Ensure compliance within the organisation • Associate only with business partners that hold standards consistent with Spritzer • Implement procedures on prevention & handling of breach

RESPONSIBLE LABELLING & MARKETING

Responsible labelling is key to ensuring customer well-being and assuring the quality and safety of our products. The way we market such products is integral to Spritzer's values and must be transparent, consistent and acceptable to applicable regulatory requirements. We adhere strictly to the requirements set by local regulatory bodies such as Ministry of Health Malaysia. This includes Guidelines on HCL Malaysia.

Our Marketing Department oversees the development of marketing strategies and brand plan, devises promotion programmes to achieve our sales targets. This includes product and brand management, conducting regular market visits to maintain rapport with trade partners, and collate market intelligence that will retain Spritzer's competitive edge. The Management and external parties are actively involved in the preparation of promotions and relevant materials.

LOOKING FORWARD

Spritzer strives to automate controls for processes and install systems for real-time observation. This innovative application of technology enhances productivity. We intend to provide training on procurement practices for relevant employees and explore opportunities to streamline and digitalise our procurement management processes. In line with the Malaysian government's effort to promote a healthier society, we will continue taking necessary efforts towards nurturing a healthy lifestyle for the society at large. We have also reduced our packaging material to minimise negative environmental impacts, and aspire to continue improving this initiative.

Sustainability Statement

THEME 2: OUR PLANET

Spritzer has always been mindful of the ecological consequences of our business activities. We recognise environmental sustainability as a core component of our corporate responsibility, and adhere to several key sustainability initiatives. Implementing sustainable principles reduces greenhouse gas emissions and addresses local challenges. The function of these measures is to drive efficient resource use and achieve our aspirations of being ecologically sustainable. As a bottled water supplier, we understand the scarcity of water as a commodity and have a professional duty to improve distributional efficiency as a way of addressing environmental issues.

Sustainability Matters	Sustainability Initiatives	Outcomes	Value Created for Our Business & Stakeholders
Biodiversity	• Conservation of biodiversity through Spritzer EcoPark • Tree planting programmes	• Minimise loss of biodiversity & land contamination	• Promoting education & the importance of maintaining biodiversity
Packaging & Waste Management	• Compliance with policies in relation to environmental management • Promote the principles of reduce, reuse & recycle	• REDUCE & REDESIGN – Reduce waste generated and reduce PET resin usage through bottle weight optimisation • REUSE – More than 80% of in-house paper packaging was reused in 2018 with an additional 6% improvement recorded in year 2019	• Reduced environmental impact and carbon footprint
Energy & Greenhouse Gas ("GHG") Emissions Management	• Solar energy project • Process to monitor energy consumption & GHG emissions • Installation of new / upgrading of existing energy efficient equipment • Manufacturing plants located North, Central & South of Peninsular Malaysia	• Reduction in GHG emission (scope 2) is expected. YTD the installed capacity was 1,172 kWhp. Expected to reduce 1,100 ton of carbon dioxide ("CO2") saved 13,000 trees per year	• Reduced environmental impact
Water Stewardship	• Policies & processes related to protection of water source & water management • Monitoring of consumption • Maintaining water quality in accordance with relevant standards & specifications	• Maintenance of water source	• Reduced environmental impact

Sustainability Statement

BIODIVERSITY

As part of our commitment to sustainability, we recognise biodiversity as an important growth initiative. As we continue to expand our business domestically and internationally, it is important to recognise the impact we have on the environment as a result of our operations. We implemented internal controls and monitoring mechanisms to minimise the loss of biodiversity and land contamination. These policies and procedures are in line with the national agenda to preserve our country's biodiversity.

We continuously enhance our sustainability activities through initiatives such as tree planting programmes and other green projects. Our manufacturing facility in Taiping, Perak is located in a 330-acre tropical rainforest reserve, which is dedicated to capture elements of biodiversity that may be missing from harvested sites. Spritzer EcoPark contains various conservation components such as a 214 million year-old Cactus Rock. We have planted over 17,000 trees within the parameters, providing recreational facilities that allow the public to engage in outdoor activities such as mini golf and jogging. We also promote education on the importance of maintaining biodiversity and awareness on our products.

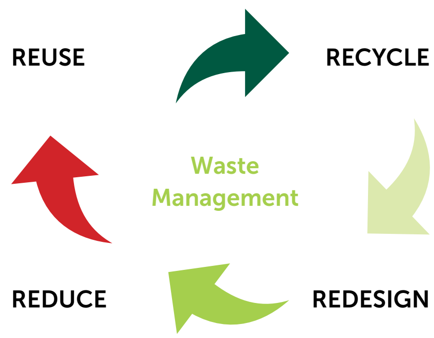
PACKAGING & WASTE MANAGEMENT

Spritzer is responsible for the management of waste and by-products as a result of our production. Our main objective is to reduce waste, and find new, innovative ways to utilise it. During the reporting year, PET waste generated had decreased by 42% compared to 2017, our first reporting year. This was the result of a concentrated effort in reducing production rejects.

Continuous and concerted efforts were carried out to produce light-weighted bottles. The Group succeeded in reducing 13% of the PET usage during the year from the conversion of bottle neck finishing from 3025mm to 2925mm of certain SKUs while maintaining the rigidness of the bottle. This is another main contributor to the increased avoidance of PET usage in the Group. We reuse paper packaging which was generated in-house. With the aligned goals to increase reused paper packaging generated in-house, the Group achieved 86% reuse, an additional 6% over the 80% achieved in prior year.

Spritzer actively promotes recycling amongst consumers through green campaigns organised throughout the country to raise public awareness.

During the year, the Group set up Sustainability Packaging Working Group. The objective of the working group is to carry out Group's commitment in working towards using sustainability material as packaging materials for existing and new products with the aim of reducing carbon footprint. In August 2019, we introduced 'Acilis by Spritzer', mineral water packed in plant-based PET plastic bottle instead of PETRO-PET plastic bottle, the first of its kind in Malaysia.



ENERGY & GREENHOUSE GAS EMISSIONS MANAGEMENT

Over reliance of industries on non-renewable energy stresses the importance of appropriate energy management given the demands. We recognise the sustainable benefits of managing these risks and embrace the emergence of Industry 4.0. Automation of manufacturing processes, as well as logistical planning of transportation is key to realising our initiatives in the matter.

Our Production Engineers are responsible for energy performance reviews conducted during regular meetings. Before the purchasing and installation of new equipment, including the changing or upgrading of old equipment and machinery, we take into consideration the energy efficiency of the unit.

Our factories are located in the North, Central and South of Peninsular Malaysia. This decreases the total distance in inland transportation travelled for finished goods, hence a reduction in the total GHG emission (scope 1).

The Group has embarked on the Solar Energy Project to reduce the total indirect GHC emission (scope 2). During the year, the Group's production plants in Taiping and Ipoh have completed the installation of solar panels and we expect to reduce 1,100 tons of CO2 emission, equivalent to saving 13,000 trees per year in the coming year. With the installation of solar panels at our production sites, we

Sustainability Statement

believe it will yield long term benefits to the environment. We have also invested in other power saving equipment that will further reduce energy consumption. These projects have been approved by the Malaysian Investment Development Authority ("MIDA") and certified by Malaysian Green Technology Corporation as having fulfilled the Green Criteria.

The automated warehouse ("ASRS") project launched and commenced construction at our Taiping plant during the last quarter of 2017 has progressed as planned during the year and remain work-in-progress as at end of the year. The warehouse building is a green building and the automated storage and retrieving system installed in the building is designed to increase efficiency and effectiveness of the Group's logistics services. ASRS project is aligned with our commitment to manage energy and GHG emissions.

WATER STEWARDSHIP

As water scarcity becomes a prominent issue in global society, it is pertinent to have a robust governance system in place to manage the associated risk appropriately, and mitigate any negative externalities on the environment as a result of the Group's activities. We ensure our products are hygienically filtered and bottled in a systematic fashion from a reliable source. Our 330 acres of tropical rainforest reserve surrounding our factory allows us to ensure our water source is protected and product quality maintains safe and pure.

Our water management procedures include measures related to the protection of our source against contamination, controls over extraction rates in accordance with relevant requirements, and treatment for purification. Regular maintenance and sanitation of our water source is carried out according to schedule, and the quality of water is monitored through frequent sampling and testing.

LOOKING FORWARD

We seek to reduce water wastage and resource consumption through the adoption of innovative management and application of technology. Aligned with University of Cambridge's Institute for Sustainability Leadership's vision for a zero plastic packaging waste future, we aspire to design initiatives aimed at reducing environmental impacts arising from our business operations. We also recognise the benefits associated with continued investments in technology, automation and big data, to retain competitiveness and increase operational productivity growth. We look forward to present meaningful data on our sustainability packaging efforts in the coming year.

Sustainability Statement

THEME 3: OUR PEOPLE & COMMUNITY

Our employees are a major asset and crucial part of achieving our vision. We want our people to feel confident, safe and in support of each other's professional and individual growth. These factors contribute to the overall productivity of our workforce as a Group. The importance of a work-life balance is recognised and we strive to maintain this through several initiatives and programmes geared towards enhancing employee experience at Spritzer. Understanding the importance of recruiting, developing and retaining talent, we continue to invest in ensuring our employees are comfortable. The communities affected by our business activities also are a key aspect of our corporate responsibility and we will persist in our facilitation of outreach and development programmes.

Sustainability Matters	Sustainability Initiatives	Outcomes	Value Created for Our Business & Stakeholders
Occupational Health & Safety	• Policies & procedures in accordance with applicable requirements • Safety, Health & Environment ("SHE") Committee • Conduct periodic health & safety training exercises • Monitoring of incident rates and loss time injury frequency rate against set target • Reduction of worker's incident rate and loss time injury	• Incident rate increased slightly from 27.8% to 28.7% (2018 – decreased from 34.2% to 27.3%) – Target is 25% • Lost time injury frequency rate increased slightly from 13.1% to 13.6% (2018 – decreased from 13.4% to 13.1%) – Target is 15% • Zero fatality (2018 – zero fatality)	• Maintain a hazard free workplace through proper health & safety management • Create a safe & conducive working environment
Fair Employment Practices	• Policies & procedures in accordance with applicable requirements • Fair based recruitment & remuneration • Employee welfare & benefits • Various events & activities organised by Sports & Recreation Club	• Compliance with labour laws • Promote a healthy working environment	• Sustain competitiveness as an employer of choice in the industry • Continual growth through good corporate governance
Human Capital Development	• Internal & external training programmes • Executive training programmes • Succession Planning for high-performing employees • Member of the Vistage Peer Advisory Group	• Continuous internal talent development & growth to fortify the development of the industry	• Sustain competitiveness as an employer of choice in the industry
Community Development	• Sponsorship programmes, philanthropic activities & donation campaigns	• Boost consumer confidence & public perception about our brand	• Continuous efforts to support the community in improving the quality & well-being of society

Sustainability Statement

OCCUPATIONAL HEALTH & SAFETY

It is our responsibility as an employer to prioritise occupational health and safety, promote the importance of safe practices, prevent unsafe conditions in the workplace, and ensure best management practices. We adhere to our health and safety policy as it explains the business conduct in a manner that protects the safety of employees, visitors, contractors and customers. These policies entail our commitment in preventing all accidents, injuries and occupational illness through proper health and safety management.

Policies & Procedures in relation to Maintaining Occupational Health & Safety

Safety & Health Policy
Occupational Safety & Health Act 1994
Factories & Machinery Act 1967

Spritzer's health and safety initiatives are constantly updated through the progressive improvement of our training programmes and practices. Implementation of key measures to prevent injuries and illnesses create a conducive working environment which in turn generates indirect economic value, as well as the promotion of employee well-being. To continuously manage safety risks pertaining to Spritzer's business activities, facilities and practices are established to ensure the safeguard of our employees and facilities. All employees are responsible for safety performance and are required to comply with all applicable rules and regulations.

Reviews and evaluations of our operations are undertaken to measure the progress and compliance with safety policies, as well to ensure effective systems are put in place to manage the Group's occupational health and safety.

The Safety & Health Committee has quarterly meetings to discuss, resolve and manage health and safety issues pertinent to the Group to ensure compliance with prescribed legal standards, with the aim of maintaining a hazard free workplace.

Safety, Health & Environment Committee

Assist in the development of safety & health rules & safe systems of work
Review the effectiveness of safety & health programmes
Carry out studies on the trends of accidents, near-miss accidents, dangerous occurrences, occupational poisoning or occupational diseases which occurs at the workplace
Inspection of workplace
Investigation of complaints & accidents
Discussing safety, health & environment related matters
Review safety & health policy

Our Safety Officer works closely with the Safety, Health & Environment ("SHE") Committee to ensure that proper safety measures are taken and maintained. Our SHE Committee provides progress updates to Management on a quarterly basis. We provide departments with dedicated and knowledgeable safety and health committee to manage health and safety in the workplace.

Risk assessments and hazard identifications are completed in each department by Head of Departments or authorised personnel. Overall, there was a reduction in major and minor incidents from all related departments since 2017, our first reporting year. This was primarily due to enforcement of safety rules, safety practices, safety programs and increased level of awareness on the importance of health and safety.

We hold periodic health and safety training exercises to raise employee awareness and take necessary precautions to minimise incidents in the workplace. All employees are required to attend our regular training sessions and adhere to the set standards for health and safety rules and practices.

Sustainability Statement

Table 4 – SHE Training Programmes

Training Programmes	Description	Attended By
Noise Conversation Training Programme	To understand the hazard of excessive noise and implement adequate engineering, administrative and personal protective equipment control measures to minimize noise hazards	Employees who exposed to workplace noise which is more than 82dB(A)
Safe Chemical Handling Programme	To understand chemical hazards, emergency response due to the exposure of hazardous chemicals and the use of suitable personal protective equipment	Employees who handle or expose to hazardous chemicals
Emergency Response Training	To improve and emergency response skills and practices for Emergency Response Team	Emergency Response Team
Machinery Safety Briefing	To understand the basic machinery safety rules and its hazards	Production operators & technicians
Lock-Out & Tag-Out Machinery Safety Training	To understand the energy hazards where arise from the machinery. Practice lock-out and tag-out for any machine during maintenance work	Production operators & technicians
Boiler Safety Training	To understand fundamental boiler safety before entry. Safely maintain steam boiler to prevent accident	Boilerman & service personnel
Hazard Identification, Risk Assessment & Risk Control ("HIRARC") Training	To learn and practice the hazard identification, risk assessment and risk control for the particular work process	All employees
Confined Space & Emergency Rescue Training	To understand the hazard of working in the confined space. Practice confined space safety to prevent fatality accident	Water processing technicians
Safety Orientation	To introduce fundamental safety rules and practices of the organisation	New employees

Our Personal Protective Equipment Procedure ensures the provision of personal protective equipment ("PPE") for employees to protect against health and safety risks. Onsite emergency response teams, in accordance with Emergency Response Plans, conduct annual fire drill exercises to evaluate the effectiveness of our evacuation plans.

Our Safety Day & Accident Exhibition promotes safety practices within the Group and encourages individual departments to target "zero accident" rate with the knowledge that they will receive incentives on a monthly basis.

We have successfully reduced the recordable incident rate since 2017 by conducting hazard identification, risk assessments and risk controls ("HIRARC") for all departments. Unsafe conditions which contributed to the accidents have been identified and control measures have been put in place to reduce the occurrence of similar accidents. Through our efforts and initiatives since 2017, we have also successfully reduced the number of accident cases. We have implemented suitable engineering, administrative and PPE in accordance to Hierarchy of Control derived from DOSH HIRARC Guidelines 2008.

In the current year, the recordable incident rate increased by one incident resulting in a slight increase in incident rate compare to prior year, in addition we have yet to achieve the set target therefore we continue to strive for improvement.

Sustainability Statement

In order to reduce yearly accident and loss time injury rate further, we will implement new and also enhance existing safety and health system, procedures and practices for each work activities. Training has been provided to relevant employees in accordance to the safety procedures and practices which are stipulated in the HIRARCHY of control. Appropriate control measures such as elimination, substitution, isolation and engineering techniques have effectively controlled the significant hazards where arise from the plant, machinery, substance and work activity.

FAIR EMPLOYMENT PRACTICES

A safe and open working environment is integral to our day-to-day business activities. Every employee should have equal and consistent treatment, not just in terms of employment and promotion opportunities, but protection from inappropriate behaviour. We hold an open communication policy and a dedicated Group hotline is available for all employees to feel safe when discussing sensitive issues, and be treated with dignity, respect and integrity.

The Group acknowledges that to remain as an attractive employer, we have to conform to regulations and uphold our values. We must invest in maintaining equality in the workplace by actively promoting gender parity and embracing individual diversity. Hence, offering a clear career advancement framework and equal opportunity for all.

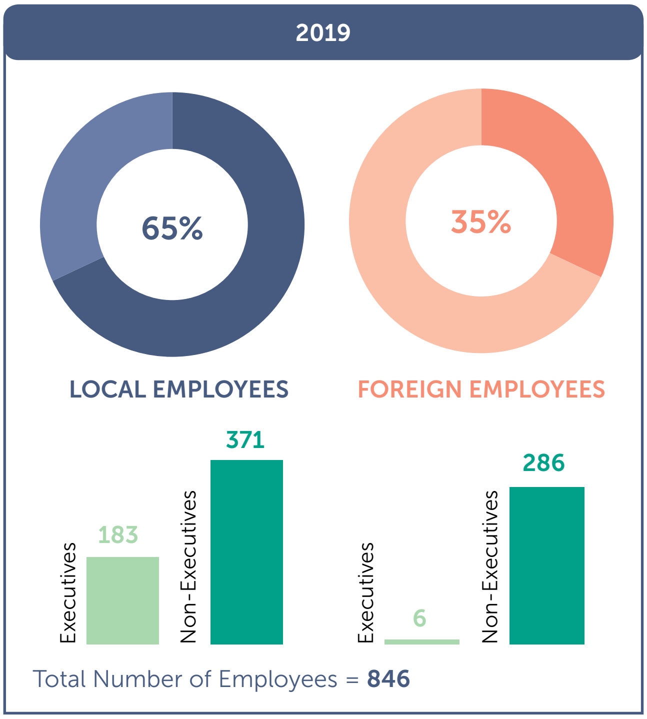
Four Basic Principles of Employment

Recruit & select employees on the basis of merit
Provide employees with equal opportunities
Comply with labour laws & abide by law & regulations
Treat employees with respect

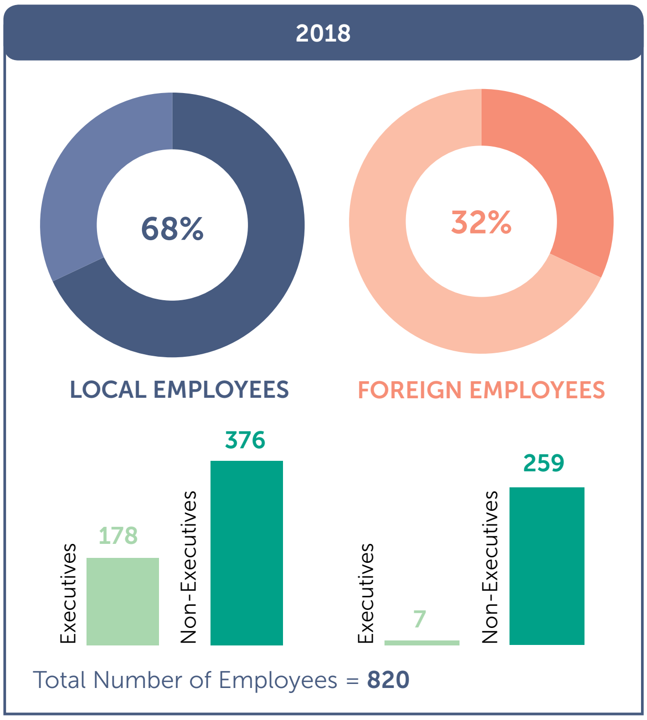
Our policy on equality highlights the need for promoting representation of women, and restricts discrimination of potential employees based on ethnicity, physical disability or religious beliefs among others. There is no discrimination of gender nor ethnicity when it concerns employment and promotion. This allows for our Human Resource ("HR") and Administration Department to assign of suitable candidates with the right capabilities to the appropriate post to maximise individual capability of individuals for the development of the organisation and personal growth.

We are committed to ensuring a high standard of ethical and environmental trade practices, including the provision of safe working conditions and the protection of our employees' rights across our business segments. In accordance with the Code of Ethics as stated in our Employee Handbook, we expect our employees to demonstrate a commitment to our ongoing effort in improving these practices. Employees are required to declare they have read and fully understand the Code of Ethics and will comply by the terms from the time it is enforced and as may be adopted from time-to-time. Any breach of the Code of Ethics may render an employee liable to disciplinary actions by the Group, including dismissal from service.

To sustain our competitiveness as an industry leader, we systematically update remuneration packages and other employment benefits in accordance with the constant shift in the job market to meet salary expectations and other work-related benefits. Spritzer awards outstanding employees to appreciate their dedication and contribution to the Group. Employees are rewarded based on their contribution and abilities without personal bias or prejudice. To ensure employee excellence, technical and non-technical trainings are provided which encourages self-improvement. Medical benefits are available as well as standard leave entitlements.



Sustainability Statement



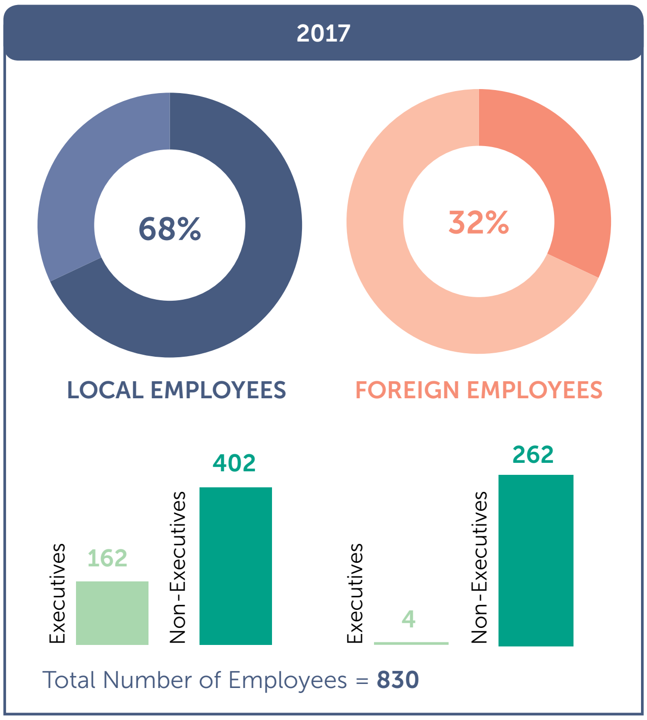


Figure 9 – Local vs Foreign Employees across the Group

Through authenticity and inclusiveness, our employees move our business forwards and their skills can be further uncovered through proper nurturing and adequate challenges. When people excel, their thoughts develop into passion for the work. The culture of inclusivity promotes curiosity and celebrates empowerment. This emphasised progress will encourage accountability and ownership driven by creativity and wise risk taking.

Various events are held annually to appreciate the effort employees put in for the success of the Group. This provides an opportunity for Management to obtain feedback from employees informally. To promote a healthy work-life balance, flexi-working hours are given as a choice to employees to allow better management of their time when balancing between family and work.

A healthy workplace environment is built in Spritzer through fitness events which are strongly encouraged. Our Sports & Recreation Club ("SRC") organises various events throughout the year, such as inter-department games. Weekly Zumba and Nirvana Fitness (full body and mind wellness programme) classes are held by trained professionals at Spritzer EcoPark. All employees and their families are welcome to join. These initiatives also act as team building exercises and networking opportunities.

HUMAN CAPITAL DEVELOPMENT

At Spritzer, we take pride in our ability to provide reliable and consistent products to our customers. To maintain this expected level of quality, we must progressively enhance the personal effectiveness of our employees. Recruitment, promotion and retention of professionals allow us to foster potential talent and improve individual technical skills. Vocational training schemes are a part of the day-to-day technical and non-technical training of our employees.

The programmes organised by our HR and Administration Department are designed to provide skill-based education to advance our employees' knowledge and experience of Group practices and reinforce value creation. All employees are subjected to their relevant trainings annually. Training amateur employees who have strong growth potential by building upon their current knowledge, skills, and abilities, will ensure the continual expansion of Spritzer's skilled human resource base and improve our corporate professionalism.

Sustainability Statement

Our initiatives include internal & external training seminars, and investment in a knowledge sharing membership, Vistage to promote information transfer & communication. As a member of the Vistage Peer Advisory Group, Spritzer has access to the most comprehensive suite of services, research & experts on issues faced by the industry. It is a community of result-driven leaders who are responsive & supportive, allowing us access to proprietary data & actionable insights. Such integration of knowledge & information contribute to the continual product innovation & development.

We have dedicated training courses for various focus groups to enhance technical, analytical and soft skills. All employees are required to fulfil an average number of training hours a year as per their position level. These trainings are conducted regularly and employees will attend when necessary.

Table 5 – Spritzer's Training Courses

Training Courses	Description	Attended By
Technical		
Information Technology	Enhance IT skills on SQL Database, Microsoft Office 365 Admin Centre Training, Certified Network Defender	IT Personnel
Non-Technical		
ISO9001:2015 Awareness & Standard	Gain ISO knowledge & understand latest updates	Executives & Officers
HACCP & GMP Awareness	Food Safety Awareness & How to Implement Effectively	Executives & Officers
Creative Problem Solving & Decision Making Strategies	Learn to use strategies in making decision and to use creativity in solving problems	Executives
Sales Negotiation for Win-Win	Learn to develop key sales negotiation skills	Executives
Customs Import-Export Procedures Facilitation & Treatment; Updates on Amendments to the Customs Act 1967 and Free Zone Act 1990	Gain knowledge on Customs procedures on import & export and to update on changes in Customs Laws & Regulations	Executives & Officers
Corporate Liability on Corruption – Defence Mechanisms for Directors, Executives and the Company	To update on Anti-Corruption Legislations in Malaysia in particular on the new Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018	Directors & Senior Management
Misconduct in Employment & Domestic Inquiry Process	Gain knowledge on who, when and how to conduct an effective domestic inquiry	Executives & Officers
Brandfest 2019 - Building Future Marketeers	Annual Conference for C-Suits, Brand Custodians and Marketeers	Executives
Power BI Workshops	Gain knowledge and skill on Power BI for reporting and data analysis	Senior Management, Executives & Officers
Mastering DAX (application)	Gain knowledge to identify how the roles of senior management will evolve with the adoption of sustainability in businesses	Senior Management, Executives & Officers
National Tax Seminar 2019; Budget Seminar 2019	To update on Government budget announcement and recent changes in tax laws & regulations	Senior Management, Executives & Officers

Sustainability Statement

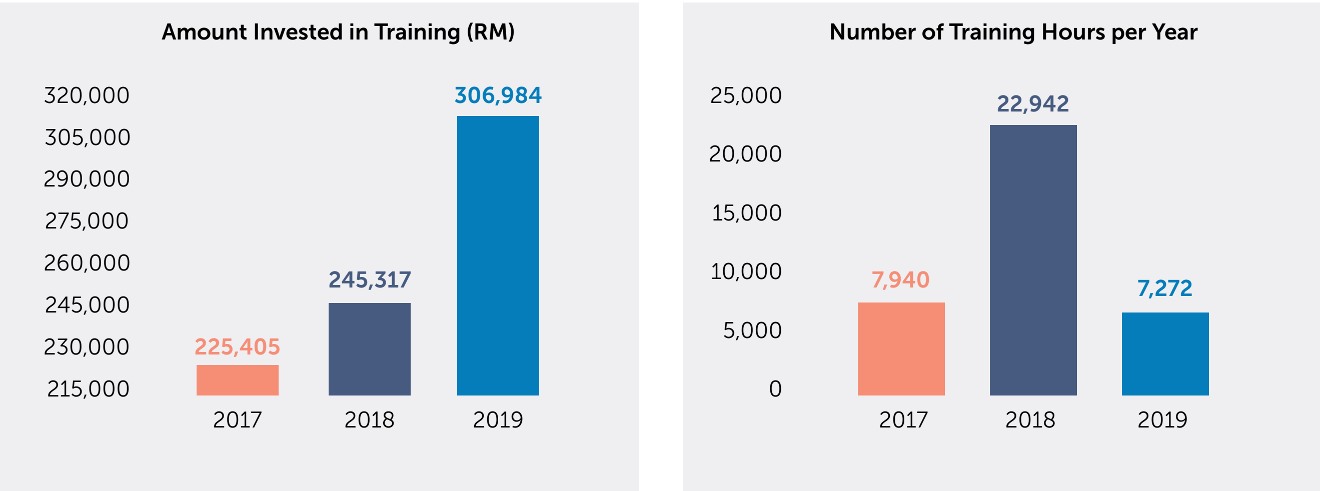


Figure 10 – Group Training Statistics

We also run an executive training programmes and succession planning for high-performing employees. Potential candidates' performance is reviewed and those who are accepted and enrolled in the programme are given leadership and industry-specific training. Ultimately, the personal development of our workforce is important and we will continue to invest time and capital in its advancement whilst reinforcing Spritzer's core values.

Spritzer Core Values

Sustainability Statement

COMMUNITY DEVELOPMENT

Part of being a good corporate citizen is engaging in social development to promote inclusiveness and social welfare. Our sponsorship and initiatives crystallise our commitment to support the community in improving quality and wellbeing of society. There is a need for inclusive, resilient and sustainable societies and we strive to contribute to this through initiatives such as sponsorship programmes, philanthropic activity and donation campaigns.

To strengthen one of the important pillars of Spritzer's brand which is being environmentally caring, we organised Spritzer Sparkling Roadshow & Recycle Programme at Gurney Paragon Penang in the last quarter of 2019. The public would bring along empty bottle/can/tetrapak to our booth for recycling purpose, in exchange for their effort, they were given Spritzer Sparkling.

We regularly encourage and host plant tours at our Taiping facility for the public. These visits are mutually beneficial, as this helps our visitors obtain information about the benefits of our different products, hence boosting consumer confidence and public perception about our brand. Through our PR Department, the public can hold corporate team building exercises at Spritzer EcoPark.

Sustainability Statement

Community Development Activities in 2019

Sekolah Semangat Maju Taiping Charity Food Fair & Hua Lian High School Charity Food Fair @ Taiping

Sponsored products to support the fundraising event & collections from the sales were donated to the schools

Eco Art Challenge

Art competition opened to college and university students with the aim of encouraging the younger generation to be recycling champions

26th Spritzer Cup (15 & under) Youth Basketball Championship 2019

Annual sponsor for the tournament at Kota Kinabalu Community Hall for secondary students

Unicorn Fun Run 2019

Sporting activity aimed at creating a healthier community

Spritzer Taiping Open Badminton Championship 2019

Annual sponsor for the tournament aimed at creating a healthier community

North Face Malaysia Mountain Trail Festival 2019 @ Spritzer EcoPark

International trail run involving 1,900 runners from 27 countries. Races take runners through various trails around Taiping

Run for Peace 2019

Non-competitive running event aiming to create awareness of peace and healthy lifestyle

GSC Fun Run 2019

Fun-filled occasion for all ages that ends with a movie screening for participants

Spritzer Christmas Fiesta 2019 @ Spritzer EcoPark

Bring community in Taiping together for fun and educational activities and at the same time promote Taiping as a visitor's destination

Activ@Work Challenge 2019

Encourages employees to be active, healthy and happy in support of PERKESO's Activ@Work Challenge at workplace

Recycling machine

Place a recycling machine at Spritzer EcoPark for public to experience a more efficient method of recycling

Gurney Paragon Recycle Programme

Spritzer 30th Anniversary Roadshow @ Sunway Pyramid

Sustainability Statement

LOOKING FORWARD

There are plans to further standardise and strengthen safety and health systems within our factories. As we implement our first generation of robust reporting framework, we expect to encounter some challenges. Sustainability is a continuous process built upon systematic review, improvement and application of procedures. As we progress from the comparatively narrow narrative of the Corporate Social Responsibility statement to the broader framework of sustainability reporting, we will continue to monitor and progressively elevate our initiatives to highlight our commitment towards enhanced disclosures and embed SDG values across the Group.

Spritzer 30th Anniversary Celebration @ Spritzer EcoPark

September 21, 2019


SPRITZER
#SPRITZER30


Anniversary Dinner
YEARS OF
上善若水

Directors' Profile

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

Non-Independent
Non-Executive Chairman

Age
75

Dato' Lim Kok Cheong, aged 75, male, a Malaysian, 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; and a director of Yee Lee Holdings Sdn Bhd. He is the spouse of Datin Chua Siok Hoon, both of whom are the major shareholders of the Company. Besides, he is a 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

Age
65

Dato' Lim Kok Boon, aged 65, male, a Malaysian, 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.

Directors' Profile

LIM SENG LEE

Executive Director and Group Chief Executive Officer

Age 44

Lim Seng Lee, aged 44, male, a Malaysian, 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 had been promoted to be the Group General Manager and was responsible to oversee and to ensure the overall operation activities of the Company were in accordance with the Company's policies and objectives. He was the Country Representative (Malaysia) of the Asia Middle East Bottled Water Association (ABWA) and was installed as the new President of ABWA for a 2-year term on October 9, 2018.

He is the Chairman of SGP Committee of the Company.

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.

LAM SANG

Executive Director

Age 70

Lam Sang, aged 70, male, a Malaysian, 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 President of Perak Hock Kean Association and Deputy Chairman of Poi Lam High School (SUWA), and Vice Chairman of Poi Lam Primary and Secondary Schools.

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.

Directors' Profile

CHOK HOOA @ CHOK YIN FATT, PMP

Non-Independent Non-Executive Director

Age 73

Chok Yin Fatt, aged 73, male, a Malaysian, 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 a Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member 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 a director of a public company which is not listed on the Bursa Malaysia Securities Berhad, namely Yee Lee Organization 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

Age 69

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, aged 69, male, a Malaysian, 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 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

Age 64

Dato' Mohd Adhan bin Kechik, aged 64, male, a Malaysian, was appointed to the Board on May 16, 1994. He graduated with a Bachelor of Laws (Honours) Degree and a Master of Laws Degree from University of Malaya.

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 the 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, and 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

Age 44

Dato' Sri Kuan Khian Leng, aged 44, male, a Malaysian, was appointed to the Board on January 25, 2007. He graduated with a Bachelor in Civil Engineering (First Class Honours) and a Master in Management Science & Operational Research from University of Warwick, United Kingdom.

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 Group 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.

Directors' Profile

TAN CHOW YIN

Non-Independent
Non-Executive Director

Age
47

Tan Chow Yin, aged 47, a Malaysian, was appointed to the Board on December 15, 2017. He graduated with a Master of Engineering with First Class Honours from Imperial College, London, United Kingdom in 1997 and a Master of Science from Massachusettes Institute of Technology, United States of America in 1998. He has been a Chartered Financial Analyst (CFA) charterholder since 2011.

He joined Dymon Asia Private Equity ("Dymon") in 2016 as a Partner and Investment Committee Member. He has investment experience across a wide spectrum of sectors including manufacturing, agro-food, consumer products and retail, education, F&B services, aged care, capital equipment and entertainment. Prior to Dymon, he spent 10 years with Navis Capital and left as a Senior Partner, where he focused on investments in Southeast Asia and China. He was also 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 and SGP Committee of the Company.

NOTE:
Save as disclosed, none of the above Directors has:

1) any family relationship with any Director and/or major shareholder of the Company;
2) any conviction for offences within the past five years other than traffic offences, if any;
3) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
4) any conflict of interest with the Company, other than the permitted recurrent related party transactions and share buy-back authority as disclosed in the Circular/Statement to Shareholders dated June 29, 2020.

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 68, male, a Malaysian, 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 was 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 Federation of Malaysian Manufacturers Bottled Water Group and also 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 a member of SGP Committee of the Company.

LIM HOCK LAI
Sales and Operations Director

Lim Hock Lai, aged 42, male, a Malaysian, 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 63, male, a Malaysian, 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 Bhd. He is also a director of Kumpulan Belton Berhad, a non-listed public company. He is also a member of the Malaysian Institute of Accountants.

Key Senior Management's Profile

CHONG MEE YOONG
Deputy General Manager

Chong Mee Yoong, aged 55, female, a Malaysian, 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 the 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 39, female, a Malaysian, 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 developing marketing plans and budgets, advertising and promotion programme to achieve business and brand objectives.

She graduated with a Bachelor of Science (Hons) in Business Administration major in advertising from Nottingham Trent University, United Kingdom. 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 55, 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 Sow Yeng Chong, none of the other Key Senior Management has any directorship in public companies and listed issuers.
2) Save for Dato' Lim Kok Boon, Lim Seng Lee and 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) None of the Key Senior Management has:
   (i) been convicted for offences within the past five years, other than traffic offences, if any;
   (ii) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
   (iii) any conflict of interest with the Company, other than the permitted recurrent related party transactions and share buy-back authority as disclosed in the Circular/Statement to shareholders dated June 29, 2020.

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, 2019.

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, 2019, four (4) 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	4/4
Chok Hooa @ Chok Yin Fatt	4/4
Dato' Mohd Adhan bin Kechik	4/4
Dato' Sri Kuan Khian Leng	4/4

Audit Committee Report

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

During financial year ended December 31, 2019, 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 make recommendations to the Board for approval of the same as follows:

Date of meetings	Review of unaudited quarterly financial results and audited financial statements
February 26, 2019	Fourth quarter unaudited financial results as well as the audited financial statements of the Group for the financial year ended December 31, 2018
May 30, 2019	First quarter unaudited financial results ended March 31, 2019
August 27, 2019	Second quarter unaudited financial results ended June 30, 2019
November 27, 2019	Third quarter unaudited financial results ended September 30, 2019
February 26, 2020	Fourth quarter unaudited financial results as well as the audited financial statements of the Group for the financial year ended December 31, 2019

   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 understand their impact on the financial statements and steps taken to address the matters.

Risk Management and Internal Control

1. Deliberated and reviewed with the Spritzer 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. The internal audit team had tested, assessed and obtained reasonable assurance that the internal controls within the financial and operational system had remain intact.

4. Reviewed the Statement on Risk Management and Internal Control and recommend to the Board for approval prior to the inclusion in the Company's Annual Report 2019.

Audit Committee Report

External Audit

1. Reviewed with the External Auditors at the meeting held on November 27, 2019, their audit plan in respect of the financial year ended December 31, 2019, outlining the auditors' responsibilities, business highlights, materiality level of the Group, significant risks and areas of audit focus, fraud responsibilities and representations, internal control plan, involvement of internal auditors, involvement of internal specialists, involvement of audit data analytics, timing of audit, engagement quality control, independence policies and procedures and financial reporting and other technical 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, 2020 without the presence of Management during the review of the Progress Report to those charged with governance for the financial year ended December 31, 2019 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, 2019, Deloitte PLT has confirmed their independence to act as the 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 PLT, had recommended to the Board for approval of the re-appointment of Deloitte PLT as the External Auditors for the financial year ending December 31, 2020 at its meeting held on February 26, 2020 at a fee to be determined later.

Internal Audit

1. Reviewed and approved the Internal Audit Plan for the financial year ended December 31, 2019 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, effectiveness and independence of the internal audit functions. The AC, having satisfied that the Internal Audit Department has maintained a high degree of independence and professionalism in carrying out their duties as the internal auditors and agreed that the internal audit function is effective and able to provide value added services to the Group.

Other activities

1. Reviewed on a quarterly basis, the recurrent related party transactions entered into by the Group and by the Company 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, Anti-Corruption and Bribery Policy, Corporate Disclosure Policy, Whistle Blowing Policy and AC Charter prior to recommendation to Board for approval;

3. Reviewed the AC Report and Corporate Governance Overview Statement for inclusion in the Annual Report 2019 before recommendation to the Board for approval.

Audit Committee Report

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, 2019 amounted to RM37,354.

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 the "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 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 2019. 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 2019 ("CG Report 2019") 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 always mindful of its responsibilities to the Company's shareholders and other stakeholders for creating and delivering sustainable value and long-term success through its leadership and management of the Company's businesses, in pursuing the commercial, social and governance objectives of the Company.

For the foregoing, 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 Managing Director, Group Chief Executive Officer and Executive Director are primarily responsible for the implementation of the strategies set by the Board and manage the day-to-day operations and administrative functions. The Management supports the Executive Director 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.

The Board does not actively manage but rather oversees the management of the Group. To ensure the effective discharge of its functions and responsibilities, the Board delegates some of its authorities and discretion to the Managing Director, Group Chief Executive Director, Executive Director, representing the Management as well as the Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee, Executive Committee, Employees' Share Grant Plan ("SGP") Committee, Spritzer Group Risk Management Advisory Committee and Sustainability Committee which are entrusted with specific responsibilities to oversee the Group's affairs, with authorities to act on behalf of the Board in accordance with their respective Terms of Reference.

Executive Committee is made up of 3 Board members and other senior management of the Group, that meets regularly to deliberate on key business decisions, assess ongoing business performance and make recommendations to the Board.

The SGP was approved by the shareholders of the Company at the Extraordinary General Meeting held on May 30, 2019. The Board had established the Employees' Share Grant Plan Committee to administer the SGP in accordance to the By-laws of SGP.

Corporate Governance Overview Statement

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.

Further details on the Spritzer Group Risk Management Advisory Committee and Sustainability Committee are set out in the Statement on Risk Management and Internal Control and Sustainability Statement of this Annual Report.

1.2 The Chairman

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

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 serve notice to the Directors and Principal Officers of the Company to notify them of the closed periods for trading in the Company's shares. The Company Secretaries attend and ensure that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company. The Company Secretaries work closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees.

The Board has evaluated the performance of the Companies Secretaries and is of the view that the they are competent and have kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.

1.5 Meeting Materials

The Board is provided with an agenda, reports and other relevant information at least seven (7) days prior to the convening 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.

Corporate Governance Overview Statement

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 will review the Board Charter periodically and updates it 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.

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, 2019. 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.

Corporate Governance Overview Statement

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, all of whom have served on the Board for a cumulative term of more than twelve (12) years, 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.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

In accordance with Practice 4.2 of the MCCG, resolutions under the special business to retain Dato' Mohd Adhan bin Kechik, Dato' Ir. Nik Mohamad Pena bin Nik Mustapha and Dato' Sri Kuan Khian Leng as Independent Directors will be tabled in the forthcoming 27th AGM through a two-tier voting process.

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-tier voting process.

4.4 Diverse Board and Senior Management

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

This process ensures 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 the 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, competence, experience, age and cultural background. Please refer to the Directors' Profile and Key Senior Management's Profile in this Annual Report 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 bases 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.

Corporate Governance Overview Statement

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 ongoing basis.

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.

4.7 Nomination Committee

The Nomination Committee has three (3) members comprising exclusively of Non-Executive Directors, all of whom are Independent Directors. The Nomination Committee meets at least once in a year with additional meetings to be convened, if necessary. During the financial year ended December 31, 2019, the Nomination Committee had met on February 26, 2019, full attendance by the members was recorded:

Chairman	**Number of meeting attended**
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP *Independent Non-Executive Director*	1/1
Members	
Dato' Mohd Adhan bin Kechik, DJMK, SMK *Independent Non-Executive Director*	1/1
Dato' Sri Kuan Khian Leng, S.S.A.P. *Independent Non-Executive Director*	1/1

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.

Corporate Governance Overview Statement

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 Dato' Lim A Heng @ Lim Kok Cheong, Dato' Lim Kok Boon and Mr Lam Sang as directors at the forthcoming 27th 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.

An assessment and evaluation on the performance and effectiveness of all Board Committees for the financial year ended December 31, 2019 was undertaken by the Nomination Committee on February 26, 2020. The Nomination Committee is satisfied that these Board Committee and its members have discharged their functions, duties and responsibilities in accordance with the Committee Charter or Terms of Reference.

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 three (3) 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 Directors would notify the Company prior to accepting any new directorship in a public listed company.

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. In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions which are supported with information necessary for an informed decision. To facilitate Directors' planning and time management, an annual meeting calendar is prepared and given to Directors before the beginning of the new financial year.

During the financial year ended December 31, 2019, four (4) Board meetings were held and the attendance is as follows:

Directors	Attendance
Dato' Lim A Heng @ Lim Kok Cheong	4/4
Dato' Lim Kok Boon	4/4
Lim Seng Lee	4/4
Lam Sang	4/4
Chok Hooa @ Chok Yin Fatt	4/4
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	4/4
Dato' Mohd Adhan bin Kechik	4/4
Dato' Sri Kuan Khian Leng	4/4
Tan Chow Yin	4/4

Corporate Governance Overview Statement

The Board acknowledges that continuous education is vital in keeping the Directors 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 as prescribed by the Bursa Securities.

All the Directors have attended development and training programmes during the financial year ended December 31, 2019. 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	Corporate Liability On Corruption - Defence Mechanisms for Directors, Executives and the Company
Dato' Lim Kok Boon	Corporate Liability On Corruption - Defence Mechanisms for Directors, Executives and the Company
Lim Seng Lee	Voluntary Tax Disclosure & Overseas Accounts
	The US-China Trade War and Its Impact on the Malaysian Economy
	Win the Innovation Race : Unlocking Asian Creative Powers
	My Transformation Journey
	16th Global Bottled Water Congress
Lam Sang	Corporate Liability On Corruption - Defence Mechanisms for Directors, Executives and the Company
Chok Yin Fatt	MFRS 16 Leases
	FMM Perak Tea Talk on Company Insurance - Know Your Rights and It's Hazards
	Telekom Malaysia IR 4.0 Perak Roadshow
	Corporate Liability On Corruption - Defence Mechanisms for Directors, Executives and the Company
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	Case Study Workshop for Independent Directors : "Independent Directors - Towards Boardroom Excellence"
	Corporate Liability On Corruption - Defence Mechanisms for Directors, Executives and the Company
	Invitation to the SC AOB Conversation with Audit Committees
Dato' Mohd Adhan bin Kechik	Corporate Liability On Corruption - Defence Mechanisms for Directors, Executives and the Company
Dato' Sri Kuan Khian Leng	Enhancing Leadership in Organisations Using Emotional Intelligence
	Strata Property Management Seminar 2019 "Good Governance & Good Practices in a Developed Economy"
	Crucial IR Knowledge for People Managers
Tan Chow Yin	Personal Story Telling in Business for CEOs
	Private Equity Tech Conference
	The Growth Faculty - In Conversation with President Barack Obama

Corporate Governance Overview Statement

Part III – Remuneration

6. Level and Composition of Remuneration

6.1 Remuneration Policy

The Board has adopted its Remuneration Policy which sets out the remuneration package of Directors and Senior Management offered by the Group and the Company that in line with current market practices to attract, retain, motivate and reward suitably qualified and candidates to occupy positions in the Board and Senior Management, thereby attaining the corporate objectives and sustainable growth and development of the Group and the Company. The Remuneration Policy is available on the Company's website at http://www.spritzer.com.my.

The Company endeavours to obtain up-to-date remuneration data and information on pay patterns and market practices. The remuneration packages of companies comparable to the Company will be used as benchmark to ensure the remuneration packages of the Company offered to the Directors and Senior Management remain appropriate and competitive. For the Executive Director(s) and Senior Management, the components of the remuneration package are linked to corporate and individual performance; For the Non-Executive Directors, they receive a fixed Director's fee, meeting and travelling allowances for attending meetings of the Board and its Committees. Other allowance may also be paid for performance of specific job assignment.

6.2 Remuneration Committee

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

	Number of meeting attended
Chairman	
Dato' Mohd Adhan bin Kechik, DJMK, SMK *Independent Non-Executive Director*	1/1
Members	
Dato' Sri Kuan Khian Leng *Independent Non-Executive Director*	1/1
Tan Chow Yin *Non-Independent Non-Executive Director*	1/1

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. During the financial year ended December 31, 2019, the Remuneration Committee convened meeting on February 26, 2019. Full attendances of the members were recorded for the meeting.

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 Director(s) 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.

Corporate Governance Overview Statement

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 retain Directors and Senior Management of the quality required to manage the business of the Group.

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

7. Remuneration of Directors

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, 2019 are categorised as follows:

The Group

	Fee RM'000	Meeting Allowance RM'000	Salaries RM'000	Bonus RM'000	Equity-settled Share-based Payment RM'000	Benefits in-kind RM'000	Other Emoluments RM'000	Total RM'000
Non-Executive Directors								
Dato' Lim Kok Cheong	69.0	2.0	-	-	-	50.0	466.1	587.1
Chok Yin Fatt	28.0	5.0	-	-	-	-	56.6	89.6
Dato' Ir. Nik Mohamad Pena bin Mustapha	28.0	4.5	-	-	-	-	12.0	44.5
Dato' Mohd Adhan bin Kechik	28.0	5.0	-	-	-	-	40.7	73.7
Dato' Sri Kuan Khian Leng	28.0	5.0	-	-	-	-	-	33.0
Tan Chow Yin	-	-	-	-	-	-	-	-
Executive Directors								
Dato' Lim Kok Boon	57.0	2.0	1,228.4	1,268.6	221.2	86.0	305.5	3,168.7
Lim Seng Lee	28.0	5.6	998.0	1,530.0	221.2	34.5	219.4	3,036.7
Lam Sang	41.5	5.1	416.0	180.0	176.8	17.4	76.7	913.5
Total	307.5	34.2	2,642.4	2,978.6	619.2	187.9	1,177.0	7,946.8

Corporate Governance Overview Statement

The Company

	Fee RM'000	Meeting Allowance RM'000	Salaries RM'000	Bonus RM'000	Equity-settled Share-based Payment RM'000	Benefits in-kind RM'000	Other Emoluments RM'000	Total RM'000
Non-Executive Directors								
Dato' Lim Kok Cheong	31.0	2.0	-	-	-	-	-	33.0
Chok Yin Fatt	28.0	5.0	-	-	-	-	-	33.0
Dato' Ir. Nik Mohamad Pena bin Mustapha	28.0	4.5	-	-	-	-	12.0	44.5
Dato' Mohd Adhan bin Kechik	28.0	5.0	-	-	-	-	-	33.0
Dato' Sri Kuan Khian Leng	28.0	5.0	-	-	-	-	-	33.0
Tan Chow Yin	-	-	-	-	-	-	-	-
Executive Directors								
Dato' Lim Kok Boon	28.0	2.0	-	-	-	-	-	30.0
Lim Seng Lee	28.0	5.6	-	-	-	-	-	33.6
Lam Sang	28.0	5.1	-	-	-	-	-	33.1
Total	227.0	34.2	-	-	-	-	12.0	273.2

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 AC have a mix of commercial, banking, legal, financial skills and accounting experience. Arrangements will be made by the Company for the members of the Committee to attend trainings 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 AC. The AC communicated directly and independently with the external auditors and without the presence of the Executive Directors.

Further details please refer to the Audit Committee Report.

Corporate Governance Overview Statement

Part II – Risk Management and Internal Control Framework

9. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1 Effective Risk Management and Internal Control Framework

The Board affirms its overall responsibilities for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness. The internal control system has been applied to manage risks within cost levels appropriate to the significance of the risks. Accompanying these regular reviews and evaluations of internal control system is a continuous process for identifying, evaluating and managing significant risks which are faced by the Group.

The Board has established the Spritzer Group Risk Advisory Committee ("SGRMAC") under the chairmanship of the Group Chief Executive Officer to oversee the risk management function of the Group.

The key role of SGRMAC is to support the Group in its management of risks that could affect the Group's ability to achieve its strategic objectives or compromise its mission and core values. The SGRMAC 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.

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.

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.

9.2 Features, Adequacy and Effectiveness of Risk Management and Internal Control Framework

The Board has adopted a systematic approach to oversee the actual performance and provides guidance to the Management on measures to improve the business performance and minimise risk impacts. The Group has an adequate and effective risk management framework, and a sound internal control system in place. The Audit Committee will review and monitor the adequacy and effectiveness of the Group's risk management system and system of internal control, and advises the Board accordingly.

The Board is 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.

The features of risk management and internal control framework are adequately disclosed in 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, 2020, an annual assessment of the effectiveness and independence of the outsourced internal audit function has been conducted by the AC with the Head of the Internal Audit for the financial year ended December 31, 2019. The outsourced Internal Audit Team has carried out their duties objectively, impartially and independently in accordance with the International Professional Practice Framework for Internal Auditing and Code of Ethics for Internal Auditors.

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 of the view that the system of risk management and internal control in place during 2019 is sound and sufficient to safeguard the Group's assets, interests 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 oversees investor relations and where appropriate and practicable, will engage with research analysts, fund managers and institutional shareholders based on mutual understanding of objectives and entertains visits from such groups.

The 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 Shareholder 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 26th AGM of the Company held on May 30, 2019, 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 26th 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 26th 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 26th 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 CG Overview Statement was approved by the Board on May 27, 2020.

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, 2019 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	43,433	November 2020	-	-
(ii)	Working capital	18,613	15,828	November 2019	-	-
(iii)	Expenses in relation to the Private Placement	200	107	December 2017	93	47
	Total	63,813	59,368			

2. Audit and Non-audit Fees

For the financial year ended December 31, 2019, the amount of audit and non-audit fees paid/payable to the Company's external auditors are as follows:

	The Group RM'000	The Company RM'000
Audit fee	216	45
Non-audit fee	3	-
Total	219	45

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.

Corporate Governance Overview Statement

4. Employees' Share Grant Plan

On April 10, 2019, Spritzer Bhd ("Spritzer") announced that it would undertake to establish and implement an employees' share grant plan of up to 5% of the issued share capital of the Company (excluding treasury shares, if any) at any point in time during the SGP Period for Eligible Employees. On April 22, 2019, Spritzer also announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated April 19, 2019, resolved to approve the listing of and quotation for such number of new Spritzer Shares, representing up to 5% of the issued share capital of Spritzer (excluding treasury shares, if any) at any point in time during the SGP Period, to be issued under the Proposed SGP on the Main Market of Bursa Securities as set out in Section 7 of the Circular to Shareholders in relation to Proposed SGP dated April 30, 2019 ("Circular"). Subsequently, in the Extraordinary General Meeting held on May 30, 2019, the shareholders had approved the proposed establishment and implementation of the SGP as set out in the Circular.

The effective date for the implementation of the SGP is on September 30, 2019. The SGP has a validity period of seven years and it serves as a long-term incentive award for eligible talents and senior management. Vesting eligibility of the SGP share is subject to fulfilment of the SGP vesting conditions as well as upon meeting the earnings targets of the Group.

The Company has on November 20, 2019, awarded 10,234,000 ordinary shares of the Company under SGP to the Eligible Employees of Spritzer Group. The SGP shares will be allotted and vested with the Eligible Employees on the third anniversary date from the end of the relevant financial year in which the earnings target has been achieved. As at December 31, 2019, no SGP share has been issued or vested with any Eligible Employee.

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.

In the previous financial year, the Group Risk Management Advisory Committee ("GRMAC") was dissolved and a new and larger Committee under the chairmanship of the Group Chief Executive Officer called Spritzer Group Risk Management Advisory Committee ("SGRMAC") was established to take over the roles and responsibilities of GRMAC.

The SGRMAC is headed by the Group Chief Executive Officer and include six other members from Senior Management, including the Group Financial Controller. The SGRMAC 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 SGRMAC meetings are held at least once every year.

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 shall be reported to SGRMAC during its meetings.

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, the Remuneration Committee and the Executive Committee ("EXCO") are established by the Board and they are governed by clearly defined terms of reference and authority for areas within their scope.
- The Sustainability Committee, which was established in the previous financial year, is endorsed by the Board and is governed by clearly defined terms of reference.
- 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.
- The Group complies with ISO 9001:2015 Quality Management System and has established Risk Matrix and Risk & Opportunity ("R&O") Register.

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 and/or preventive actions. Significant audit findings and corrective measures are to be highlighted to the SGRMAC and the Audit Committee.

Statement on Risk Management and Internal Control

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 ISO Risk Matrix, R&O and improvement plans are reviewed by respective Head of Departments during monthly meetings and updates are presented to and discussed in RMC meetings at least twice in a year.
- 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.
- The EXCO, which consists of three Board members and other Senior Management of the Group, meets regularly to deliberate on key business decisions, assess ongoing business performance and make recommendations to the Board.
- The Sustainability Committee, which is led by R&D Director and include senior management of the Group hold meetings to discuss and manage sustainability matters and to ensure compliance with Bursa's requirement on sustainability reporting.
- Major capital expenditures and investments are reviewed and approved by the EXCO and the Board. All other purchases and payments are approved by reference to formalised limits of authority.
- 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 monthly and 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. Group sales and financial budget is presented to and reviewed by EXCO. Sales performance review is done in EXCO meetings.
- 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 department. 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.

Statement on Risk Management and Internal Control

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.

EXCO meetings are held in appropriate intervals, i.e six times in the current year under review to strategise and monitor on matters relating to the relevant areas under their scope.

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.

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.

MAIN RISK AREAS

The main 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 discussions via emails and social media platforms and regular meetings and video conferences are held to discuss and manage 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.

Statement on Risk Management and Internal Control

(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.

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, 2019. 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 May 27, 2020.

Directors' Responsibility Statement

In Respect of the Audited Financial Statements for the Financial Year Ended December 31, 2019

The Directors are responsible for the preparation, integrity and fair representation of the financial statements of Spritzer Bhd Group. As required by the Companies Act 2016 ("Act") in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended December 31, 2019 have been prepared 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 judgements and estimates that are reasonable and prudent; and
- applied the going concern basis.

The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company as of December 31, 2019 and of the financial performance and the cash flows of the Group and of the Company for the financial year then ended on that date.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling the Directors to ensure that the financial statements are drawn up in accordance with the requirements of the Act.

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

Report of the Directors and Financial Statements

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, 2019.

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 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	31,249	8,600

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 year, 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 RM7,348,905, proposed in the previous financial year and dealt with in the previous directors' report was paid on June 21, 2019.

The directors have proposed a first and final dividend of 4.5 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 will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2020.

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

The Company did not issue any new shares or 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, 2019, 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

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Employees' Share Grant Plan

At the Extraordinary General Meeting held on May 30, 2019, the Company's shareholders approved the establishment of an Employees' Share Grant Plan ("SGP") of up to 5% of the Company's issued share capital (excluding treasury shares) to eligible employees and Executive Directors of the Company and its subsidiaries, which are not dormant (collectively referred to as "Eligible Employees"). The SGP was implemented on September 30, 2019 following the submission of the By-Laws for the SGP to Bursa Malaysia Securities Berhad, the receipt of all required approvals and the compliance with the requirements pertaining to the SGP.

On November 20, 2019, 10,234,000 shares were granted to the Eligible Employees of the Group under the SGP. The SGP shares allotment is subject to the SGP grantee satisfying the performance and service conditions.

The salient features of the SGP are as disclosed in Note 33 to the financial statements.

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 all known bad debts had been 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.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D)

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

(a) which would render the amount written off as bad debts or 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

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, DPMP, JSM, 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, SSAP
Mr Tan Chow Yin

Directors' Report

DIRECTORS (CONT'D)

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, DPMP, JSM, 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, CS, GPI, PM, SEP
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' 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			
	Balance as of 1.1.2019	Bought	Sold	Balance as of 31.12.2019
Shares in the Company				
Registered in the name of directors				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	9,514,807	-	-	9,514,807
Y Bhg Dato' Lim Kok Boon, DPMP	7,000,000	-	-	7,000,000
Mr Lim Seng Lee	1,375,566	-	-	1,375,566
Mr Lam Sang	1,108,082	-	-	1,108,082
Mr Chok Hooa @ Chok Yin Fatt, PMP	143,500	17,000	-	160,500
Y Bhg Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	1,835,000	-	-	1,835,000
YB Dato' Mohd Adhan bin Kechik, DJMK, SMK	2,123,965	-	-	2,123,965

Directors' Report

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares			
	Balance as of 1.1.2019	**Bought**	**Sold**	**Balance as of 31.12.2019**
Deemed interests by virtue of shares held by companies in which the directors have interests				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	88,745,994	206,300	-	88,952,294
Y Bhg Dato' Lim Kok Boon, DPMP	3,407,000	-	-	3,407,000
Mr Lim Seng Lee	3,407,000	-	-	3,407,000
YH Dato' Sri Kuan Khian Leng, SSAP	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, DPMP, JSM, JP	2,645,597	-	-	2,645,597
Y Bhg Dato' Lim Kok Boon, DPMP	1,608,899	-	-	1,608,899
Mr Lim Seng Lee	244,000	-	-	244,000

	Number of share grants			
	Balance as of 30.9.2019*	**Granted**	**Vested**	**Balance as of 31.12.2019**
Shares in the Company				
Registered in the name of directors				
Y Bhg Dato' Lim Kok Boon, DPMP	-	1,049,000	-	1,049,000
Mr Lim Seng Lee	-	1,049,000	-	1,049,000
Mr Lam Sang	-	839,000	-	839,000

* Date of implementation

By virtue of Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, 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 year, 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 below) 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.

Directors' remuneration

	The Group RM'000	The Company RM'000
Directors of the Company		
Directors' fees	308	227
Other emoluments	6,832	46
Equity-settled share-based payments	619	-
	7,759	273
Benefits-in-kind*	188	-

* Represents estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group.

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, other than the SGP as disclosed in Note 33 to the financial statements.

Directors' Report

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	5	2

There was 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, 2019 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,
May 27, 2020

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, 2019, 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 89 to 165.

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, 2019, 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 Matter

Key audit matter is a matter that, in our professional judgement, is of most significance in our audit of the financial statements of the Group and of the Company for the current year. The matter is 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 the matter.

Independent Auditors' Report to the Members of Spritzer Bhd

(Incorporated In Malaysia)

Key audit matter	*Our audit performed and responses thereon*
Trade receivables, including other related parties, represent 37% of the Group's current assets and management exercises significant judgements 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, critical judgements involved and key sources of estimation uncertainty are disclosed in Notes 3 and 4 to the financial statements.	We have: • tested the relevant controls surrounding management's assessment and recognition of impairment losses of receivables. • reviewed management's written policies and procedures to derive the loss allowance estimates and ensured approval by the appropriate level of management. • evaluated the reasonableness of the methods and assumptions used by management to estimate the allowance and tested the accuracy of computation of the allowance. • assessed and evaluated 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.

We have determined that there are no key audit matter 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 Directors' Report and 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.

Independent Auditors' Report to the Members of Spritzer Bhd

(Incorporated In Malaysia)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditors' Report to the Members of Spritzer Bhd

(Incorporated In Malaysia)

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.

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 - 02939/01/2022 J
Chartered Accountant

Ipoh,
May 27, 2020

Statements of Profit or Loss

For The Year Ended December 31, 2019

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	5	374,377	347,684	4,916	7,916
Other gains and losses	7	1,502	2,897	5,055	4,549
Changes in inventories of finished goods, trading merchandise and work-in-progress		(309)	(588)	-	-
Purchase of finished goods and trading merchandise		(2,009)	(454)	-	-
Raw materials consumed		(120,338)	(153,023)	-	-
Employee benefit expenses	7	(54,510)	(46,617)	(273)	(290)
Depreciation and amortisation	8	(16,060)	(14,142)	-	-
Finance costs	11	(699)	(887)	(72)	(73)
Other expenses	7	(140,655)	(101,014)	(351)	(226)
Profit before tax		41,299	33,856	9,275	11,876
Tax expense	12	(10,050)	(9,631)	(675)	(259)
Profit for the year attributable to owners of the Company		31,249	24,225	8,600	11,617
Earnings per share					
Basic (sen)	13	14.88	11.54		
Diluted (sen)	13	14.57	11.54		

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, 2019

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	31,249	24,225	8,600	11,617
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign entities	18	56	-	-
Total comprehensive income for the year attributable to owners of the Company	31,267	24,281	8,600	11,617

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

Statements of Financial Position

As Of December 31, 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	303,594	244,223	-	-
Investment properties	15	5,340	5,170	-	-
Investments in subsidiaries	16	-	-	100,644	95,436
Goodwill on consolidation	17	40	40	-	-
Other intangible asset	18	83	103	-	-
Total non-current assets		309,057	249,536	100,644	95,436
Current assets					
Other investments	19	54,042	92,815	54,042	92,815
Inventories	20	42,546	36,804	-	-
Trade and other receivables	21	70,625	62,780	82,167	44,807
Current tax assets	12	466	2,279	-	268
Other assets	23	5,128	13,804	2	1
Fixed deposits, cash and bank balances	24	17,036	18,343	25	23
Total current assets		189,843	226,825	136,236	137,914
Total assets		498,900	476,361	236,880	233,350
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	25(a)	216,571	216,571	216,571	216,571
Treasury shares	25(b)	(14)	(14)	(14)	(14)
Reserves	26	198,723	172,647	19,900	16,491
Total equity		415,280	389,204	236,457	233,048
Non-current liabilities					
Borrowings	28	1,159	3,171	-	-
Deferred tax liabilities	29	22,232	20,537	-	-
Total non-current liabilities		23,391	23,708	-	-
Current liabilities					
Trade and other payables	30	32,451	37,126	30	35
Hire-purchase payables	27	-	89	-	-
Borrowings	28	5,014	5,594	-	-
Current tax liabilities	12	899	811	125	-
Other liabilities	31	21,865	19,829	268	267
Total current liabilities		60,229	63,449	423	302
Total liabilities		83,620	87,157	423	302
Total equity and liabilities		498,900	476,361	236,880	233,350

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

Statements of Changes in Equity

For The Year Ended December 31, 2019

The Group	Note	Share Capital RM'000	Non-distributable Reserves: Treasury Shares RM'000	Non-distributable Reserves: Equity-Settled Employee Benefits Reserve RM'000	Non-distributable Reserves: Translation Reserve RM'000	Distributable Reserve - Retained Earnings RM'000	Total Equity RM'000
Balance as of January 1, 2018		216,571	(14)	-	(78)	159,992	376,471
Profit for the year		-	-	-	-	24,225	24,225
Other comprehensive income for the year		-	-	-	56	-	56
Total comprehensive income for the year		-	-	-	56	24,225	24,281
Payment of dividend	32	-	-	-	-	(11,548)	(11,548)
Balance as of December 31, 2018		216,571	(14)	-	(22)	172,669	389,204
Profit for the year		-	-	-	-	31,249	31,249
Other comprehensive income for the year		-	-	-	18	-	18
Total comprehensive income for the year		-	-	-	18	31,249	31,267
Recognition of share-based payments		-	-	2,158	-	-	2,158
Payment of dividend	32	-	-	-	-	(7,349)	(7,349)
Balance as of December 31, 2019		216,571	(14)	2,158	(4)	196,569	415,280

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

Statements of Changes in Equity

For The Year Ended December 31, 2019

The Company	Note	Share Capital RM'000	Treasury Shares 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 January 1, 2018		216,571	(14)	-	16,422	232,979
Profit and total comprehensive income for the year		-	-	-	11,617	11,617
Payment of dividend	32	-	-	-	(11,548)	(11,548)
Balance as of December 31, 2018		216,571	(14)	-	16,491	233,048
Profit and total comprehensive income for the year		-	-	-	8,600	8,600
Recognition of share-based payments		-	-	2,158	-	2,158
Payment of dividend	32	-	-	-	(7,349)	(7,349)
Balance as of December 31, 2019		216,571	(14)	2,158	17,742	236,457

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

Statements of Cash Flows

For The Year Ended December 31, 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		31,249	24,225
Adjustments for:			
Depreciation of property, plant and equipment		16,040	14,116
Tax expense recognised in profit or loss		10,050	9,631
Equity-settled share-based payments		2,158	-
Property, plant and equipment written off		1,061	666
Inventories written off		717	312
Finance costs		699	887
Fair values of foreign currency forward contracts		66	-
Impairment losses recognised on receivables		55	16
Amortisation of intangible asset		20	26
Loss/(Gain) on disposal of property, plant and equipment		7	(10)
Allowance for slow moving and obsolete inventories		5	-
Receivables written off		4	105
Loss/(Gain) on disposal of other investments		2	(30)
Fair value adjustments of other investments		1	210
Investment revenue		(2,264)	(3,583)
Interest income		(339)	(221)
Unrealised (gain)/loss on foreign exchange		(214)	24
Fair value adjustments of investment properties		(170)	-
Allowance for slow moving and obsolete inventories no longer required		(9)	(8)
Other investment written off		-	58
		59,138	46,424
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(6,455)	(4,991)
Trade and other receivables		(7,898)	516
Other assets		(1,910)	134
(Decrease)/Increase in:			
Trade and other payables		(6,184)	2,653
Other liabilities		1,970	121
Cash Generated From Operations		38,661	44,857
Income tax refunded		2,429	7
Interest received		339	221
Income tax paid		(8,883)	(10,735)
Net Cash From Operating Activities		32,546	34,350

Statements of Cash Flows

For The Year Ended December 31, 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of other investments		65,508	67,012
Proceeds from disposal of property, plant and equipment		379	176
Investment revenue		96	96
Purchase of property, plant and equipment	35(a)	(63,591)	(27,469)
Placement of other investments		(24,570)	(45,276)
Deposits paid for purchase of property, plant and equipment		(1,187)	(11,773)
Placement of fixed deposit		(1)	(1)
Net Cash Used In Investing Activities		(23,366)	(17,235)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Dividend paid		(7,349)	(11,548)
Repayment of term loans	35(b)	(2,412)	(3,751)
Finance costs paid		(699)	(887)
(Repayment of)/proceeds from revolving credits - net	35(b)	(180)	964
Repayment of hire-purchase payables	35(b)	(89)	(171)
Repayment of bankers' acceptances - net	35(b)	-	(800)
Net Cash Used In Financing Activities		(10,729)	(16,193)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,549)	922
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		18,321	17,286
Effect of exchange rate changes on the balance of cash held in foreign currencies		241	113
CASH AND CASH EQUIVALENTS AT END OF YEAR	35(c)	17,013	18,321

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

Statements of Cash Flows

For The Year Ended December 31, 2019

		The Company	
		2019	**2018**
	Note	**RM'000**	**RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		8,600	11,617
Adjustments for:			
Tax expense recognised in profit or loss		675	259
Finance costs		72	73
Loss/(Gain) on disposal of other investments		2	(30)
Fair value adjustments of other investments		1	210
Dividend income		(4,916)	(7,916)
Interest income		(2,892)	(1,242)
Investment revenue		(2,168)	(3,487)
		(626)	(516)
Movements in working capital:			
Increase in:			
Trade and other receivables		(37,360)	(17,140)
Other assets		(1)	-
(Decrease)/Increase in:			
Trade and other payables		(5)	19
Other liabilities		1	(102)
Cash Used In Operations		(37,991)	(17,739)
Dividend received from subsidiaries		4,916	7,916
Interest received		2,892	1,242
Tax refunded		216	-
Income tax paid		(498)	(401)
Net Cash Used In Operating Activities		(30,465)	(8,982)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of other investments		65,508	67,012
Placement of other investments		(24,570)	(45,276)
Subscription of shares in a subsidiary		(3,050)	(3,083)
Net Cash From Investing Activities		37,888	18,653
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividend paid		(7,349)	(11,548)
Finance costs paid		(72)	(73)
Net Cash Used In Financing Activities		(7,421)	(11,621)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2	(1,950)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		23	1,973
CASH AND CASH EQUIVALENTS AT END OF YEAR	35(c)	25	23

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 share capital held by the holding company in each subsidiary is as disclosed in Note 16.

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 May 27, 2020.

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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Adoption of new and amendments to MFRSs and Interpretation

In the current year, the Group and the Company adopted all of the new and amendments to MFRSs and Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as discussed below:

Impact of initial application of MFRS 16 *Leases*

In the current year, the Group and the Company applied MFRS 16 *Leases* that is effective for annual periods that begin on or after January 1, 2019.

MFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3.

The date of initial application of MFRS 16 for the Group and for the Company is January 1, 2019.

Notes to the Financial Statements

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

Impact of initial application of MFRS 16 *Leases* (Cont'd)

The Group and the Company have applied MFRS 16 using the cumulative catch-up approach which:

- Requires the Group and the Company to recognise the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application;
- Does not permit restatement of comparatives, which continue to be presented under MFRS 117.

(a) Impact of the new definition of a lease

The Group and the Company have made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in MFRS 117.

The Group and the Company apply the definition of a lease and related guidance set out in MFRS 16 to all lease contracts entered into or changed on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract).

(b) Impact on Lessee Accounting

(i) Former operating leases

MFRS 16 changes how the Group and the Company account for leases previously classified as operating leases under MFRS 117, which were off statements of financial position.

Applying MFRS 16, for all leases (except as noted below), the Group and the Company:

- Recognise right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with MFRS 16:C8(b)(ii);

- Recognise depreciation of right-of-use assets and interest on lease liabilities in the statements of profit or loss;

- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statements of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under MFRS 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Notes to the Financial Statements

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

Impact of initial application of MFRS 16 *Leases* (Cont'd)

(b) Impact on Lessee Accounting (Cont'd)

(i) Former operating leases (Cont'd)

Under MFRS 16, right-of-use assets are tested for impairment in accordance with MFRS 136.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group and the Company have opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within 'other expenses' in the statements of profit or loss.

The Group and the Company have used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying MFRS 117.

- The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for which the lease term ends within 12 months or the amounts of remaining operating lease commitments are immaterial, as of the date of initial application;
- The Group and the Company have used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying MFRS 117, the carrying amount of the leased assets and obligations under finance leases measured applying MFRS 117 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group and the Company have elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying MFRS 16 from January 1, 2019.

(c) Impact on Lessor Accounting

MFRS 16 does not change substantially how a lessor accounts for leases. Under MFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

(d) Financial impact of initial application of MFRS 16

The directors of the Group and of the Company have assessed the application of MFRS 16 and noted that the leases are either of remaining lease terms ending within 12 months or the amounts of remaining lease commitments are immaterial, at date of initial application. The Group and the Company have applied the relevant practical expedients and elected not to recognise right-of-use assets and lease liabilities to these leases.

Notes to the Financial Statements

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

Standards in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant new and amendments to MFRSs which have been issued but not yet effective until future periods, at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these new and amendments to MFRSs when they become effective will have no material impact on the financial statements of the Group and of the Company in the period of initial application:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards[1]
Amendments to MFRS 3	Definition of a Business[1]
Amendments to MFRS 101 and 108	Definition of Material[1]
Amendments to MFRS 9, 139 and 7	Interest Rate Benchmark Reform[1]
MFRS 17	Insurance Contracts[2]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[3]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.

2 Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. On March 17, 2020, the International Accounting Standards Board ("IASB") had deferred the effective date of IFRS 17 to annual reporting periods beginning on or after January 1, 2023. The Board also decided to extend the exemption currently in place for some insurers regarding the application of IFRS 9 *Financial Instruments* to enable them to implement both IFRS 9 and IFRS 17 at the same time. The IASB expects to issue the amendments to IFRS 17 in the second quarter of 2020.

3 Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.

4 Effective for annual periods beginning on or after a date to be determined.

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 financial instruments that are measured 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 goods and services.

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 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (Cont'd)

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.

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.

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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation (Cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income is attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidaries 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.

Changes in the Group's interests in subsidiaries that do not result in a loss of 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.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss 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), less 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 required/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 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Business Combinations

Acquisitions of businesses 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

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

Where the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. 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. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests (include joint operations) in the acquired entity are 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) 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. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue Recognition

The Group recognises revenue from the following major sources:
- Sale of goods; and
- Income from mini golf operation.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or a service to a customer.

Sale of goods

Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location. Following delivery, the customer has full ownership of the goods and bears the risks of loss and damage in relation to the goods. The Group recognises a receivable when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Rebates and volume discounts are given to eligible customers, and are taken up as variable considerations in determining the transaction prices contracted.

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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Dividend income

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

Other income

Rental income is recognised on a straight-line basis over the term of the relevant agreements.

Interest revenue from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and to the Company 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.

Employee Benefits

Short-term employee benefits

Wages, salaries, 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 grants 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 is recognised as an expense with a corresponding entry to reserve 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 granted at the grant date and the number of shares 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 shares grant that are expected to become exercisable. The share grants 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

Policies applicable from January 1, 2019

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or a rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

Policies applicable from January 1, 2019 (Cont'd)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position. Land held under finance lease arrangement and right-of-use assets acquired under hire-purchase arrangement continue to be recognised as part of assets of the Group classified under property, plant and equipment and is not separately presented in the statements of financial position.

The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'other expenses' in the statements of profit or loss.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

Policies applicable prior to January 1, 2019

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 hire-purchase arrangements, are initially recognised as assets of the Group at their fair values 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.

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 recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. 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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (Cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, 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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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 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.

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, and is accounted for using liability method. 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 assets and liabilities are not recognised if the temporary difference arises from the initial recognition of 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. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax (Cont'd)

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 in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. When the current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 buildings under construction and plant, machinery and equipment under installation. Depreciation on assets under work-in-progress commences when the assets are ready for their intended use.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

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 the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets. However, where there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Right-of-use 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.

Investment Properties

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

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

Internally-generated Intangible Assets - Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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, are recognised in profit or loss when the asset is derecognised.

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)

Impairment of Property, Plant and Equipment and Intangible Assets excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of property, plant and equipment, investments in subsidiaries and intangible assets to determine whether there is any indication that these assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. When 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.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to disposal 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss 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" method. 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.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's and the Company's statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initially recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and 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.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Despite the foregoing, the Group and the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group and the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group and the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial assets (Cont'd)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss using the effective interest method for debt instruments measured subsequently at amortised cost or at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group and the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is 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 Company manage together and have evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial assets (Cont'd)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at FVTOCI are measured at FVTPL. Specifically, investments in equity instruments are classified as at FVTPL, unless the Group and the Company designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Impairment of financial assets

The Group and the Company recognise a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables, as well as on financial guarantee contracts. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognise lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's and the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial assets (Cont'd)

(i) Significant increase in credit risk (Cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group and the Company presume that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group and Company have reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group and the Company consider a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group and the Company become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group and the Company consider the changes in the risk that the specified debtor will default on the contract.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial assets (Cont'd)

(ii) Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collateral held by the Group and the Company).

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 180 days past due unless the Group and the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of the reporting period, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial assets (Cont'd)

(v) Measurement and recognition of expected credit losses (Cont'd)

For a financial guarantee contract, as the Group and the Company are required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the end of the current reporting period that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12-month ECL at the end of the current reporting period, except for assets for which simplified approach was used.

The Group and the Company recognise a reversal of impairment loss or an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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 continue to control the transferred asset, the Group and the Company recognise its retained interest 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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

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 arrangements and the definitions of a financial liability and an equity instrument.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial liabilities and equity (Cont'd)

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 the Company are recognised at the proceeds received, net of direct issue 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.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group and by the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination 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 liability 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 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 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line in profit or loss.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial liabilities and equity (Cont'd)

However, for financial liabilities that are designated as at FVTPL, 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 recognised 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. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in Note 3.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

Financial liabilities and equity (Cont'd)

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 have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group and the Company exchange with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group and the Company account for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

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.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, 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 (when the effect of the time value of money is material).

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.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 judgements (other than those involving estimations) that have a significant impact on the amounts recognised and 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 the Group's and the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying accounting policies of the Group and of the Company and that have the most significant effect on the amounts recognised in financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets section of Note 3). The Group and the Company determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group and the Company monitor financial assets measured at amortised cost or at fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's and of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Notes to the Financial Statements

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

Critical judgement made in applying the Group's and the Company's accounting policies (Cont'd)

Significant increase in credit risk

As explained in Note 3, ECL are measured as an allowance equal to 12-month ECL or lifetime ECL. Lifetime ECL is used when its credit risk has increased significantly since initial recognition. MFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group and the Company take into account qualitative and quantitative reasonable and supportable forward looking information.

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

(a) Loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancement.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(b) 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.

Notes to the Financial Statements

5. REVENUE

The Group derives its revenue from contracts with customers from transfer of goods and services at a point in time, which represents a promise to transfer to the customer a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer.

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	373,807	347,184	-	-
Income from mini golf operation*	570	500	-	-
Dividend income from subsidiaries	-	-	4,916	7,916
	374,377	347,684	4,916	7,916

* Income from mini golf operation consists of mini golf entrance fee, packaged events service fee, sale of trading merchandise, income from rental of cafeteria and other related services fee.

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 reviews 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, toothbrushes and other plastic products
Trading	Bottled water and other consumer products
Others	Mini golf course and 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 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 2019	**Manufacturing RM'000**	**Trading RM'000**	**Others RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue					
External sales	355,691	18,116	570	-	374,377
Inter-segment sales	91,387	179	5,079	(96,645)	-
Total revenue	447,078	18,295	5,649	(96,645)	374,377
Results					
Segment results	42,902	(2,651)	7,237	(7,754)	39,734
Finance costs					(699)
Investment revenue					2,264
Profit before tax					41,299
Tax expense					(10,050)
Profit for the year					31,249
Other information					
Capital additions	76,857	43	-	(42)	76,858
Interest income	279	56	2,892	(2,888)	339
Unrealised gain/(loss) on foreign exchange	215	-	(1)	-	214
Allowance for slow moving and obsolete inventories no longer required	9	-	-	-	9
Depreciation of property, plant and equipment	(15,869)	(124)	(47)	-	(16,040)
Equity-settled share-based payments	(1,937)	(221)	-	-	(2,158)
Property, plant and equipment written off	(1,048)	(13)	-	-	(1,061)
Inventories written off	(693)	(24)	-	-	(717)
Realised loss on foreign exchange	(455)	-	-	-	(455)
Fair values of foreign currency forward contracts	(66)	-	-	-	(66)
Amortisation of intangible asset	(20)	-	-	-	(20)
Loss on disposal of property, plant and equipment	(7)	-	-	-	(7)
Allowance for slow moving and obsolete inventories	(5)	-	-	-	(5)
Impairment losses recognised on receivables	-	(55)	-	-	(55)
Receivables written off	-	(4)	-	-	(4)
Change in fair value of investment properties	-	-	170	-	170
Loss on disposal of other investments	-	-	(2)	-	(2)
Fair value adjustment of other investments	-	-	(1)	-	(1)
Assets					
Segment assets	449,501	5,359	267,788	(224,214)	498,434
Unallocated segment assets					466
Consolidated Total Assets					498,900
Liabilities					
Segment liabilities	151,480	6,047	1,148	(98,186)	60,489
Unallocated segment liabilities					23,131
Consolidated Total Liabilities					83,620

6. SEGMENT REPORTING (CONT'D)

The Group **2018**	**Manufacturing** **RM'000**	**Trading** **RM'000**	**Others** **RM'000**	**Eliminations** **RM'000**	**Consolidated** **RM'000**
Revenue					
External sales	330,608	16,576	500	-	347,684
Inter-segment sales	85,711	312	8,067	(94,090)	-
Total revenue	416,319	16,888	8,567	(94,090)	347,684
Results					
Segment results	35,588	(3,656)	8,380	(9,152)	31,160
Finance costs					(887)
Investment revenue					3,583
Profit before tax					33,856
Tax expense					(9,631)
Profit for the year					24,225
Other information					
Capital additions	36,576	160	21	-	36,757
Gain on disposal of other investments	-	-	30	-	30
Gain/(Loss) on disposal of property, plant and equipment	34	(24)	-	-	10
Allowance for slow moving and obsolete inventories no longer required	8	-	-	-	8
Depreciation of property, plant and equipment	(13,919)	(143)	(54)	-	(14,116)
Property, plant and equipment written off	(648)	(17)	(1)	-	(666)
Inventories written (off)/back	(393)	81	-	-	(312)
Fair value adjustment of other investments	-	-	(210)	-	(210)
Receivables written off	(1)	(104)	-	-	(105)
Other investment written off	(58)	-	-	-	(58)
Impairment losses recognised on receivables	-	(16)	-	-	(16)
Amortisation of intangible asset	(26)	-	-	-	(26)
Assets					
Segment assets	390,470	5,653	260,845	(182,886)	474,082
Unallocated segment assets					2,279
Consolidated Total Assets					476,361
Liabilities					
Segment liabilities	122,799	6,809	1,251	(65,050)	65,809
Unallocated segment liabilities					21,348
Consolidated Total Liabilities					87,157

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	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Investment revenue	9	2,264	3,583	2,168	3,487
Interest income		339	221	2,892	1,242
Rental income:					
- Premises		264	209	-	-
- Motor vehicles		-	195	-	-
- Water dispensers		1	1	-	-
Fair value adjustments of:					
- Investment properties	15	170	-	-	-
- Other investments		(1)	(210)	(1)	(210)
Allowance for slow moving and obsolete inventories no longer required	20	9	8	-	-
(Loss)/Gain on disposal of property, plant and equipment		(7)	10	-	-
Allowance for slow moving and obsolete inventories	20	(5)	-	-	-
(Loss)/Gain on disposal of other investments		(2)	30	(2)	30
Rental expense:					
- Plant and equipment		(1,935)	(1,477)	-	-
- Premises		(586)	(548)	-	-
Property, plant and equipment written off		(1,061)	(666)	-	-
Inventories written off	20	(717)	(312)	-	-
(Loss)/Gain on foreign exchange:					
- Realised		(455)	(531)	-	-
- Unrealised		214	(24)	-	-
Auditors' remuneration:					
Statutory audit		(216)	(201)	(45)	(47)
Others		(3)	(5)	-	-

Notes to the Financial Statements

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

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Fair values of foreign currency forward contracts		(66)	-	-	-
Impairment losses recognised on receivables	21	(55)	(16)	-	-
Receivables written off		(4)	(105)	-	-
Other investment written off		-	(58)	-	-

Included in employee benefit expenses are the following:

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Directors' remuneration	10	8,411	5,917	273	290
Contributions to Employees' Provident Fund		3,382	3,067	-	-
Equity-settled share-based payments		1,473	-	-	-
Rental of hostels		47	56	-	-

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 are as follows:

	The Group	
	2019	2018
	RM'000	RM'000
Short-term employee benefits	5,270	3,779
Post-employment benefits - Defined contribution plan	485	444
Equity-settled share-based payments	696	-
	6,451	4,223

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 RM145,610 (2018: RM133,410).

Notes to the Financial Statements

8. DEPRECIATION AND AMORTISATION

	The Group	
	2019	2018
	RM'000	RM'000
Depreciation of property, plant and equipment (Note 14)	16,040	14,116
Amortisation of intangible asset (Note 18)	20	26
	16,060	14,142

9. INVESTMENT REVENUE

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income from other investments	2,168	3,487	2,168	3,487
Rental income from investment properties	96	96	-	-
	2,264	3,583	2,168	3,487

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

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Investment income earned on:				
Non-derivative financial assets carried at FVTPL	2,168	3,487	2,168	3,487
Non-financial assets	96	96	-	-
	2,264	3,583	2,168	3,487

10. DIRECTORS' REMUNERATION

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
Fees	308	323	227	243
Equity-settled share-based payments	619	-	-	-
Other emoluments	6,832	5,027	46	47
	7,759	5,350	273	290
Directors of the subsidiaries:				
Fees	63	64	-	-
Equity-settled share-based payments	66	-	-	-
Other emoluments	523	503	-	-
	652	567	-	-
	8,411	5,917	273	290

Notes to the Financial Statements

10. DIRECTORS' REMUNERATION (CONT'D)

Included in directors' other emoluments are contributions made by the Group to the Employees' Provident Fund of RM612,969 (2018: RM540,180).

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM235,491 (2018: RM239,312).

11. FINANCE COSTS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest on:				
Term loans	194	343	-	-
Revolving credits	157	166	-	-
Hire-purchase	1	10	-	-
Bankers' acceptances	-	8	-	-
Total interest expense for financial liabilities not classified as at FVTPL	352	527	-	-
Other finance costs	347	360	72	73
	699	887	72	73

12. TAX EXPENSE

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysian income tax:				
Current year	8,431	7,543	669	257
Prior year	(76)	151	6	2
	8,355	7,694	675	259
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	2,001	788	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus	(22)	517	-	-
Prior year	(284)	632	-	-
	1,695	1,937	-	-
	10,050	9,631	675	259

The Group's and the Company's income tax rate remained at 24% (2018: 24%) except for its foreign subsidiaries whose income tax rates range from 16.5% to 25% (2018: 16.5% to 25%).

Notes to the Financial Statements

12. TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	41,299	33,856	9,275	11,876
Tax at the applicable statutory income tax rate of 24% (2018: 24%)	9,912	8,125	2,226	2,850
Tax effects of:				
Expenses that are not deductible in determining taxable profit	2,017	1,325	100	100
Current year unutilised tax losses and unabsorbed capital allowances not recognised as deferred tax assets	626	906	-	-
Income not taxable in determining taxable profit	(524)	(801)	(1,657)	(2,693)
Unutilised reinvestment allowances and green investment tax allowances recognised as deferred tax assets	(818)	(742)	-	-
Utilisation of reinvestment allowances and green investment tax allowances	(672)	(410)	-	-
Expenses allowed for double tax deductions	(131)	(138)	-	-
Increase of deferred tax liability on revised tax rate	-	538	-	-
Others	-	45	-	-
Income tax - prior year	(76)	151	6	2
Deferred tax - prior year	(284)	632	-	-
Tax expense recognised in profit or loss	10,050	9,631	675	259

Current tax assets and liabilities

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax assets				
Tax refunds receivables	466	2,279	-	268
Current tax liabilities				
Income tax payables	899	811	125	-

Notes to the Financial Statements

13. EARNINGS PER SHARE

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

	The Group 2019	The Group 2018
Profit for the year attributable to owners of the Company (RM'000)	31,249	24,225
Number of ordinary shares in issue as of January 1 ('000)	209,993	209,993
Shares repurchased and held as treasury shares ('000)	(24)	(24)
	209,969	209,969
Weighted average number of ordinary shares issued during the year ('000)	-	-
Weighted average number of ordinary shares in issue ('000)	209,969	209,969
Basic earnings per ordinary share (sen)	14.88	11.54
Weighted average number of shares used in calculation of basic earnings per share ('000)	209,969	209,969
Shares deemed to be issued for no consideration in respect of SGP ('000)	4,513	-
Weighted average number of shares used in the calculation of diluted earnings per share ('000)	214,482	209,969
Diluted earnings per ordinary share (sen)	14.57	11.54

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 January 1, 2018	54,960	4,809	55,064	4,003	2,292	187,179	18,147	738	19,223	3,324	53	2,306	352,098
Additions	4	-	4,602	806	120	10,325	1,236	-	1,369	229	-	18,066	36,757
Disposals	-	-	-	-	-	(189)	(524)	-	(6)	-	-	-	(719)
Write offs	-	-	-	-	-	(1,692)	(6)	-	(333)	(9)	(34)	-	(2,074)
Reclassification	-	-	-	376	-	60	-	-	-	(4)	4	(436)	-
Translation difference	-	-	-	-	-	-	-	-	(6)	-	-	-	(6)
As of December 31, 2018	54,964	4,809	59,666	5,185	2,412	195,683	18,853	738	20,247	3,540	23	19,936	386,056
Additions	-	-	1,162	190	-	19,568	1,764	-	2,233	114	-	51,827	76,858
Disposals	-	-	-	-	-	-	(1,493)	-	(128)	-	-	-	(1,621)
Write offs	-	-	-	-	-	(6,410)	(127)	-	(151)	(7)	(2)	-	(6,697)
Reclassification	-	-	630	448	-	16,779	738	(738)	-	-	-	(17,857)	-
Translation difference	-	-	-	-	-	-	-	-	(4)	-	-	-	(4)
As of December 31, 2019	54,964	4,809	61,458	5,823	2,412	225,620	19,735	-	22,197	3,647	21	53,906	454,592
Accumulated depreciation													
As of January 1, 2018	-	716	8,538	940	286	96,924	10,767	226	9,817	1,435	31	-	129,680
Charge for the year	-	58	958	178	53	9,391	1,725	102	1,448	201	2	-	14,116
Disposals	-	-	-	-	-	(169)	(382)	-	(2)	-	-	-	(553)
Write offs	-	-	-	-	-	(1,108)	(6)	-	(268)	(6)	(20)	-	(1,408)
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-
Translation difference	-	-	-	-	-	-	-	-	(2)	-	-	-	(2)
As of December 31, 2018	-	774	9,496	1,118	339	105,038	12,104	328	10,993	1,630	13	-	141,833
Charge for the year	-	57	1,023	209	62	11,446	1,579	82	1,381	200	1	-	16,040
Disposals	-	-	-	-	-	-	(1,164)	-	(71)	-	-	-	(1,235)
Write offs	-	-	-	-	-	(5,396)	(114)	-	(121)	(4)	(1)	-	(5,636)
Reclassification	-	-	-	-	-	-	410	(410)	-	-	-	-	-
Translation difference	-	-	-	-	-	-	(1)	-	(3)	-	-	-	(4)
As of December 31, 2019	-	831	10,519	1,327	401	111,088	12,814	-	12,179	1,826	13	-	150,998
Carrying amounts													
As of December 31, 2019	54,964	3,978	50,939	4,496	2,011	114,532	6,921	-	10,018	1,821	8	53,906	303,594
As of December 31, 2018	54,964	4,035	50,170	4,067	2,073	90,645	6,749	410	9,254	1,910	10	19,936	244,223

Notes to the Financial Statements

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 January 1, 2018	890	2,110	590	1,516	64	5,170
Fair value adjustments	-	-	-	-	-	-
As of December 31, 2018	890	2,110	590	1,516	64	5,170
Fair value adjustments	-	180	-	(10)	-	170
As of December 31, 2019	890	2,290	590	1,506	64	5,340

The fair values of the Group's investment properties as of December 31, 2019 had been arrived at on the basis of a valuation carried out by independent valuers on December 31, 2019 who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The fair values of the investment properties were determined based on the market comparable approach that reflects recent transacted prices for similar properties.

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

The Group	Fair values		
2019	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Freehold land and buildings	-	890	-
Long-term leasehold land	-	2,290	-
Short-term leasehold land	-	590	-
Buildings	-	1,506	-
Renovation	-	64	-
2018			
Freehold land and buildings	-	890	-
Long-term leasehold land	-	2,110	-
Short-term leasehold land	-	590	-
Buildings	-	1,516	-
Renovation	-	64	-

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

Notes to the Financial Statements

15. INVESTMENT PROPERTIES (CONT'D)

During the financial year, 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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Quit rent and assessments	12	12	13	13
Repair and maintenance	-	-	8	-
Electricity and water charges	-	-	5	6

16. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost:		
At beginning of year	95,436	92,353
Subscription of shares	3,050	3,083
Deemed investment arising from SGP	2,158	-
At end of year	100,644	95,436

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 2019 %	2018 %	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

Notes to the Financial Statements

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of incorporation	Proportion of ownership interest and voting power held by the Group 2019 %	2018 %	Principal activities
Direct subsidiaries (Cont'd)				
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 5,769,614 new ordinary shares of HKD1 each, in the share capital of Spritzer (Hong Kong) Limited for a cash consideration of RM3,049,903. The effective equity interest of the Company in Spritzer (Hong Kong) Limited remained at 100%.

* The financial statements of these companies are examined by auditors other than the auditors of the Company.

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 2019	2018
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

Notes to the Financial Statements

17. GOODWILL ON CONSOLIDATION

	The Group	
	2019	**2018**
	RM'000	**RM'000**
At beginning and end of year	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 year and any write down in goodwill, if necessary, to its recoverable amount is unlikely to be material to the Group's financial statements.

18. OTHER INTANGIBLE ASSET

	The Group	
	2019	**2018**
Software development cost	**RM'000**	**RM'000**
Cost		
At beginning of year	133	133
Additions	-	-
At end of year	133	133
Accumulated amortisation		
At beginning of year	30	4
Amortisation during the year (Note 8)	20	26
At end of year	50	30
Carrying amount	**83**	**103**

19. OTHER INVESTMENTS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets measured:				
At FVTOCI:				
Investment in unquoted shares:				
At beginning of year	-	58	-	-
Written off during the year	-	(58)	-	-
At end of year	-	-	-	-
At FVTPL:				
Investments in money market funds in Malaysia	54,042	92,815	54,042	92,815

Notes to the Financial Statements

19. OTHER INVESTMENTS (CONT'D)

Details of the Group's and of the Company's other investments and information about the fair value hierarchy as of December 31, 2019 are as follows:

The Group and The Company	Fair Value		
2019	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Financial assets measured at FVTPL:			
Investments in money market funds in Malaysia	54,042	-	-
2018			
Financial assets measured at FVTPL:			
Investments in money market funds in Malaysia	92,815	-	-

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

20. INVENTORIES

	The Group	
	2019 RM'000	**2018 RM'000**
Raw materials	14,602	11,012
Finished goods and trading merchandise	10,829	10,972
Spare parts	6,989	6,781
Packing materials	5,623	6,063
Goods-in-transit	4,797	2,113
Work-in-progress	188	349
	43,028	37,290
Less: Allowance for slow moving and obsolete inventories	(482)	(486)
Net	42,546	36,804

	The Group	
	2019 RM'000	**2018 RM'000**
Recognised as an expense during the year:		
Cost of inventories	221,067	225,376
Inventories written off (Note 7)	717	312

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

	The Group	
	2019 RM'000	**2018 RM'000**
At beginning of year	486	494
Allowance no longer required (Note 7)	(9)	(8)
Allowance recognised (Note 7)	5	-
At end of year	482	486

Notes to the Financial Statements

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	14,805	17,481	-	-
Less: Loss allowance	(17)	(16)	-	-
	14,788	17,465	-	-
Amount due from subsidiaries				
- non-trade (Note 22)	-	-	82,167	44,807
Amount due from other related				
parties - trade	55,508	44,552	-	-
Other receivables	329	763	-	-
	70,625	62,780	82,167	44,807

Analysis of currency profile of gross amount of trade and other receivables is as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	67,722	60,341	82,167	44,807
Singapore Dollar	1,956	1,765	-	-
Chinese Renminbi	778	518	-	-
United States Dollar	130	172	-	-
Australian Dollar	56	-	-	-
	70,642	62,796	82,167	44,807

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 (2018: 7 to 120 days). No interest is charged on overdue outstanding trade balances.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables and trade portion of amount due from other related parties are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

Notes to the Financial Statements

21. TRADE AND OTHER RECEIVABLES (CONT'D)

The following table details the risk profile of trade receivables and trade portion of amount due from other related parties based on the Group provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

The Group
2019

Ageing of outstanding balances (number of days)	Trade receivables 31 - 60 RM'000	61 - 90 RM'000	91 - 120 RM'000	>120 RM'000	Total amount past due RM'000
Estimated total gross carrying amount at default	499	157	280	1,246	2,182
Impairment losses	-	-	-	(17)	(17)
					2,165

Ageing of outstanding balances (number of days)	Amount due from other related parties 31 - 60 RM'000	61 - 90 RM'000	91 - 120 RM'000	>120 RM'000	Total amount past due RM'000
Estimated total gross carrying amount at default	-	-	-	6,884	6,884

The Group
2018

Ageing of outstanding balances (number of days)	Trade receivables 31 - 60 RM'000	61 - 90 RM'000	91 - 120 RM'000	>120 RM'000	Total amount past due RM'000
Estimated total gross carrying amount at default	428	225	1,029	150	1,832
Impairment losses	-	-	-	(16)	(16)
					1,816

Ageing of outstanding balances (number of days)	Amount due from other related parties 31 - 60 RM'000	61 - 90 RM'000	91 - 120 RM'000	>120 RM'000	Total amount past due RM'000
Estimated total gross carrying amount at default	-	-	-	4,213	4,213

The following table shows the movement in loss allowance that has been recognised for trade receivables in accordance with the simplified approach set out in MFRS 9.

Notes to the Financial Statements

21. TRADE AND OTHER RECEIVABLES (CONT'D)

	The Group	
	2019	2018
	RM'000	RM'000
At beginning of year	16	16
Impairment losses (Note 7)	55	16
Amounts written off	(54)	(16)
At end of year	17	16

There were no significant changes in loss allowance provided during the year. The composition of the receivables remained relatively consistent with no material change in credit periods and expected credit loss rates.

Included in other receivables of the Group is an amount of RM307,084 (2018: RM734,446) being Goods and Services Tax and Value Added Tax refundable.

Transactions with related parties are disclosed in Note 22.

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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
Dividends received	-	-	4,916	7,916
Loan interest received/receivable	-	-	2,888	1,236
Transactions with other related parties being companies in which certain directors/shareholders and/or persons connected with the directors/shareholders have substantial interests				
ASAP International Sdn Bhd				
Rental of premise received	46	46	-	-

Notes to the Financial Statements

22. RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (Cont'd)

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 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 (Cont'd)				
Cactus Marketing Sdn Bhd				
Sale of goods	8,155	7,727	-	-
Rental of premise received	108	94	-	-
Transport charges paid	4	7	-	-
Cranberry (M) Sdn Bhd				
Purchase of goods	-	8	-	-
Cranberry International Sdn Bhd				
Rental of premise received	68	46	-	-
Sale of goods	9	1	-	-
Desa Tea Sdn Bhd				
Purchase of goods	58	-	-	-
Multibase Systems Sdn Bhd				
Secretarial fees paid/payable	25	25	10	10
Sabah Tea Garden Sdn Bhd				
Purchase of goods and services	96	139	-	2
Rental of cafeteria received	40	29	-	-
Sale of goods	6	8	-	-

Notes to the Financial Statements

22. RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (Cont'd)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**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 (Cont'd)				
South East Asia Paper Products Sdn Bhd				
Purchase of goods	3,589	3,863	-	-
Sale of goods	-	1	-	-
Spritzer Resources Sdn Bhd				
Purchase of property, plant and equipment	-	4,259	-	-
Unikampar Credit and Leasing Sdn Bhd				
Sale of goods	2	2	-	-
Hire-purchase interest paid	1	10	-	-
Unipon Enterprise Sdn Bhd				
Sale of goods	241	413	-	-
Yee Lee Edible Oils Sdn Bhd				
Sale of goods	7,022	8,765	-	-
Internal audit fee paid	37	41	-	-
Transport charges paid	7	8	-	-
Yee Lee Marketing Sdn Bhd				
Sale of goods	31,915	30,573	-	-
Yee Lee Oils & Foodstuffs (Singapore) Pte Ltd				
Sale of goods	5,278	4,254	-	-
Yee Lee Trading Co Sdn Bhd				
Sale of goods	122,769	119,866	-	-
Purchase of goods	804	660	-	-
Yew Lee Chiong Tin Factory Sdn Bhd				
Sale of goods	6	6	-	-
YLTC Sdn Bhd				
Sale of goods	21,012	6,016	-	-

The non-trade amount due from subsidiaries is unsecured, bears interest at 4.00% (2018: 4.00%) per annum, repayable on demand and will be settled in cash.

Notes to the Financial Statements

22. RELATED PARTY TRANSACTIONS (CONT'D)

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.

23. OTHER ASSETS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits	3,980	13,098	1	1
Prepaid expenses	1,148	706	1	-
	5,128	13,804	2	1

Included in deposits and prepaid expenses of the Group are amounts totalling RM1,187,334 (2018: RM11,773,290) which represent deposits paid for purchase of property, plant and equipment.

24. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed deposits with licensed banks	5,182	3,477	-	-
Cash and bank balances	11,854	14,866	25	23
	17,036	18,343	25	23

Fixed deposit of RM22,733 (2018: RM22,044) 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 2.95% (2018: 2.60% to 3.20%) per annum with maturity periods of 6 to 32 days (2018: 3 to 32 days).

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

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	10,617	10,167	25	23
United States Dollar	3,258	5,482	-	-
Australian Dollar	1,696	1,716	-	-
Chinese Renminbi	1,441	958	-	-
Hong Kong Dollar	23	19	-	-
Singapore Dollar	1	1	-	-
	17,036	18,343	25	23

Notes to the Financial Statements

25. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

The Group and The Company

	2019 Number of ordinary shares '000 units	2018 Number of ordinary shares '000 units	2019 RM'000	2018 RM'000
Issued and fully paid:				
Ordinary shares	209,993	209,993	216,571	216,571

(b) Treasury shares

The Group and The Company

	2019 Number of ordinary shares '000 units	2018 Number of ordinary shares '000 units	2019 RM'000	2018 RM'000
Balance at beginning and end of year	24	24	14	14

As of December 31, 2019, 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 (2018: 209,968,727).

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-distributable reserve:				
Equity-settled employee benefits reserve	2,158	-	2,158	-
Translation reserve	(4)	(22)	-	-
	2,154	(22)	2,158	-
Distributable reserve:				
Retained earnings	196,569	172,669	17,742	16,491
	198,723	172,647	19,900	16,491

Notes to the Financial Statements

26. RESERVES (CONT'D)

(a) Equity-settled employee benefits reserve

The equity-settled employee benefits reserve relates to share-based payment expenses recognised under the SGP as disclosed in Note 33.

(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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amounts payable under hire-purchase arrangements:				
Within one year	-	90	-	89
Less: Future finance charges	-	(1)	-	-
Present value of hire-purchase payables	-	89	-	89
Less: Amount due within 12 months (shown under current liabilities)			-	(89)
Non-current portion			-	-

In prior year, hire-purchase obligations of the Group paid to a related party amounted to RM89,344.

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. In prior year, the terms for hire-purchase was 3 years and the effective borrowing rate was at 5.68% per annum. Interest rates were fixed at the inception of the hire-purchase arrangements. The Group's hire-purchase payables were secured by the assets under hire-purchase and were guaranteed by the Company.

Notes to the Financial Statements

28. BORROWINGS

	The Group 2019 RM'000	The Group 2018 RM'000
Unsecured		
Term loans	3,172	5,584
Secured		
Revolving credits	3,001	3,181
	6,173	8,765
Less: Amount due within 12 months (shown under current liabilities)	(5,014)	(5,594)
Non-current portion	1,159	3,171

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

	The Group 2019 RM'000	The Group 2018 RM'000
Financial years ending December 31:		
2020	-	2,012
2021	1,135	1,135
2022	24	24
	1,159	3,171

Analysis of currency profile of borrowings is as follows:

	The Group 2019 RM'000	The Group 2018 RM'000
Ringgit Malaysia	3,172	5,584
Chinese Renminbi	3,001	3,181
	6,173	8,765

The Group has the following term loans:

(a) a five (5) year term loan of RM6,000,000 (2018: RM6,000,000) which was repayable by equal monthly instalments commencing May 29, 2014. The term loan was fully repaid during the year;

(b) a five (5) year term loan of RM5,000,000 (2018: RM5,000,000) which is repayable by equal monthly instalments commencing June 1, 2016; and

(c) a five (5) year term loan of RM4,800,000 (2018: RM4,800,000) which is repayable by equal monthly instalments commencing January 16, 2017.

Notes to the Financial Statements

28. BORROWINGS (CONT'D)

The average effective interest rates per annum are as follows:

	The Group 2019 %	The Group 2018 %
Term loans	4.32 - 4.92	4.30 - 4.72
Revolving credits	4.79 - 5.00	4.40 - 5.66
Bankers' acceptances	-	3.50 - 4.25
Bank overdrafts	-	7.15 - 8.24

The Group obtained banking facilities including term loan facilities to the extent of RM100,330,230 (2018: RM107,056,000) from certain licensed banks, of which RM94,118,130 (2018: RM100,857,000) are guaranteed by the Company.

29. DEFERRED TAX LIABILITIES

The Group

	Property, plant and equipment RM'000	Investment properties RM'000	Revaluation reserve RM'000	Unrealised (gain)/loss on foreign exchange RM'000	Unutilised reinvestment allowances and green investment tax allowances RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
As of January 1, 2018	17,410	91	1,566	2	(420)	(49)	-	18,600
Recognised in profit or loss (Note 12)	1,673	66	517	1	(322)	2	-	1,937
As of December 31, 2018	19,083	157	2,083	3	(742)	(47)	-	20,537
Recognised in profit or loss (Note 12)	2,149	17	(22)	(10)	(421)	(2)	(16)	1,695
As of December 31, 2019	21,232	174	2,061	(7)	(1,163)	(49)	(16)	22,232

As of December 31, 2019, the Group has unabsorbed reinvestment allowances and green investment tax allowances of RM4,847,000 (2018: RM3,100,000) which are available for offset against future taxable profit.

The deferred tax impact of unutilised reinvestment allowances and green investment tax allowances of the Group amounting to RM1,163,000 (2018: RM742,000) have been recognised in full in the financial year.

Unrecognised deferred tax assets

As of December 31, 2019, the amounts of unutilised tax losses and unabsorbed capital allowances of the Group which are not recognised in the financial statements are RM14,099,000 (2018: RM11,271,000).

Notes to the Financial Statements

29. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised deferred tax assets (Cont'd)

The following deferred tax assets at the applicable tax rate of 24% (2018: 24%) have not been recognised at the end of the reporting period:

	The Group	
	2019	2018
	RM'000	RM'000
Tax effects of unutilised tax losses and unabsorbed capital allowances	3,384	2,705

As mentioned in Note 3, the tax effects of unused tax losses and unused tax credits which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The tax-effect of the above estimated amount of unused tax losses and unused tax credits are not recognised in the financial statements due to uncertainty of their realisation. The unutilised tax losses and unabsorbed capital allowances are available for offset against future chargeable income.

The unutilised tax losses will expire as follows:

	The Group	
	2019	2018
	RM'000	RM'000
Financial year ending 2025	795	857

The remaining unutilised tax losses of RM12,990,000 (2018: RM10,149,000) arising from a foreign subsidiary have no expiry period.

30. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade payables	15,339	17,796	-	-
Amount due to other related parties (Note 22):				
- trade	722	935	-	-
- non-trade	17	33	-	3
Other payables	16,373	18,362	30	32
	32,451	37,126	30	35

Notes to the Financial Statements

30. TRADE AND OTHER PAYABLES (CONT'D)

Analysis of currency profile of trade and other payables is as follows:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	27,652	28,364	30	35
Chinese Renminbi	2,652	6,459	-	-
United States Dollar	1,732	2,207	-	-
Euro	397	89	-	-
Swiss Franc	9	-	-	-
Singapore Dollar	9	-	-	-
British Pound	-	7	-	-
	32,451	37,126	30	35

Trade payables and the trade portions of amount due to other related parties comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases ranged from 30 to 120 days (2018: 30 to 120 days). The amount owing to other payables comprise amounts outstanding for purchase of plant and machinery and ongoing costs. The amounts owing are unsecured, interest-free and are repayable upon demand.

Included in other payables of the Group is an amount of RM2,444,929 (2018: RM1,904,465) being Sales Tax payable.

Transactions with related parties are disclosed in Note 22.

31. OTHER LIABILITIES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	21,039	19,413	268	267
Deposits received	760	416	-	-
Financial liabilities from foreign currency forward contracts	66	-	-	-
	21,865	19,829	268	267

Included in accrued expenses of the Group is an amount of RM2,830,330 and RM107,946 (2018: RM3,002,692 and RM119,308), being refund liabilities arising from rebates and volume discounts, and right to return given to eligible customers respectively.

Notes to the Financial Statements

32. DIVIDEND

	The Group and The Company	
	2019	**2018**
	RM'000	**RM'000**
First and final dividend paid:		
3.5 sen, single tier, for financial year ended December 31, 2018		
(2018: 5.5 sen, single tier, for financial year ended December 31, 2017)	7,349	11,548

The directors proposed a first and final dividend of 4.5 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. EMPLOYEES' SHARE GRANT PLAN ("SGP")

The Company's SGP was approved by the shareholders of the Company at the Extraordinary General Meeting held on May 30, 2019. The Company granted up to 5% of its issued share capital (excluding treasury shares) to eligible employees and Executive Directors of the Company and its subsidiaries, which are not dormant (collectively referred to as "Eligible Employees") of the Group. The SGP is administered by the SGP Committee and governed by a set of by-laws.

The implementation of SGP would incentivise the Eligible Employees to stay with the Group over a longer term and contribute towards long-term objectives of the Group as well as align their interests to those of the shareholders of the Company. The SGP is expected to achieve the following objectives:

(i) to recognise and reward the Eligible Employees by giving recognition to their contributions and services that are considered vital to the operations, hence motivating the employees to perform in order to create a sustainable growth and profitability of the Group;

(ii) to retain, motivate and reward the Eligible Employees by allowing them to participate in the Group's profitability and eventually realise the value of the SGP Shares upon disposal;

(iii) to align the interest of the employees with that of the shareholders' of the Company through the achievement of long term goals;

(iv) to attract prospective employees with relevant skills and experience to the Group by making the total compensation package more competitive; and

(v) to foster and reinforce a greater sense of loyalty and belonging amongst the Eligible Employees upon vesting of the SGP Shares as they will be able to participate directly in the equity of the Company and thereby the SGP provides an incentive for the SGP Eligible Employees to participate more actively in the operations and future growth of the Group and motivate them to further contribute to the growth and success of the Group.

Notes to the Financial Statements

33. EMPLOYEES' SHARE GRANT PLAN ("SGP") (CONT'D)

The salient features of the SGP are as follows:

1. Maximum number of SGP Shares available under the SGP

   The total number of SGP Shares, which may be made available pursuant to the SGP shall not exceed in aggregate 5% of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the SGP period.

2. Maximum allowable allocation and basis of allocation

   The aggregate maximum number of SGP Shares that may be offered to an Eligible Employees shall be determined by the SGP Committee after taking into consideration, amongst other factors:

   (i) the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the SGP Period relating to the employees' and/ or directors' share issuance schemes;

   (ii) the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the Eligible Employees; and

   (iii) such other matters which the SGP Committee may in its sole discretion deem fit;

   and shall be subject to the following:

   (i) subject to the By-Laws, the aggregate maximum number of SGP Shares that may be allocated to any 1 category and/ or designation of employment of the Eligible Employee(s) shall be determined entirely at the discretion of the SGP Committee;

   (ii) not more than 10% of the aggregate number of SGP Shares to be issued under the SGP shall be allocated to any individual Eligible Employee who, either singly or collectively through persons connected with the Eligible Employee, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any);

   (iii) not more than 80% of the SGP Shares available under the SGP shall be allocated in aggregate to the Eligible Employees who are the directors and senior management of the Group; and

   (iv) no director(s) or Employee(s) shall participate in the deliberation or discussion of their own respective allocations and/ or allocations to persons connected with them under the SGP.

   The SGP is structured based on a performance structure whereby the SGP Shares will only be allotted to the Eligible Employees upon the key targets and goals being met. The Group has allocated the SGP Shares to departments which are crucial and has identified the marketing and sales department as crucial. Nevertheless, The Company also allocated a portion of the SGP Shares to other departments supporting the performance of the Group (e.g. administration department, human resource department and finance department).

   The management also views that the directors and senior management of the Company would play an important role in order to strategise and direct the resources of Spritzer to achieve the key target and goal. As such, the management of Spritzer has decided that up to 80% of the SGP Shares available under the SGP will be allocated to this group of employees. The Directors and Senior Management, who will be the driving force of the Group, will be incentivised by being able to participate directly in the equity of the Company when they manage to meet their respective key target and goals.

Notes to the Financial Statements

33. EMPLOYEES' SHARE GRANT PLAN ("SGP") (CONT'D)

3. Eligibility

An Employee shall be eligible for consideration and selection by the SGP Committee to participate in the SGP if as at the date of award, the employee:

(i) has attained the age of at least 18 years and is not an undischarged bankrupt;

(ii) is in employment within the Group and has not served a notice to resign nor received a notice of termination; and

(iii) is under such categories and criteria that the SGP Committee may from time to time decide at its discretion.

In the case of a director or a chief executive or a major shareholder of the Company and/ or persons connected with them who will be allotted SGP Shares pursuant to the SGP, their specific allotments under the SGP shall be approved by the shareholders of the Company in a general meeting.

Eligibility, however, does not confer an Eligible Employee a claim or right to participate in the SGP unless the SGP Committee has made an offer to the Eligible Employee in the manner as set out in the By-Laws and the Eligible Employee has accepted the offer in accordance with the terms of the offer for the SGP.

4. Duration

The SGP took effect on January 1, 2019 ("Effective Date") and will be in force for a period of 6 years from the Effective Date and may be extended at the discretion of the Board upon the recommendation of the SGP Committee provided that the SGP Period shall not in aggregate exceed the duration of 10 years from the Effective Date or such longer duration as may from time to time be permitted by the relevant authorities.

All SGP Awards shall lapse on the expiry of the SGP Period.

Notwithstanding anything set out in the By-Laws and subject to compliance with the Listing Requirements in relation to the SGP, the Company may terminate the SGP at any time during the SGP Period.

5. Ranking of the SGP Shares

The SGP Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing issued shares, save and except that the new shares will not be entitled to any dividends, rights, allotment and/ or other forms of distribution that may be declared, made or paid to shareholders, for which the entitlement date for the distribution precedes the date of allotment and issuance of the new shares.

6. Retention period

All new shares issued and allotted pursuant to the SGP may be subject to such reasonable retention period or restriction on transfer (if any/ applicable) imposed or determined by the SGP Committee at its discretion. An Eligible Employee may deal with the new shares that are issued and allotted to him/her, after the said new shares have been vested with him/her, in any way he pleases subject to provisions of the By-Laws. However, the Eligible Employees are encouraged to hold the SGP Shares as investments rather than for immediate realisation to yield profit.

Notes to the Financial Statements

33. EMPLOYEES' SHARE GRANT PLAN ("SGP") (CONT'D)

7. Amendments and/or modifications

Subject to the compliance with the Listing Requirements and any other applicable regulatory requirements, the SGP Committee may, at any time and from time to time, recommend to the Board any amendment, variation and/ or modification of the By-Laws as it shall in its discretion, think fit and the Board shall have the power by resolution to add, amend, vary, modify and/ or delete any part of the provisions of the By-Laws upon such recommendation, provided always that no such amendment, variation and/ or modification shall be made which will:

(i) prejudice any rights which have been accrued to any Eligible Employee without his/her prior consent or sanction;

(ii) increase the number of new shares available under the SGP beyond the maximum allowed by the By-Laws; or

(iii) alter any matters which are required to be contained in the By-Laws by virtue of the Listing Requirements to the advantage of any Eligible Employee, without the prior approval of shareholders obtained at a general meeting,

unless allowed otherwise by the provisions of the Listing Requirements.

8. Vesting conditions

The SGP Committee shall, as and when it deems practicable and necessary, review and determine at its own discretion the vesting conditions specified in respect of the SGP Award. The SGP Shares or such part thereof as may be specified in the SGP Award will only vest with the Eligible Employee on the vesting date(s) if the vesting conditions are fully and duly satisfied, which includes, amongst others, the following:

(i) the Eligible Employee must remain an employee as at the vesting date and shall not have given a notice to resign or received a notice of termination as at the vesting date;

(ii) the Eligible Employee has not been adjudicated a bankrupt;

(iii) the Performance Targets are fully and duly satisfied; and/ or

(iv) any other conditions which are determined by the SGP Committee.

9. SGP Award

On November 20, 2019, 10,234,000 shares were granted to the Eligible Employees of the Group under the SGP.

The number of share grants outstanding as of December 31, 2019 is 10,234,000 and none of the share grants are vested.

Notes to the Financial Statements

33. EMPLOYEES' SHARE GRANT PLAN ("SGP") (CONT'D)

9. SGP Award (Cont'd)

The details of share grants awarded to Eligible Employees are as follows:

	No. of share grants over ordinary shares			
	Balance as of 30.9.2019*	**Granted**	**Vested**	**Balance as of 31.12.2019**
Executive Directors	-	3,251,000	-	3,251,000
Key management personnel	-	3,299,000	-	3,299,000
Others	-	3,684,000	-	3,684,000
Total	-	10,234,000	-	10,234,000

* Date of implementation

Fair value of shares granted

The fair value of the share grant is RM2.19 per unit, representing the closing price of Spritzer shares quoted on Bursa Malaysia Securities Berhad on grant date.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Financial assets				
FVTPL:				
Investments in money market funds	54,042	92,815	54,042	92,815
Amortised cost:				
Trade and other receivables	70,318	62,045	-	-
Amount due from subsidiaries	-	-	82,167	44,807
Refundable deposits	566	608	1	1
Fixed deposits, cash and bank balances	17,036	18,343	25	23
Financial liabilities				
FVTPL:				
Financial liabilities from foreign currency forward contracts	66	-	-	-
Amortised cost:				
Trade and other payables	30,006	35,221	30	35
Borrowings	6,173	8,765	-	-
Hire-purchase payables	-	89	-	-
Accrued expenses	21,039	19,413	268	267
Refundable deposits received	679	416	-	-

Notes to the Financial Statements

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

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"), British Pound ("GBP"), Swiss Franc ("CHF") and Hong Kong Dollar ("HKD") and therefore, are exposed to foreign exchange risk. The Group enters into foreign currency forward contracts to manage its exposure against foreign currency fluctuation on foreign receipts and payments.

The carrying amounts of the foreign currency denominated monetary assets and monetary 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, 2019. Therefore, sensitivity analysis for foreign currency exchange risk is not disclosed.

(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 Note 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, 2019. Therefore, interest rate sensitivity analysis is not disclosed.

Notes to the Financial Statements

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(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 has significant concentration of credit risk as 57% (2018: 49%) of its receivable is with a related party.

The Group holds bank guarantees and a personal guarantee to the extent of RM1,368,540 (2018: RM1,062,425) and RM1,267,160 (2018: RM3,231,874) respectively that secures 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, 2019. 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.

In order to minimise credit risk, the Group and the Company have developed and maintained credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group and the Company use other publicly available financial information and its own trading records to rate its major customers and other debtors. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The ageing of trade receivables and amount due from other related parties that are past due are disclosed in Note 21.

Notes to the Financial Statements

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

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 RM6,173,000 (2018: RM8,854,000) representing banking 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.

(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 RM62,326,000 (2018: RM63,577,000) 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.

Notes to the Financial Statements

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Liquidity and cash flow risks (Cont'd)

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 2019	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:				
Investments in money market funds	54,042	-	-	54,042
Trade and other receivables	70,318	-	-	70,318
Refundable deposits	566	-	-	566
Fixed deposits, cash and bank balances	17,038	-	-	17,038
Total undiscounted non-derivative financial assets	141,964	-	-	141,964
Non-derivative financial liabilities:				
Trade and other payables	30,006	-	-	30,006
Refundable deposits received	679	-	-	679
Accrued expenses	21,039	-	-	21,039
Borrowings	5,238	1,203	-	6,441
Total undiscounted non-derivative financial liabilities	56,962	1,203	-	58,165
Net undiscounted non-derivative financial assets/(liabilities)	85,002	(1,203)	-	83,799

Notes to the Financial Statements

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Liquidity and cash flow risks (Cont'd)

The Group 2018	**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:				
Investments in money market funds	92,815	-	-	92,815
Trade and other receivables	62,045	-	-	62,045
Refundable deposits	608	-	-	608
Fixed deposits, cash and bank balances	18,347	-	-	18,347
Total undiscounted non-derivative financial assets	173,815	-	-	173,815
Non-derivative financial liabilities:				
Trade and other payables	35,221	-	-	35,221
Refundable deposits received	416	-	-	416
Accrued expenses	19,413	-	-	19,413
Hire-purchase payables	90	-	-	90
Borrowings	5,827	3,308	-	9,135
Total undiscounted non-derivative financial liabilities	60,967	3,308	-	64,275
Net undiscounted non-derivative financial assets/(liabilities)	112,848	(3,308)	-	109,540
The Company 2019				
Non-derivative financial assets:				
Investments in money market funds	54,042	-	-	54,042
Amount due from subsidiaries	82,167	-	-	82,167
Refundable deposits	1	-	-	1
Fixed deposits, cash and bank balances	25	-	-	25
Total undiscounted non-derivative financial assets	136,235	-	-	136,235
Non-derivative financial liabilities:				
Trade and other payables	30	-	-	30
Accrued expenses	268	-	-	268
Financial guarantee contracts	6,173	-	-	6,173
Total undiscounted non-derivative financial liabilities	6,471	-	-	6,471
Net undiscounted non-derivative financial assets	129,764	-	-	129,764

Notes to the Financial Statements

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Liquidity and cash flow risks (Cont'd)

The Company 2018	**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:				
Investments in money market funds	92,815	-	-	92,815
Amount due from subsidiaries	44,807	-	-	44,807
Refundable deposits	1	-	-	1
Fixed deposits, cash and bank balances	23	-	-	23
Total undiscounted non-derivative financial assets	137,646	-	-	137,646
Non-derivative financial liabilities:				
Trade and other payables	35	-	-	35
Accrued expenses	267	-	-	267
Financial guarantee contracts	8,854	-	-	8,854
Total undiscounted non-derivative financial liabilities	9,156	-	-	9,156
Net undiscounted non-derivative financial assets	128,490	-	-	128,490

The amounts included above for financial guarantee contracts are the maximum amounts of the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterpart to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

The Group 2019	**On demand or within one year RM'000**	**One year to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Gross settled:				
Foreign exchange forward contracts - gross outflows	5,778	-	-	5,778

The Group had not committed to any derivative financial instruments in the previous financial year.

(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 year.

Notes to the Financial Statements

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Capital risk management (Cont'd)

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 Instruments

Fair values of financial assets and financial liabilities at amortised cost

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.

Fair values of financial assets and financial liabilities at fair value on a recurring basis

Some of the Group financial assets are measured at fair value at the end of each reporting period. The following information is about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input used). See Note 3 for categories of fair values.

(a) Investments in money market funds

The fair values of investments in money market funds are included in Level 1 category of the fair value hierarchy in accordance with MFRS 7 *Financial Instruments: Disclosure* and have been determined by reference to quoted bid prices in an active market at the close of the business at the end of the reporting period.

(b) Foreign currency forward contracts

The notional amounts and estimated fair values of the Group's foreign currency forward contracts outstanding at the end of the reporting period are as follows:

The Group	**Contract value**		**Notional value**		**Fair value - Net**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Outstanding contracts denominated in:						
USD	5,778	-	5,712	-	(66)	-

The fair values of foreign currency forward contracts are included in Level 2 category of the fair value hierarchy in accordance with MFRS 7 *Financial Instruments: Disclosure* and have been determined by future cash flows estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates.

Notes to the Financial Statements

35. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Cash purchase	63,591	27,469
Advance payments made in prior year included in deposits	11,773	2,329
Included in other payables	1,494	6,959
	76,858	36,757

(b) 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		**As of**	**Financing**	**As of**
		1.1.2019	**cash flows**	**31.12.2019**
	Note	**RM'000**	**RM'000**	**RM'000**
Hire-purchase payables	27	89	(89)	-
Revolving credits	28	3,181	(180)	3,001
Term loans	28	5,584	(2,412)	3,172
Bankers' acceptances	28	-	-	-

The Group		**As of**	**Financing**	**As of**
		1.1.2018	**cash flows**	**31.12.2018**
	Note	**RM'000**	**RM'000**	**RM'000**
Hire-purchase payables	27	260	(171)	89
Revolving credits	28	2,217	964	3,181
Term loans	28	9,335	(3,751)	5,584
Bankers' acceptances	28	800	(800)	-

(c) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits with licensed banks	5,182	3,477	-	-
Cash and bank balances	11,854	14,866	25	23
	17,036	18,343	25	23
Less : Fixed deposit pledged to a licensed bank	(23)	(22)	-	-
	17,013	18,321	25	23

Notes to the Financial Statements

36. CAPITAL COMMITMENTS

As of December 31, 2019, the Group has the following commitments in respect of property, plant and equipment:

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Approved and contracted for:		
- land and buildings	3,361	20,511
- plant, machinery and equipment	19,748	26,783
	23,109	47,294

37. SUBSEQUENT EVENTS

Subsequent to the financial year end, the following events took place:

(a) On April 15, 2020, the directors of the Company approved an additional investment for new ordinary shares of Spritzer (Hong Kong) Limited ("SPR HK") for a cash consideration of RMB3,000,100 (equivalent to RM1,846,562). The allotment of shares has yet to be completed as of the date of this report and therefore, the amount remained as shares application monies in the financial statements of SPR HK. SPR HK remains a wholly-owned subsidiary of the Company.

(b) On March 11, 2020, the World Health Organization officially declared the outbreak of novel coronavirus ("COVID-19") a pandemic. On March 18, 2020, Malaysia has implemented the Movement Control Order ("MCO") to curb the spread of COVID-19. Economic activities have been severely affected by the pandemic. The Group produces essential goods, therefore all plants continue to operate during the MCO period, although with much smaller workforce and stringent safety measures in place to safeguard the wellbeing of the Group's employees.

The Group's eco-park and mini golf course in Taiping remained closed throughout the MCO period but its retail water shop remains open with much smaller workforce and stringent safety measures in place to safeguard the wellbeing of its customers and employees. Impact of the temporary closure will be minor given that this tourism related segment is insignificant to the Group.

At the date of this report, The Board of Directors ("the Board") has performed preliminary assessment on the impact of COVID-19 on the Group's financial and operating performance and has concluded that it is not yet possible to assess the full impact of COVID-19. However, with the Group's strong fundamentals and the volume leadership in the Malaysian bottled water industry, the directors remain positive that the Group will be able to weather the ongoing headwinds. The Board will closely monitor and continue to assess the impact, which include managing the Group's resources and cashflow prudently, focusing on sustaining revenue and minimising the impact of possible financial loss.

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 requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2019 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,
May 27, 2020

Declaration by the Officer Primarily Responsible

For The Financial Management of the Company

I, 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
SOW YENG CHONG at **IPOH** this 27th day of May, 2020.

Before me,

MR LAM YING WOH
NO.: A 209
COMMISSIONER FOR OATHS

Analysis of Shareholdings

As At June 2, 2020

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	123	7.13	4,877	**
100 to 1,000 shares	306	17.74	183,746	0.09
1,001 to 10,000 shares	992	57.51	3,655,023	1.74
10,001 to 100,000 shares	224	12.99	6,887,738	3.28
100,001 to less than 5% of issued shares	77	4.46	85,356,224	40.65
5% and above of issued shares	3	0.17	113,881,119	54.24
Total	**1,725**	**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")	63,559,629	30.27	-	-
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")	9,514,807	4.53	92,423,891 [a]	44.02
5. Lim Kok Boon ("LKB")	7,000,000	3.33	5,015,899 [b]	2.39
6. Chua Shok Tim @ Chua Siok Hoon ("CSH")	2,138,600	1.02	99,800,098 [c]	47.53
7. Lai Yin Leng ("LYL")	233,333	0.11	11,782,566 [d]	5.61
8. Yee Lee Organization Bhd ("YLO")	-	-	86,371,294 [e]	41.13
9. Unikampar Credit And Leasing Sdn Bhd ("UCL")	-	-	86,371,294 [f]	41.13
10. Uniyelee Sdn Bhd ("UYL")	-	-	86,371,294 [f]	41.13
11. Yeleta Holdings Sdn Bhd ("YH")	-	-	86,371,294 [g]	41.13
12. Young Wei Holdings Sdn Bhd ("YW")	-	-	86,371,294 [h]	41.13
13. Diamond GP Holdings Ltd ("DGP")	-	-	27,387,225 [i]	13.04
14. Dymon Asia Private Equity (S.E. Asia) Ltd ("DAPE")	-	-	27,387,225 [j]	13.04
15. Dymon Asia Capital Ltd ("DAC")	-	-	27,387,225 [k]	13.04
16. Tan Keng Soon	-	-	27,387,225 [k]	13.04
17. Yong Ming Chong	-	-	27,387,225 [l]	13.04

Analysis of Shareholdings

As At June 2, 2020

Notes:

[a] Deemed interest by virtue of his 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 his 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 her 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 her 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 of the Act.

[j] Deemed interest held through DGP pursuant to Section 8 of the Act.

[k] Deemed interest held through DAPE pursuant to Section 8 of the Act.

[l] Deemed interest held through DAC pursuant to Section 8 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	9,514,807	4.53	92,423,891 [a]	44.02
2.	Lim Kok Boon	7,000,000	3.33	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	160,500	0.08	-	-
6.	Nik Mohamad Pena bin Nik Mustapha	1,835,000	0.87	-	-
7.	Mohd Adhan bin Kechik	2,123,965	1.01	-	-
8.	Kuan Khian Leng	-	-	4,680,000 [d]	2.23
9.	Tan Chow Yin	-	-	-	-

Notes:

[a] Deemed interest by virtue of his 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 his 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 his 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 his 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 subsidiary companies to the extent that the Company has interest.

Analysis of Shareholdings

As At June 2, 2020

TOP THIRTY SECURITIES ACCOUNT HOLDERS

	Shareholders	Number of Shares	Percentage
1.	Yee Lee Corporation Bhd	50,338,666	23.97
2.	CGS-CIMB Nominees (Asing) Sdn Bhd Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)	27,509,825	13.10
3.	Yee Lee Holdings Sdn Bhd	22,811,665	10.86
4.	Yee Lee Corporation Bhd	13,220,963	6.30
5.	Lim A Heng @ Lim Kok Cheong	9,514,807	4.53
6.	Lim Kok Boon	7,000,000	3.33
7.	Cartaban Nominees (Asing) Sdn Bhd BBH and Co Boston for Fidelity Low-Priced Stock Fund (PRIN ALLSEC SUB)	5,120,400	2.44
8.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Unique Bay Sdn Bhd (PB)	4,680,000	2.23
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (ABERISLAMIC)	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.	Chuan Sin Resources Sdn Bhd	3,407,000	1.62
13.	AmanahRaya Trustees Berhad Public Strategic Smallcap Fund	3,288,000	1.57
14.	AmanahRaya Trustees Berhad Public Islamic Treasures Growth Fund	2,714,800	1.29
15.	Chua Shok Tim @ Chua Siok Hoon	2,138,600	1.02
16.	Mohd Adhan Bin Kechik	2,123,965	1.01
17.	Nik Mohamad Pena Bin Nik Mustapha	1,835,000	0.87
18.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Apex Dana Al-Sofi-I (ADAS-I) (410325)	1,719,500	0.82
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 (Asing) Sdn Bhd Nomura Singapore Limited for Long Return Investments Limited (418847)	1,496,150	0.71
22.	AmanahRaya Trustees Berhad Public Select Treasures Equity Fund	1,267,200	0.60
23.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Apex Dana Al-Faiz-I (ADAF-I) (410324)	1,262,700	0.60
24.	BT Capital Sdn Bhd	1,175,700	0.56
25.	Lam Sang	1,108,082	0.53
26.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yoong Fui Kien	1,020,000	0.49
27.	Lim Seng Lee	1,000,566	0.48
28.	Cartaban Nominees (Asing) Sdn Bhd BBH and Co Boston for Fidelity Puritan Trust : Fidelity Series Intrinsic Opportunities Fund	1,000,000	0.48
29.	Lee Chung Yau	1,000,000	0.48
30.	Jailani Bin Abdullah	997,375	0.48
	Total	**183,572,964**	**87.43**

List of Properties

As At December 31, 2019

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 13 years	31,386 / 13,380	31,642	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 12 to 25 years Warehouse 21 years Staff quarters 13 to 15 years	212,182 / 38,381	24,920	31.05.2010
Lot No. 454 Pajakan Negeri No. 3176, Lot Nos.1595, 384, 386, 387, 10078, 10079, & (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 12 years Building 4 years	201,673 / 1,689	8,158	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	25 years	1,537 / 669	497	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 26 years Warehouses 7 to 23 years	33,969 / 15,517	11,939	31.05.2010

List of Properties

As At December 31, 2019

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	3 to 24 years	85,720 / 11,265	9,578	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. 2563, 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	36 to 53 years	4,076 / 2,539	2,550	31.12.2019
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	960	31.12.2019
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	26 to 45 years	1,028 / 782	940	31.12.2019
Lot No. 11319 HSM 1854, Lot No. 11320 HSM 1855, Mukim of Tupai, District of Larut & Matang, Perak Darul Ridzuan.	Freehold	Commercial building	11 years	339	890	31.12.2019

List of Properties

As At December 31, 2019

Location	Tenure	Current Use	Approximate Age of Building	Land/Gross Floor Area (sq. metres)	Carrying Amount RM'000	Date of Acquisition* / Valuation
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	22 years	138	322	*02.06.2017
VIDA Bukit Ceylon Unit D-08-01, B2-08-02 & C3-08-03, No. 1D, Jalan Ceylon, 50200 Kuala Lumpur.	Strata title	Vacant office suites	3 years	349	4,153	*01.10.2018

Notice of 27th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh (27th) Annual General Meeting ("AGM") of Spritzer Bhd ("Spritzer" or "Company") will be held at Ground Floor Function Room, Flemington Hotel of No 1, Jalan Samanea Saman, 34000 Taiping, Perak Darul Ridzuan on Tuesday, July 28, 2020 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, 2019 and the Reports of the Directors and Auditors thereon.

   Please refer to Explanatory Note 1

2. To declare a first and final dividend of 4.5 sen per share, under the single tier system, in respect of the financial year ended December 31, 2019. **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) Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP **Resolution 2**
   (ii) Dato' Lim Kok Boon, DPMP **Resolution 3**
   (iii) Lam Sang **Resolution 4**

4. To approve the payment of Directors' fees in respect of the financial year ended December 31, 2019. **Resolution 5**

5. To approve the payment of benefits up to RM760,000 to the Non-Executive Directors from July 29, 2020 until the next AGM of the Company. **Resolution 6**

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

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without modifications:-

Ordinary Resolutions

7. 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 8**

8. Proposed Renewal of Existing Shareholders' Mandate for 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/Statement to Shareholders dated June 29, 2020 subject to the followings:- **Resolution 9**

Notice of 27th Annual General Meeting

(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 earliest.

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."

9. 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 10**

(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

(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:-

Notice of 27th Annual General Meeting

(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."

10. 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, be retained as an Independent Non-Executive Director of the Company." **Resolution 11**

(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, be retained as an Independent Non-Executive Director of the Company." **Resolution 12**

(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 twelve (12) years, be retained as an Independent Non-Executive Director of the Company." **Resolution 13**

Notice of 27th Annual General Meeting

11. 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 DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 4.5 sen per share, under the single tier system, in respect of the financial year ended December 31, 2019, subject to the approval of the shareholders at the 27th AGM will be paid on August 18, 2020 to Depositors whose names appear in the Record of Depositors at the close of business on August 4, 2020.

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 August 4, 2020 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
SSM PC No 202008002172
(MIA 4122)

TAN BOON TING
SSM PC No 202008002254
(MAICSA 7056136)
Company Secretaries

Ipoh, Perak Darul Ridzuan
June 29, 2020

Notice of 27th Annual General Meeting

IMPORTANT NOTICE

The Securities Commission Malaysia ("SC") had on April 18, 2020 (revised on June 11, 2020) issued a Guidance and FAQs on the Conduct of General Meetings for Listed Issuers ("SC Guidance"). The Malaysian National Security Council had on June 16, 2020 issued a Standard Operation Procedures ("SOP") for government and private events, including meetings. Please refer to our Administrative Guide for details, which has incorporated the provisions of the SC.

You are requested to read and adhere to the Administrative Details which can be downloaded from the Company's website or announcement via Bursa Securities' website.

Notes:-

1. **Appointment of Proxy**
   (i) In respect of deposited securities, only Members whose name appears on the Record of Depositors as at July 21, 2020 shall be entitled to attend the Meeting or appoint proxies to attend and/or vote on his behalf.
   (ii) A Member entitled to attend and vote at the 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. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to speak at the Meeting.
   (iii) 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) 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 the corporation's common seal or under the hand of an attorney.
   (v) Where a Member 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.
   (vi) The instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the Meeting at which the person named in the appointment proposes to vote.
      (a) In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
      (b) In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online (applicable to individual shareholders only). Procedures for electronic submission of proxy form can be found in Administrative Guides for the 27th AGM.
   (vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the Resolutions set out in the Notice will be put to vote by poll.

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 27th Annual General Meeting

3. **Explanatory Notes on Special Business**

Ordinary Resolutions

Resolution 8 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016
The proposed Resolution 8, 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 30, 2019 which will lapse at the conclusion of the forthcoming AGM.

Resolution 9 – Proposed Shareholders' Mandate
The proposed Resolution 9, 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 10 – Proposed Renewal of Authority to Purchase its Own Shares
The proposed Resolution 10, 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 11 to 13 – Retention of Independent Non-Executive Directors
The proposed Resolutions 11, 12 and 13 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 three (3) Directors as Independent Non-Executive Directors are set out in the Corporate Governance Overview Statement in this Annual Report. The Board has recommended that the approval of the shareholders be sought via a two-tier voting process for the retention of Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, Dato' Mohd Adhan bin Kechik and Dato' Sri Kuan Khian Leng as the Independent Non-Executive Directors of the Company.

Please refer to the Circular/Statement to Shareholders dated June 29, 2020 for further information on Resolutions 9 and 10.

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.

this page has intentionally left blank

SPRITZER BHD
Registration No 199301010611 (265348-V)
(Incorporated in Malaysia)

FORM OF PROXY

Number of shares held	
CDS Account Number	

I/We, ... Tel: ....
(Full name, NRIC No or Company No)

of ....
(Address)

being a member of **SPRITZER BHD**, hereby appoint:

Full Name (in Block)	NRIC/Passport No	Proportion of Shareholdings	
		No of Shares	%
Address			

* and/or

Full Name (in Block)	NRIC/Passport No	Proportion of Shareholdings	
		No of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as *my/our proxy/proxies to vote for *me/us and on *my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held on Tuesday, July 28, 2020 at 10.30 a.m. at Ground Floor Function Room, Flemington Hotel of No 1, Jalan Samanea Saman, 34000 Taiping, Perak Darul Ridzuan, and at any adjournment thereof, and to vote as indicated below:

RESOLUTION	DESCRIPTIONS	FOR	AGAINST
ORDINARY BUSINESS			
1	To declare a first and final dividend		
2	To re-elect Dato' Lim A Heng @ Lim Kok Cheong as Director		
3	To re-elect Dato' Lim Kok Boon as Director		
4	To re-elect Lam Sang as Director		
5	To approve the payment of Directors' fees		
6	To approve the payment of benefits to Non-Executive Directors from July 29, 2020 until the next AGM of the Company		
7	To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
8	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9	To approve the Proposed Shareholders' Mandate		
10	To approve the Proposed Renewal of Authority to Purchase its Own Shares by Spritzer Bhd		
11	Retention of Dato' Ir Nik Mohamad Pena bin Nik Mustapha as an Independent Non-Executive Director		
12	Retention of Dato' Mohd Adhan Bin Kechik as an Independent Non-Executive Director		
13	Retention of Dato' Sri Kuan Khian Leng as an Independent Non-Executive Director		

* 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, your proxy will vote or abstain from voting at his discretion.

Dated this ______________day of __________________ 2020.

____
Signature^
Member

* Delete whichever is inapplicable
^ Manner of execution:
(a) If you are an individual member, please sign where indicated.
(b) If you are corporate member which has a common seal, this proxy form should be executed under common seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  (i) at least two (2) authorised officers, one (1) of whom shall be a director; or
  (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

(i) In respect of deposited securities, only Members whose name appears on the Record of Depositors as at July 21, 2020 shall be entitled to attend the Meeting or appoint proxies to attend and/or vote on his behalf.

(ii) A Member entitled to attend and vote at the 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. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to speak at the Meeting.

(iii) 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) 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 the corporation's common seal or under the hand of an attorney.

(v) Where a Member 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.

(vi) The instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the Meeting at which the person named in the appointment proposes to vote.

(a) In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(b) In the case of electronic appointment, the proxy form must be deposited via TIIH Online at https://tiih.online (applicable to individual shareholders only). Procedures for electronic submission of proxy form can be found in Administrative Guides for the 27th AGM.

(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 Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Fold here to seal

www.spritzer.com.my

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