



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

**SUMMARY OF PROCEEDINGS OF THE TWENTY-EIGHTH (“28<sup>TH</sup>”) ANNUAL GENERAL MEETING (“AGM”) OF SPRITZER BHD. (“COMPANY”) HELD FULLY VIRTUAL AT THE BROADCAST VENUE AT REGISTERED OFFICE OF LOT, 85, JALAN PORTLAND, TASEK INDUSTRIAL ESTATE, 31400 IPOH, PERAK DARUL RIDZUAN ON THURSDAY, MAY 27, 2021 AT 10.30 A.M.**

## **WELCOME ADDRESS**

Dato’ Lim A Heng @ Lim Kok Cheong as the Chairman of the Company, was in the chair and commenced the proceedings of the 28<sup>th</sup> AGM of the Company. On behalf of the Board of Directors of the Company, the Chairman welcomed all the attendees to the 28<sup>th</sup> AGM. The Chairman informed that due to the recent announcement by the Government on the further extension of Movement Control Order (“MCO”) to curb the spread of the Coronavirus Disease infection in Malaysia and to enable the Company to comply with the MCO’s directive and the MOH’s guidelines, the 28<sup>th</sup> AGM was conducted fully virtual via the Remote Participation and Voting (“RPV”) Facility.

## **QUORUM**

With the requisite quorum being present, the Chairman called the Meeting to order.

## **NOTICE OF MEETING**

The Chairman briefed that the Company had on April 30, 2021 issued notice of the 28<sup>th</sup> AGM and subsequently, due to further extension of the MCO, the Company had sent out second notification in regards to the change on the conduct of the AGM from a physical meeting to fully virtual via the RPV Facility.

With the permission of the Meeting, the Chairman declared the notice of Meeting having been circulated within the prescribed period was taken as read.

## **PROCEEDING OF THE MEETING AND VOTING MANNER**

The Chairman informed that pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Listing Requirements”), all the resolutions set out in the notice of 28<sup>th</sup> AGM would be put to vote by way of poll via RPV Facility.

The Chairman briefed the shareholders and proxies on the flow of the Meeting. The Meeting would go through all the resolutions as set out in the notice of 28<sup>th</sup> AGM follow by questions and answers (“Q&A”) session. Shareholders and proxies are welcomed to raise questions in real time by transmitting question via the Query Box. The Board would endeavour to respond to questions submitted during Q&A session after the conclusion of agenda of the Meeting. If there is time constraint, the responses will be emailed to the respective shareholders at the earliest possible, after the Meeting.

The Chairman also informed that the Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator to conduct the polling process and Asia Securities Sdn. Bhd. as the Independent Scrutineers to verify the poll results. The Chairman then reminded the shareholders and proxies that the voting session was currently available until the closure of the voting session. The results of the poll voting and declaration of resolutions would be reflected on the screen after the Independent Scrutineers have verified the poll results upon the closure of the voting session. A short video clip on the procedure for remote voting via the RPV Facility was then presented to the shareholders and proxies.



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## **AUDITED FINANCIAL STATEMENTS AND REPORTS OF THE DIRECTORS AND AUDITORS**

The Chairman informed that the Audited Financial Statements for the financial year ended December 31, 2020 and the Reports of the Directors and Auditors ("Audited Financial Statements and Reports") were tabled at the AGM for discussion only and does not require a formal approval of shareholders and hence, would not be put for voting.

The Chairman then declared that the Audited Financial Statements and Reports were properly laid before the Meeting in accordance with the requirements of the Companies Act, 2016 ("Act") and has been duly received.

## **RESOLUTIONS 1 TO 13**

The Chairman tabled all the Resolutions 1 to 13 and put to the Meeting for voting after the Q&A session.

## **OTHER MATTERS**

The Company Secretary informed that there was no other business of which due notice had been given in accordance with the Act and the Company's Constitution, the Chairman proceeded to the Q&A Session.

## **QUESTION AND ANSWER SESSION**

Upon tabling of all the resolutions, the Chairman passed the Q&A Session to Mr. Sow Yeng Chong, the Group Financial Controller cum Company Secretary.

Mr. Sow informed that there were some questions received prior to the AGM. He then proceeded to address the questions received prior to the AGM. A copy of the presentation on questions and answers received prior to the AGM is attached herein as Appendix I.

Thereafter, the Group Chief Executive Officer and Group Financial Controller proceeded to address the questions received during the Meeting. The list of questions from the members or proxies and the Company's responses are set out in Appendix II.

## **POLL VOTING SESSION**

After having addressed all the questions raised, the Chairman then proceeded to the polling process and reminded the shareholders and proxies to cast their votes if they have not submitted earlier. The RPV session would be closed at 12.10 noon and the results will be furnished to the Independent Scrutineers for verification and validation before submitting to the Chairman for announcement.



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**POLL RESULTS**

After the Independent Scrutineers had certified the poll results and submitted the poll results to the Chairman, the Chairman called the Meeting to order for the declaration of the poll voting results.

Based on the poll results as verified and validated by the Independent Scrutineers, the Chairman declared all the resolutions tabled at the Meeting as projected on the screen, **CARRIED** as follows:

Resolution	Voted for			Voted Against		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
<b>ORDINARY BUSINESS</b>						
<b>Resolution 1</b> 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, 2020.	98	143,664,394	99.8954	7	150,502	0.1046
<b>Resolution 2</b> To re-elect Chok Hooa @ Chok Yin Fatt, who retiring in accordance with Article 85 of the Company's Constitution.	87	128,370,594	89.3700	16	15,268,802	10.6300
<b>Resolution 3</b> To re-elect Lim Seng Lee, who retiring in accordance with Article 85 of the Company's Constitution.	88	131,761,928	92.2675	15	11,042,402	7.7325
<b>Resolution 4</b> To re-elect Tan Chow Yin, who retiring in accordance with Article 85 of the Company's Constitution.	87	132,760,445	92.3199	16	11,044,402	7.6801



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Resolution	Voted for			Voted Against		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
<b>ORDINARY BUSINESS</b>						
<b>Resolution 5</b> To approve the payment of Directors' fees in respect of the financial year ended December 31, 2020.	82	120,309,525	99.8608	14	167,702	0.1392
<b>Resolution 6</b> To approve the payment of benefits up to RM800,000 to the Non-Executive Directors from May 28, 2021 until the next AGM of the Company.	87	129,419,522	99.8714	14	166,702	0.1286
<b>Resolution 7</b> To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	93	143,651,325	99.8932	11	153,571	0.1068
<b>SPECIAL BUSINESS</b>						
<b>Resolution 8</b> To approve the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	92	143,648,894	99.8848	12	165,702	0.1152
<b>Resolution 9</b> To approve the Proposed Shareholders' Mandate.	85	31,248,780	99.5207	7	150,502	0.4793



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Resolution	Voted for			Voted Against			
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	
<b>SPECIAL BUSINESS</b>							
<b>Resolution 10</b> To approve the proposed renewal of authority to purchase its own shares by Spritzer Bhd.		97	143,663,394	99.8947	8	151,502	0.1053
<b>Resolution 11</b> Retention of Dato' Ir. Nik Mohamad Pena bin Nik Mustapha as an Independent Non-Executive Director.	Tier 1	11	112,471,980	100.0000	0	0	0.0000
	Tier 2	76	18,454,314	62.5614	16	11,043,602	37.4386
<b>Resolution 12</b> Retention of Dato' Mohd Adhan Bin Kechik as an Independent Non-Executive Director.	Tier 1	11	112,471,980	100.0000	0	0	0.0000
	Tier 2	82	29,055,249	89.1304	10	153,702	0.5262
<b>Resolution 13</b> Retention of Dato' Sri Kuan Khian Leng as an Independent Non-Executive Director.	Tier 1	11	112,471,980	100.0000	0	0	0.0000
	Tier 2	84	31,179,414	99.5101	9	153,502	0.4899

**TERMINATION**

There being no further business, the Meeting was concluded at 1.00 p.m. with a vote of thanks to the Chair.



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## Appendix I

### Part 1 - Questions submitted prior to the Annual General Meeting

**1. The Company's cash position has risen to RM23.2 million. Will the Board increase the dividend payout rate for 2021?**

- The RM23.2 million was just our cash balances at end of 2020. We also have about RM81.9 million in the form of cash fund investment. In total, our Group has about RM105 million in the form of cash and cash fund balances at end of 2020.
- As you are also aware, in March 2021, we bought about 1,228 acres of land for RM76 million. After the land purchase and earmarking RM9.5 million as final dividend for year 2020, which will be paid after this AGM if the applicable resolution is approved by our shareholders, we don't have much cash left thereafter. Just about RM19 million left.
- We are actually cautious of the uncertainties ahead caused by the high infection rate of the Covid-19 pandemic. We expect our sales, cash flow and earnings to be affected. So we need to manage our cash resource prudently.
- It's always good to be able to pay higher dividend. But the board needs to consider our cash flow requirement.
- Though we do not have a formal dividend policy, we have been consistently paying annual dividend to our shareholders since we were listed on Bursa Malaysia in September 2000 and we certainly hope that we can continue to do that. For higher dividend payments, we need higher earnings and good cashflow.
- The Board is mindful of the shareholders' expectations.

**2. 2020 sales revenue has been adversely affected by the weak demand due to the closure of restaurants and other F&B outlets. Can the Board share with us the current percentage of sales from on-trade channels (restaurants, bars, hotels, etc)? What was the decline in on-trade sales in 2020? Was there an increase in off-trade sales due to the stay-at-home restrictions in 2020?**

- Our 2020 sales of bottled water were lower by about 17%, comparing with the 2019 sales. Our sales were very much affected by the closure and/or shorter operating hours of most retail outlets and other factors like much reduced travelling, restricted outdoor, sporting and social activities and most of all, the consumers' sentiments.
- Bottled water is still mostly consumed "out-of-home" so the "stay-at-home" restrictions affected our sales badly. We have much higher off-trade sales than on-trade sales and we believe that is also the industry norm. Our sales to HORECA outlets have not been significant even before Covid-19 and of course such sales were also lower in 2020.
- We observed that some consumers opted for lower priced bottled water products in 2020. We also noticed the neighbourhood convenience stores were enjoying good sales when our movements were restricted.
- Our online sales had also gone up, naturally. But the online sales of bottled water were not as good as the online sales of other consumer goods simply because bottled water is very heavy and bulky and involves proportionately higher delivery cost.
- Year 2020 is certainly a bad year for our sales. We think this is the first year we experienced lower annual sales since we started producing bottled water way back in 1989.
- With the current high Covid-19 infection rate, year 2021 doesn't look very much better.



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## **Appendix I**

**3. The Company recorded trading losses RM1.74 million in the Trading segment (Annual Report Note 6 Segment Reporting). Were these losses due to the operations in China? What actions are being undertaken to improve the business performance in China?**

- Yes, the trading loss of RM1.7 million was due to our operations in Guangzhou, China. As you are aware, China is the first country affected by Covid-19. They also have lock-down and that affected business and other operations.
- Our sales performance in Guangzhou has been improving gradually since we started our business operations there, back in 2016. Sad to say, we have been incurring losses for the past few years.
- It takes a lot of marketing and branding efforts and reasonable time in order to gain market acceptance especially in such competitive market like the Guangzhou market. But we believe once we have gained a foothold in Guangzhou, we will be adequately rewarded as Guangzhou offers good potential for our natural mineral water products.
- With our continued marketing, branding and distribution efforts, we are approaching the end of the tunnel and seeing the light soon. If we are fortunate, we may still incur a small loss in 2021. And we believe things will get much better in 2022 and thereafter.

**4. The Company has earmarked 1,227.6 acres of land at Bukit Gantang for the future expansion of an additional mineral water plant. Can the Board provide a timeline for this expansion? How much is the expected expanded capacity?**

- We have just signed the agreement in March 2021 for the purchase of land at a cost of RM76 million. We need approval from relevant authority to be able to complete the transaction. The completion of the transaction will probably be end of this year or early next year.
- We like its strategic location, its accessibility and the surrounding infrastructure. We are in no hurry to put up the mineral water plant there as our existing three bottled water plants have very comfortable capacities to satisfy the current market demand. The purchase is very much for future expansion and growth. As market leader, we need to ensure our supply chain is secured, not only in the short term but also in the much longer term.
- Looking at the current demand of bottled water and our existing capacity, we are unlikely to set up the new plant in the near term or in the next 2 years.

**5. Can the Board provide some colour on the intended activities of Spritzer Development Sdn Bhd? Does the Company intend to undertake property development projects? If so has the Board identified any such projects?**

- We incorporated Spritzer Development Sdn Bhd in January this year. It's a 100% owned subsidiary. The company is currently dormant.
- The intended activities of Spritzer Development Sdn Bhd are property development, investment holding and commercial trading.
- The Group has some pieces of landed properties which are near to commercial and housing areas and may have good potential for development. We may start doing that when the timing is right.
- We are currently doing some preliminary assessment and study. We have limited experience in this area and it's likely that we may work with some interested parties to kick start the property development project.



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## Appendix II

### Part 2 - Questions submitted during the Annual General Meeting

#### 1. Why there is always insufficient stock in the market?

- This could be due to consumers' panic buying, travel restriction within an area, stringent restriction on shop operation hours during different stage of lockdown period throughout Malaysia.
- Company will take note on stock replenishment issue.

#### 2. The Group's capex in FY2020 of RM26.2 million was spent on new production line in Shah Alam plant and 2 pieces of land at Yong Peng (page 9 of Annual Report 2020).

- (a) What is the breakdown of the RM26.2 million for the above 2 investments?  
(b) What is the rationale of purchasing 6.5 acres of land in Yong Peng which is a very large area to expand the existing plant?

(a) As stated in our Annual Report 2020, the amount of RM26.2 million consists mainly the purchase of a new production line for our Shah Alam plant and the acquisition of two additional pieces of land measuring 6.5 acres located within the vicinity of our mineral water plant in Yong Peng.

(b) Yong Peng plant is a small plant about 10-12 acres initially and now expands to over 20 acres for water source protection and water source availability. It is one of the requirements of Ministry of Health Malaysia whereby we have to own 200 metres radius of land surrounding the water source.

#### 3. Page 8 of the Annual Report 2020 mentioned that lower revenue is partly due to the lower average selling price. What causes the lower average selling price? Did our company lower the product price? Or, our premium products are losing market share?

- In year 2020 during MCO period, some consumers opted for lower priced bottled water products. We also noticed the neighbourhood convenience stores were enjoying good sales when our movements were restricted as they offered lower selling price products.
- We did not lower our selling price, there are some issues on Spritzer brand sales volume. But it is not too alarming.

#### 4. The income from Other Investments for FY2020 amounted to RM1.294 million which is only an average return of 1.58% based on the value of Other Investments of RM81.936 million as at 31 Dec 2020. What are the reason(s) for such low average returns as the returns for FY2019 was about 4%.

The income from Other Investments was generated from cash fund investment. The average return was lower due to the dropping of Overnight Policy Rate set by Bank Negara Malaysia.





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## Appendix II

- 5. In FY2020, shareholders only received a total of RM9.5 million as dividends, while directors received a total of RM14.4 million in remuneration, how is this fair? Please consider paying shareholders at least in equal amount, so that it is fair to all shareholders.**

The total remuneration received by the Directors for financial year ended 31<sup>st</sup> December 2020 is actually RM7.5 million as stated in our audited financial statements, which is lower than year 2019 of RM8.4 million, although the Group generated higher profit in year 2020.

- 6. Hope the board of directors will give us faithful shareholders shopping vouchers or food vouchers in this unprecedented time.**

The Company noted that door gift/food voucher was distributed in the past physical AGM. There is no door gift/food voucher to be distributed to shareholders this year as this is a fully virtual meeting and it is inconvenient to give door gift/food voucher online.

- 7. Spritzer already has the biggest market share in bottled water in Malaysia. Has the company been exploring whether it can replicate its successful business model in other countries like China by way of joint-venture or collaborations?**

- Spritzer invested in Guangzhou, China since 3 years ago and the business starts to have improvement now. Besides, we are considering to build Spritzer brand in Singapore.
- Spritzer is cautiously studying the possibility of different business models and constantly looking on the opportunities who can collaborate with in the Southeast Asia.

- 8. What measure does management takes to ensure continuous growth? The Group does maintained an impressive profit, although the revenue has decreased by RM65.927 million.**

- Sales of Spritzer drop in tandem with the market size which affected by Covid-19 pandemic.
- Management has taken the following measures to ensure continuous growth:-
  - (i) Spritzer has come out with household subscription model, i.e. order our water via online platform;
  - (ii) We have applied for incentives from government on investment of Industry 4.0 to streamline the production process to be more automated and to get rid of inefficiency protocol.



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## **Appendix II**

### **9. What is Spritzer market share in domestic market, pre-Covid-19 and now?**

- Spritzer is maintaining its market share in bottle water. Whole market volume of bottled water drops 20%, but Spritzer's volume drops 17% only.
- Consequence from the different stages of MCO throughout the year, consumers are more focusing on household consumption. Spritzer has offered a lot of promotion such as riders' deliveries to household to maintain our brands and products' volumes.

### **10. Does Spritzer provide OEM services to 3<sup>rd</sup> party brands? How many brands in the domestic market under such OEM services?**

Spritzer primarily focuses on own brand and very cautious on providing OEM services. Nevertheless, Spritzer has business strategy with MESRA, SHELL and AEON.

### **11. Are we looking into implementation of blockchain in the business operations?**

The Management currently does not have planning on implementation of blockchain in the business operations as the business model of Spritzer very straightforward and does not require to have blockchain for our business now.