

INFORMATION MEMORANDUM

FOR RESTRICTED CIRCULATION ONLY



ASTRAMINA GROUP BERHAD

Company No.: 201901002673 (1311999-P)
(Incorporated in Malaysia under the Companies Act 2016)

PROPOSED LISTING BY WAY OF INTRODUCTION OF THE ENTIRE ISSUED SHARE CAPITAL OF
ASTRAMINA GROUP BERHAD ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

APPROVED ADVISER
AND CONTINUING ADVISER



DWA Advisory Sdn Bhd
Company No.: 201301002419 (1032257-D)

FINANCIAL ADVISER



Astramina Advisory Sdn Bhd
Company No.: 200801009417 (810705-K)

This Information Memorandum is dated 8 November 2019

IMPORTANT INFORMATION

IMPORTANT NOTICE

All defined terms used in this Information Memorandum are defined under “Definitions” and “Glossary of Technical Terms”.

RESPONSIBILITY STATEMENTS

The Board and Promoters of our Company have seen and approved this Information Memorandum. They collectively and individually accept full responsibility for the accuracy of all the information and statements contained in this Information Memorandum. Having made all reasonable enquiries, and to the best of their knowledge, information and belief, they confirm that there are no false or misleading statements or other material facts, which, if omitted, would make any statement in this Information Memorandum false or misleading.

DWA Advisory, being the Approved Adviser and Continuing Adviser and Astramina Advisory, being the Financial Adviser to our Proposed Listing acknowledge that, based on all available information, and to the best of their knowledge, this Information Memorandum constitutes a full and true disclosure of all material facts concerning the Proposed Listing.

STATEMENTS OF DISCLAIMER

This Information Memorandum has been drawn up in accordance with the Listing Requirements for the Proposed Listing, and is not a prospectus and has not been registered, nor will it be registered as a prospectus under the CMSA.

This Information Memorandum has been prepared in the context of securities offering under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

A copy of this Information Memorandum has been deposited with the SC.

The SC and Bursa Securities take no responsibility for the contents of this Information Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Information Memorandum. The SC and Bursa Securities do not make any assessment on the suitability, viability or prospects of our Group. Investors are expected to make their own assessment on our Group or seek appropriate advice before making their investment decisions. The Approved Adviser has assessed the suitability of our Company for admission to the LEAP Market as per the Listing Requirements.

An application has been made to Bursa Securities for the admission of our Company and the listing of and quotation for the entire ordinary share capital of our Company on the LEAP Market. Approval from Bursa Securities of the same is not an indication of the merits of our Proposed Listing, our Company or our Shares. This Information Memorandum can be viewed or downloaded from Bursa Securities’ website at www.bursamalaysia.com.

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY THE LISTED CORPORATION. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITOR, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.

IMPORTANT INFORMATION

THIS INFORMATION MEMORANDUM IS PUBLISHED IN CONNECTION WITH THE LISTING BY WAY OF INTRODUCTION OF ASTRA ON THE LEAP MARKET OF BURSA SECURITIES AND TO PROVIDE INFORMATION ON OUR GROUP. IT DOES NOT CONSTITUTE AN OFFER OF, NOR IS IT PUBLISHED TO INVITE OFFERS FOR, ORDINARY SHARES OR OTHER SECURITIES OF ASTRA.

THERE ARE CERTAIN RISK FACTORS WHICH SOPHISTICATED INVESTORS SHOULD CONSIDER. PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 7 OF THIS INFORMATION MEMORANDUM.

Sophisticated Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws and regulations including any statement in this Information Memorandum that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Information Memorandum. This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of our Shares is not and should not be construed as a recommendation by us and/or the Approved Adviser to subscribe for or purchase our Shares.

The purpose of this Information Memorandum is to provide information on the business and affairs of our Group. This Information Memorandum is not a substitute for and should not be regarded as an independent evaluation and analysis and does not purport to be all inclusive. Each Investor should perform and is deemed to have made its own independent investigation, assess the merits and risks of the investment and analysis of our Company and all other relevant matters.

THIS INFORMATION MEMORANDUM, IF FURNISHED TO YOU, IS STRICTLY FOR YOUR OWN USE AND IS NOT TO BE CIRCULATED TO ANY OTHER PARTY. INFORMATION IN THIS DOCUMENT IS SUBJECT TO CHANGE FROM TIME TO TIME AS WE, DWA ADVISORY AND/OR ASTRAMINA ADVISORY SHALL DEEM FIT.

THIS INFORMATION MEMORANDUM IS ISSUED FOR INFORMATION PURPOSES ONLY. NO OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF OUR SHARES WILL BE MADE ON THE BASIS OF THIS INFORMATION MEMORANDUM. NO NEW ORDINARY SHARES WILL BE ALLOTTED TO AND ISSUED IN CONNECTION WITH, OR PURSUANT TO THIS INFORMATION MEMORANDUM.

WE, DWA ADVISORY AND/OR ASTRAMINA ADVISORY DO NOT ASSUME ANY FIDUCIARY RESPONSIBILITIES OR LIABILITY FOR ANY CONSEQUENCES, FINANCIAL OR OTHERWISE, ARISING FROM THE INVESTMENT IN OUR SHARES.

MODE OF COMMUNICATION

In accordance with our Constitution, we may send notices and documents to our securities holders (“**Holders**”) by electronic means to the Holders’ registered email address last maintained with either our Company Secretaries or Bursa Malaysia Depository Sdn Bhd (“**Bursa Depository**”), as the case may be. Our Holders have a right to request for a hard copy of such notices and documents should they wish to do so. In such event, we will forward a hard copy of the notices and documents to the Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to the Holders’ registered Malaysian address last maintained with either our Company Secretaries or Bursa Depository, as the case may be, at their own risk.

We may also publish notices and documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders through the following by way of:

- ordinary mail;
- electronic means to the Holders’ registered email address;
- advertisements in an English or Bahasa Malaysia daily newspaper in Malaysia; and/or
- announcements on Bursa Securities.

IMPORTANT INFORMATION

TERMS AND CONDITIONS BINDING ALL HOLDERS

By accepting this Information Memorandum, you agree and undertake to be bound by the following terms and conditions:

- (i) This Information Memorandum is issued by our Company and distributed by us and DWA Advisory as our Approved Adviser. The distribution of this Information Memorandum shall be in paper/printed copy and/or electronic copy, upon request by Holders, free of charge. This Information Memorandum is distributed to Holders for information purposes only and upon the express understanding that such Holders will use it only for the purposes set forth below.
- (ii) The information contained in this Information Memorandum, including any statement or fact or opinion is solely for information purposes only. No offer for subscription or purchase of, or invitation to subscribe for or purchase of securities will be made on the basis of this Information Memorandum.
- (iii) You are solely responsible for your investment decision and are advised to seek independent financial, legal, tax or such other professional advice at your own cost and expense when making your independent appraisal, assessment, review and evaluation of our business, financial position, financial performance and prospects, the rights and obligations attaching to our Shares, the merits of investing in our Shares, and the extent of the risk involved in doing so.
- (iv) This Information Memorandum may include certain statements provided by us or on our behalf with respect to the anticipated future performance of our Group. These statements, although believed to be reasonable, are based on estimates and assumptions made by us that are subject to risks and uncertainties that may cause actual events and our future results to be materially different from that expected or indicated by such statements or estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by us or DWA Advisory that our plans and strategies as disclosed herein will be achieved.
- (v) Any document in relation to our Proposed Listing published or issued from time to time after the date hereof shall be deemed to form part of this Information Memorandum.
- (vi) You shall not copy, reproduce, distribute, summarise, excerpt from, publicly refer to or pass on any part of this Information Memorandum to any person at any time without the prior written consent of DWA Advisory. You shall at all times keep confidential all information contained herein or any other information relating to our Proposed Listing, whether written, oral or in a visual or an electronic form, transmitted or made available to you.
- (vii) Neither the receipt of this Information Memorandum by any Holders nor any information made available in connection with our Proposed Listing is to be taken as constituting the giving of investment advice by DWA Advisory. DWA Advisory shall not advise you on the merits or risks of our Proposed Listing.
- (viii) This Information Memorandum will not be distributed in any jurisdiction outside Malaysia except in accordance with the legal requirements applicable in such jurisdiction. No Holders in any jurisdiction outside Malaysia may take any action upon this Information Memorandum if, in the relevant jurisdiction, such action cannot be taken by the Holders without contravention of any relevant legal requirements. It is the sole responsibility of any Holders wishing to take any action upon this Information Memorandum to satisfy themselves as to the full observance of the law of the relevant jurisdiction and/or Malaysia in connection therewith, including without limitation, the receipt of our Shares or cash payment upon the sale of our Shares by the Holders, the repatriation of any money by the Holders out of Malaysia, the obtaining of any governmental, exchange control or other consents which may be required, and the payment of any tax or duty due in such jurisdiction. Such Holders shall

IMPORTANT INFORMATION

be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and we, DWA Advisory shall be entitled to be fully indemnified by such Holders for any tax or payment as the recipient may be required to pay.

- (ix) This Information Memorandum had not been made and will not be made to ensure that our Proposed Listing complies with the laws of any jurisdiction other than Malaysia. We and DWA Advisory shall not accept any responsibility or liability in the event that any action taken by any recipient in any jurisdiction outside Malaysia is or shall become illegal, unenforceable, voidable or void in such jurisdiction. Such Holders shall therefore immediately consult their professional advisers in relation to the observance of the relevant legal requirements and shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and shall keep us and DWA Advisory fully indemnified for the payment of such taxes or payments.

PRIVACY NOTICE

The Personal Data Protection Act 2010 (“**PDPA**”) was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us.

Consequently, please be informed that the personal data and other information (collectively, “**Personal Data**”) that you provide will be used and processed by us in connection with our Proposed Listing only (“**Purpose**”), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be disclosed to our advisers who provide services to us. Save for the foregoing, your Personal Data will not be knowingly transferred to any other 3rd party.

Without prejudice to the terms and conditions of our Proposed Listing as contained in this Information Memorandum, you may at any time hereafter make inquiries, complaints and, upon payment of a prescribed fee, request in writing for access to, or correction of, your Personal Data or limit the processing of your Personal Data (as described above) by submitting such request to the following:

Postal Address: **Astramina Group Berhad**
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of your Personal Data in the manner described above.

This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

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DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following words and abbreviations shall apply throughout this Information Memorandum and shall have the meanings as set out below:

“Absolute Ace”	:	Absolute Ace Sdn Bhd Company No.: 201701039580 (1253752-H)
“Act”	:	Companies Act 2016, as amended from time to time including any re-enactment thereof
“Acquisition of ASB”	:	Acquisition of 2,000,000 ordinary shares of ASB for a purchase consideration of RM12,915,001 satisfied via the issuance of 129,150,010 Shares to the Vendors of ASB at an issue price of RM0.10 each, pursuant to the share sale agreement dated 28 January 2019 between the Company and Vendors of ASB which was completed on 15 May 2019.
“Acquisition of SSSB”	:	Acquisition of 1,000,000 ordinary shares of SSSB for a purchase consideration of RM11,501,230 satisfied via the issuance of 115,012,300 Shares to the Vendors of SSSB at an issue price of RM0.10 each, pursuant to the share sale agreement dated 28 January 2019 between the Company and Vendors of SSSB which was completed on 15 May 2019.
“ASB”	:	Astramina Sdn Bhd Company No.: 199701004316 (419812-X)
“ASEAN”	:	Association of Southeast Asian Nations
“ASTRA” or the “Company”	:	Astramina Group Berhad Company No.: 201901002673 (1311999-P)
“Astramina Advisory”	:	Astramina Advisory Sdn Bhd Company No.: 200801009417 (810705-K)
“Astramina Asset”	:	Astramina Asset Management Sdn Bhd Company No.: 199601026255 (398607-W)
“Astramina Capital”	:	Astramina Capital Sdn Bhd Company No.: 200801021318 (822633-D)
“ASTRA Group” or the “Group”	:	ASTRA and its subsidiaries, individually and collectively
“Board”	:	Board of directors of ASTRA
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd Company No.: 198701006854 (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad Company No.: 200301033577 (635998-W)
“CAGR”	:	Compound annual growth rate
“CMSA”	:	Capital Markets and Services Act 2007
“Constitution”	:	Constitution of our Company
“CPA”	:	Certified Practising Accountant

DEFINITIONS

“CHF”	:	Swiss Franc, the currency of Switzerland
“DBKL”	:	Dewan Bandaraya Kuala Lumpur
“DWA Advisory”	:	DWA Advisory Sdn Bhd Company No.: 201301002419 (1032257-D)
“Embun Muda”	:	Embun Muda Sdn Bhd Company No.: 201701034539 (1248710-D)
“EPS”	:	Earnings per Share
“FPE”	:	Financial period(s) ended/ending, as the case may be
“FYE”	:	Financial year(s) ended/ending, as the case may be
“g”	:	Gram
“Givaudan”	:	Givaudan Singapore Pte Ltd (Company No.: 199203766D)
“GP”	:	Gross profit
“IMR Report”	:	Independent market research report on the seasonings and food ingredients industries in Malaysia and Asia Pacific dated 31 October 2019 prepared by Providence Strategic Partners Sdn Bhd
“Information Memorandum”	:	This information memorandum dated 8 November 2019 in relation to our Proposed Listing by way of introduction
“JAKIM”	:	Jabatan Kemajuan Islam Malaysia
“Kepong Factory No. 98”	:	All that piece of industrial leasehold land held under PN26764, Lot 54863, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 168 sq m, with a one and a half storey factory building bearing the postal address of No. 98, Jalan Metro Perdana Barat 13, Sri Edaran Industrial Park, Off Jalan Kepong, 52100 Kuala Lumpur
“Kepong Factory No. 100”	:	All that piece of industrial leasehold land held under PN26765, Lot 54862, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 167 sq m, with a one and half storey terrace factory bearing the postal address of No. 100, Jalan Metro Perdana Barat 13, Sri Edaran Industrial Park, Off Jalan Kepong 52100 Kuala Lumpur
“Kepong Factory No. 102”	:	All that piece of industrial leasehold land held under PN26766, Lot 54861, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 167 sq m, with a one and a half storey factory building bearing the postal address of No. 102, Jalan Metro Perdana Barat 13, Sri Edaran Industrial Park, Off Jalan Kepong, 52100 Kuala Lumpur
“kg”	:	Kilogramme
“LEAP Market”	:	Leading Entrepreneur Accelerator Platform Market of Bursa Securities
“Listing Reference Price”	:	The reference price of our Shares upon our listing on the LEAP Market of Bursa Securities

DEFINITIONS

“Listing Requirements”	:	LEAP Market Listing Requirements of Bursa Securities
“LPD”	:	15 October 2019, being the latest practicable date prior to the date of this Information Memorandum
“MRS”	:	Manufacturing related services
“MITI”	:	Ministry of International Trade and Industry of Malaysia
“Moody International”	:	Moody International Certification Ltd.
“NA”	:	Net assets
“Official List”	:	A list specifying all securities listed on Bursa Securities
“OBM”	:	Original Brand Manufacturer
“ODM”	:	Original Design Manufacturer
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“Promoters”	:	Tan Sri Dato’ Wong See Wah, Dato’ Foo Chi Ching and Datin Wong Muh Rong, collectively
“Proposed Listing”	:	Proposed admission to the Official List and the listing of and quotation for our entire share capital of RM30,856,331 comprising 272,163,310 Shares on the LEAP Market of Bursa Securities
“Pre-Listing Investors”	:	12 employees of the Group, 4 former employees of the Group, 5 employees of a company outside the Group owned by the Promoters and 3 business associates, collectively, who subscribed to 28,000,000 Shares at the subscription price of RM0.23 per Share
“Public”	:	All persons other than directors of our Group, our substantial shareholders and persons associated with them, as defined in the Listing Requirements
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively, the currency of Malaysia
“Savory Specialities”	:	Savory Specialities Sdn Bhd Company No.: 200801024340 (825664-P)
“SC”	:	Securities Commission Malaysia
“Sendayan TechValley Land”	:	All that 2 pieces of industrial freehold lots in Sendayan TechValley held under HS(D) 215219 PT 11655 and HS(D) 215220 PT 11656 both in Bandar Sri Sendayan, District of Seremban, State of Negeri Sembilan, Malaysia measuring a total area of approximately 14,165 sq m
“sq m”	:	Square metre
“Share(s)”	:	Ordinary share(s) in ASTRA
“SME”	:	Small and medium enterprises

DEFINITIONS

“SME Corporation”	:	Small and Medium Industries Development Corporation Malaysia
“Sophisticated Investors”	:	Investors who fall within Part 1 of Schedule 7 of the CMSA
“SSSB”	:	Seasonings Specialities Sdn Bhd Company No.: 199701003452 (418948-T)
“Synthite”	:	Synthite Industries Ltd (Company No.: U24299KL 1970PTC002294)
“USD”	:	United States Dollar, the currency of the United States of America
“Vendors of ASB”	:	Tan Sri Dato’ Wong See Wah and Dato’ Foo Chi Ching
“Vendors of SSSB”	:	Dato’ Foo Chi Ching and Datin Wong Muh Rong

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GLOSSARY OF TECHNICAL TERMS

The glossary contains an explanation of certain terms used throughout this Information Memorandum in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms.

"BBQ"	:	Barbeque
"FQSMS"	:	Food Quality and Safety Management System
"FSSC 22000"	:	Food Safety System Certification is globally accepted effective food safety and management system in ensuring food safety throughout the food chain. It is a certification issued by Intertek Certification Limited, a multinational assurance, inspection, product testing and certification company headquartered in London, United Kingdom.
"GMP"	:	Good manufacturing practices are the practices to ensure that the seasoning products are consistently manufactured and controlled according to quality standards. It is a certification issued by the Ministry of Health of Malaysia.
"HACCP"	:	Hazard Analysis and Critical Control Point is an international recognised food safety system that focuses on preventing and eliminating food safety hazards. It is a certification issued by the Ministry of Health of Malaysia.
"HDC"	:	Halal Industry Development Corporation is an agency under the Ministry of Economic Affairs of Malaysia. It coordinates the overall development of Halal Industry in Malaysia.
"MeSTI"	:	Skim Pensijilan Makanan Selamat Tanggungjawab Industri is a certification issued by Food Safety and Quality Division of Ministry of Health of Malaysia to food industry which complies with the legal requirements.
"MSG"	:	Monosodium glutamate, a flavour enhancer which is added to processed food
"Oleoresin"	:	A natural or artificial mixture of essential oils and resin

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INDICATIVE TIMETABLE OF PRINCIPAL EVENTS

The indicative timing of events leading to the listing of and quotation for our entire share capital on the LEAP Market is set out below:

Events	Tentative dates
Date of Information Memorandum	November 2019
Listing of our Company on the LEAP Market	December 2019*

* *Subject to receipt of approval-in-principle from Bursa Securities for our Proposed Listing.*

The dates are tentative and are subject to changes which may be necessary to facilitate the implementation of our Proposed Listing procedures. An announcement for the key relevant dates will be made after obtaining Bursa Securities' approval-in-principle for our Proposed Listing.

PRESENTATION OF INFORMATION

All references to "our Company" in this Information Memorandum are to Astramina Group Berhad, while references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to "Management" are to our Executive Directors and our key management personnel as disclosed in this Information Memorandum, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include companies and corporations.

Any reference to provisions of statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

Any reference to dates and times shall be a reference to dates and times in Malaysia.

In this Information Memorandum, any discrepancies between the amounts listed and the totals in tables are due to rounding.

FORWARD-LOOKING STATEMENTS

This Information Memorandum contains forward-looking statements, which include all statements other than those of historical facts including, amongst others, those regarding our expected financial position, business strategies, plans, prospects and objectives of our Management for future operations. These statements can be identified by forward-looking terminology terms such as "anticipate", "believe", "could", "estimate", "expect", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "will" and "would" or similar words. These forward-looking statements, including but not limited to statements as to our Group's revenue and profitability, prospects, future plans, expected industry trends and other matters discussed in this Information Memorandum regarding matters that are not historic facts, are only predictions.

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These forward-looking statements involve known and unknown risks, uncertainties and other factors beyond our control that could cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, amongst others:

- changes in the political, social and economic conditions and the regulatory environment in Malaysia and other countries in which we conduct business; and
- changes in currency exchange rates, our future capital needs and the availability of financing and capital to fund such needs.

Some of these factors are discussed in more detail in Section 7 of this Information Memorandum.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. As such, we cannot assure you that the forward-looking statements in this Information Memorandum will be realised.

These forward-looking statements are based on information available to us as at the date of this Information Memorandum. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any responsibility to update any of these forward-looking statements or publicly announce any revisions to these forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS : Tan Sri Dato' Wong See Wah
Non-Independent Non-Executive Chairman

Dato' Foo Chi Ching
Group Managing Director

Datin Wong Muh Rong
Non-Independent Non-Executive Director

REGISTERED OFFICE : Unit 30-01, Level 30, Tower A
Vertical Business Suite
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Malaysia

Telephone : +603 2783 9191
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PRINCIPAL PLACE OF BUSINESS** : No. 102, Jalan Metro Perdana Barat 13
Sri Edaran Industrial Park
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Facsimile : +603 6251 7499
Email: customerservice@astramina.com
customerservice@seasonings.com.my
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**APPROVED ADVISER AND
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LISTING SOUGHT : LEAP Market

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1. INFORMATION OF OUR GROUP

1.1 Our Company

ASTRA was incorporated in Malaysia on 22 January 2019 under the Act as a private limited company under the name Astramina Group Sdn Bhd. Subsequently, it was converted into a public limited company under the name Astramina Group Berhad on 17 July 2019 to carry out the Proposed Listing.

Our principal activity is investment holding while our subsidiaries, namely SSSB and ASB, are principally involved in the manufacturing and selling of food ingredients, and trading of food ingredients, respectively.

1.2 Our Group Structure

Our Group structure as at the date of this Information Memorandum is as follows:



In conjunction with, and as an integral part of the Proposed Listing, on 28 January 2019, we had entered into conditional share sale agreements with the Vendors of SSSB and Vendors of ASB to acquire the entire equity interest in SSSB and ASB, respectively. The acquisition of these subsidiaries was completed on 15 May 2019. The details of the acquisition are as follows:

(i) Acquisition of SSSB

Acquisition of 1,000,000 ordinary shares of SSSB for a purchase consideration of RM11,501,230 after taking into consideration the audited NA of SSSB as at 28 February 2018 of RM11,501,230. The purchase consideration for the acquisition of SSSB was satisfied via the issuance of 115,012,300 Shares to the Vendors of SSSB at an issue price of RM0.10 each.

Vendors	No. of shares acquired	% of share capital in SSSB	Purchase consideration (RM)	No. of new Shares issued
Dato' Foo Chi Ching	680,000	68.00	7,820,836	78,208,364
Datin Wong Muh Rong	320,000	32.00	3,680,394	36,803,936
Total	1,000,000	100.00	11,501,230	115,012,300

(ii) Acquisition of ASB

Acquisition of 2,000,000 ordinary shares of ASB for a purchase consideration of RM12,915,001 after taking into consideration the audited NA of ASB as at 28 February 2018 of RM12,915,001. The purchase consideration for the acquisition of ASB was satisfied via the issuance of 129,150,010 Shares to the Vendors of ASB at an issue price of RM0.10 each.

1. INFORMATION OF OUR GROUP

Vendors	No. of shares acquired	% of share capital in ASB	Purchase consideration (RM)	No. of new Shares issued
Tan Sri Dato' Wong See Wah	970,000	48.50	6,263,775	62,637,755
Dato' Foo Chi Ching	1,030,000	51.50	6,651,225	66,512,255
Total	2,000,000	100.00	12,915,001⁽ⁱ⁾	129,150,010

Note:

(i) The figures for the total purchase consideration are rounded off.

1.3 Share Capital of ASTRA

As at the LPD, the issued share capital of ASTRA is RM30,856,331, comprising 272,163,310 Shares.

Details of the changes in our issued share capital since incorporation up to the LPD are as follows:

Date of Allotment	Number of Shares Allotted	Cumulative No. of Shares	Consideration	Cumulative Issued Share Capital (RM)
22 January 2019	1,000	1,000	Cash	100
27 March 2019	115,012,300	115,013,300	Cash ⁽ⁱ⁾	11,501,330
27 March 2019	129,150,010	244,163,310	Cash ⁽ⁱⁱ⁾	24,416,331
2 July 2019	28,000,000	272,163,310	Cash ⁽ⁱⁱⁱ⁾	30,856,331

Notes:

(i) Pursuant to the issuance of 115,012,300 Shares in relation to the Acquisition of SSSB.

(ii) Pursuant to the issuance of 129,150,010 Shares in relation to the Acquisition of ASB.

(iii) Pursuant to the subscription of 28,000,000 Shares by the Pre-Listing Investors.

1.4 Our Subsidiaries

As at the LPD, the details of our subsidiaries are summarised as follows:

Name	Date and Country of Incorporation	Issued Share Capital	Our Company's Effective Interest	Principal Activities
SSSB	29 January 1997 Malaysia	RM1,000,000	100.00%	Manufacturing and selling of food ingredients
ASB	18 February 1997 Malaysia	RM2,000,000	100.00%	Trading of food ingredients

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1. INFORMATION OF OUR GROUP

As at the LPD, we do not have any associate company. Further details of our subsidiaries are set out below:

1.4.1 SSSB

(i) History and business

SSSB was incorporated in Malaysia on 29 January 1997 under the Companies Act, 1965 as a private limited company under the name of Seasonings Specialities Sdn Bhd and is deemed registered under the Act.

SSSB is principally engaged in the manufacturing and selling of food ingredients. SSSB offers a wide range of seasoning products for various food industry segments including, amongst others, snacks, sauces, instant food, processed meats, processed seafood and vegetarian food for domestic and foreign markets.

(ii) Share Capital

SSSB is a wholly-owned subsidiary of our Company. The issued share capital of SSSB is RM1,000,000 comprising 1,000,000 ordinary shares.

There has been no change in the issued share capital of SSSB for the past 3 years preceding the LPD.

(iii) Directors

The directors of SSSB as at the LPD are Tan Sri Dato' Wong See Wah, Dato' Foo Chi Ching and Datin Wong Muh Rong.

(iv) Subsidiary and associate company

As at the LPD, SSSB does not have any subsidiary and/or associate company.

1.4.2 ASB

(i) History and business

ASB was incorporated in Malaysia on 18 February 1997 under the Companies Act, 1965 as a private limited company under the name Astramina Sdn Bhd and is deemed registered under the Act.

ASB is principally engaged in the trading of food ingredients. ASB offers a variety of food ingredients including, amongst others, flavour, oleoresins and natural colours for domestic market.

(ii) Share Capital

ASB is a wholly-owned subsidiary of our Company. The issued share capital of ASB is RM2,000,000 comprising 2,000,000 ordinary shares.

There has been no change in the issued share capital of ASB for the past 3 years preceding the LPD.

1. INFORMATION OF OUR GROUP

(iii) Directors

The directors of ASB as at the LPD are Tan Sri Dato' Wong See Wah, Dato' Foo Chi Ching and Datin Wong Muh Rong.

(iv) Subsidiary and associate company

As at the LPD, ASB does not have any subsidiary and/or associate company.

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2. BUSINESS OVERVIEW

2.1 Our Background and History

ASTRA was incorporated in Malaysia under the Act as a private limited company on 22 January 2019 under the name Astramina Group Sdn Bhd. On 17 July 2019, ASTRA was converted into a public limited company under the name Astramina Group Berhad to facilitate the listing of our Group on the LEAP Market.

ASTRA's principal activity is investment holding, whilst our subsidiaries, namely SSSB and ASB, are principally involved in the manufacturing and selling of food ingredients, and trading of food ingredients, respectively. The history of our Group can be traced back to 1997 when SSSB and ASB were incorporated.

In 1997, SSSB first commenced business in a rented premise of Kepong Factory No. 102, where SSSB was involved in the manufacturing and selling of seasoning products for snacks and processed seafood industry segment. Seasoning products are a well-balanced mixture of various food ingredients which contribute top, mid and base notes with the purpose of enhancing the eventual food flavour.

Subsequently, due to the rising demand of seasoning products from different sectors, our management expanded our range of seasoning products to cater for larger market segments. As at the LPD, our seasoning products are categorised based on our distribution to different customer segments which include processed meats, processed seafood producers, snacks producers, food and beverage operators, sauce producers and traders, resellers as well as agents.

Positioning ourselves as OBM and ODM, SSSB has the ability to customise seasoning products to meet different customers' needs. As at the LPD, SSSB manufactures and supplies more than 150 types of seasoning products under our brand 'Seasonings Specialities'. Our signature seasoning products under this brand include, among others, Anchovy Seasonings, Chicken Seasonings, MSG Replacers and Seafood Seasonings.

In 2011, we recognised the demand for seasoning products particularly chicken seasonings from food service industry in Singapore. We began to explore opportunities to export seasoning products under our own brand, namely Seasonings Specialities, to foreign markets through SSSB. With more than 150 variety of seasoning products, SSSB managed to establish its presence in the domestic and foreign markets. As at the LPD, we export our seasoning products to 8 countries, namely Singapore, South Korea, Sri Lanka, Bangladesh, Pakistan, Indonesia, Myanmar and China.

ASB was incorporated in 1997, where it was initially involved in the trading of food ingredients such as MSG and Disodium 5' - Ribonucleotide. Food ingredient is any substance or raw material that is added to a food to achieve a desired effect. Subsequently in 1998, ASB became the marketing agent for the distribution of SSSB's seasoning products including, inter alia, Chicken Seasonings, Meat Seasonings and Seafood Seasonings. In 2003, ASB was appointed as the official flavour distributor of Givaudan for domestic market in Malaysia.⁽ⁱ⁾ Givaudan is an affiliate of Givaudan SA, a Swiss company which is one of the world leaders in the manufacturing of food flavours and fragrances. The product portfolio that we source from Givaudan includes food flavours used in beverages, dairy, sweet goods and savoury products. With that, we managed to diversify our offerings of food ingredients and further mark our position in Malaysia. Givaudan offers flavour compounds for use in confectionery, beverages, savoury, snacks, sweet goods, dairy products, food service, tobaccos, health, and wellness products. Its global presence is well noted in more than 100 locations, spanning from Europe, Africa and the Middle East, North America, Latin America and Asia Pacific.⁽ⁱⁱ⁾

In 2009, ASB expanded its product range by becoming the distributor for Synthite⁽ⁱⁱⁱ⁾, a company based in Kochi, India. Synthite is a manufacturer of spice extracts, natural spice powder, oleoresin and natural food colours.^(iv) Leveraging on Synthite's certified quality on food ingredients, wide variety of product offerings and the diversified applications of food ingredients in beverages, sweet and savoury products, we are able to expand our market presence with new food ingredients in the food industry. Subsequently in 2015, ASB focused on the trading of food ingredients while SSSB started its distribution of seasoning products. As at the LPD, all the food ingredients which are traded by ASB are supplied by third-party suppliers.

2. BUSINESS OVERVIEW

In view of the growth of our business operations, in 2013, we purchased Kepong Factory No. 102, the premise which we rented when we first commenced our business. In the same year, we also purchased the factory building adjacent to it, namely Kepong Factory No. 98. In 2017, we further expanded our operations by acquiring another factory building, Kepong Factory No. 100, which is adjacent to our headquarters and production factory. As at the LPD, our headquarters and production factory operate in Kepong Factory No. 102 while our warehouse is at Kepong Factory No. 100. As at the LPD, we are not carrying out any business and manufacturing activities at Kepong Factory No.98. However, the Company intends to manufacture seasoning products made of animal fats in Kepong Factory No.98, which is expected to commence by June 2020.

On 28 January 2019, to facilitate our Proposed Listing and as part of our internal restructuring, the Company acquired the entire equity interest in SSSB for a purchase consideration of RM11,501,230, after taking into consideration the audited NA of SSSB as at 28 February 2018 of RM11,501,230, which was fully satisfied via the issuance of 115,012,300 new Shares in our Company. On the same date, the Company also acquired the entire equity interest in ASB for a purchase consideration of RM12,915,001, after taking into consideration the audited NA of ASB as at 28 February 2018 of RM12,915,001, which was fully satisfied via the issuance of 129,150,010 new Shares in our Company.

Notes:

- (i) *In 2003, ASB established business relationship with Givaudan and was appointed as the official distributor of flavour ingredients in Malaysia (excluding Johor). Subsequently in December 2017, an extended agreement was entered into between ASB and Givaudan to extend the appointment of ASB as the official distributor of flavour ingredients in Malaysia (excluding Johor as well as Labuan, Sarawak and Sabah). The distribution of Givaudan's products to these states are served by other 3rd party distributors appointed by Givaudan.*
- (ii) *Source of information from Givaudan's website: www.givaudan.com*
- (iii) *In 2009, ASB established business relationship with Synthite and entered into an exclusive agent agreement with Synthite for the distribution of Synthite's products in Malaysia.*
- (iv) *Source of information from Synthite's website: www.synthite.com*

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2. BUSINESS OVERVIEW

2.2 Key Achievements and Milestones

Our operations and key achievements since its inception, are as follows:

Year	Operation and Business Development of ASTRA Group
1997	<ul style="list-style-type: none"> SSSB was incorporated and it commenced the business in manufacturing and selling of food ingredients, which is predominantly the seasoning products under 'Seasonings Specialities'. ASB was incorporated to venture into the trading of food ingredients.
2003	<ul style="list-style-type: none"> ASB established business relationship with Givaudan and was appointed as the official distributor of flavour ingredients in Malaysia (excluding Johor)⁽ⁱ⁾.
2004	<ul style="list-style-type: none"> SSSB was awarded with HALAL Certificate of Authentication from JAKIM.
2006	<ul style="list-style-type: none"> SSSB obtained 5S certification under the Quality Environment Management System from the National Productivity Corporation.
2007	<ul style="list-style-type: none"> SSSB obtained ISO 22000:2005 from Moody International. SSSB obtained ISO 9001:2000 from Moody International. ASB obtained ISO 9001:2000 from Moody International.
2008	<ul style="list-style-type: none"> SSSB achieved 3-star rating under the SME Competitiveness Rating for Enhancement from SME Corporation. SSSB obtained ISO 9001:2008 which includes the Requirements of Operational HACCP Specification MI-H02 from Moody International.
2009	<ul style="list-style-type: none"> ASB was appointed by Synthite as the distributor of oleoresins and natural colours.
2010	<ul style="list-style-type: none"> SSSB was awarded with "SME 100 Malaysia's fast-moving companies" by SME Entrepreneurship Magazine, Malaysia.
2011	<ul style="list-style-type: none"> SSSB was certified as Malaysian Brand Certification Scheme by SME Corporation and SIRIM QAS International Sdn Bhd. SSSB was awarded with HDC Focused Companies 2011 – 2012 by HDC.
2013	<ul style="list-style-type: none"> SSSB obtained MeSTI Certificate from Ministry of Health of Malaysia. SSSB purchased Kepong Factory No. 102 and Kepong Factory No. 98.
2015	<ul style="list-style-type: none"> SSSB achieved 4-star rating under the SME Competitiveness Rating for Enhancement (Manufacturing & MRS) from SME Corporation.
2016	<ul style="list-style-type: none"> SSSB obtained HACCP Certificate from the Ministry of Health of Malaysia.

2. BUSINESS OVERVIEW

Year	Operation and Business Development of ASTRA Group
2017	<ul style="list-style-type: none"> SSSB obtained FSSC 22000 from Intertek Certification Limited. SSSB purchased Kepong Factory No. 100.
2019	<ul style="list-style-type: none"> SSSB had on 3 May 2019 entered into a conditional sale and purchase agreement with Menteri Besar Negeri Sembilan (PEMERBADANAN) and BSS Development Sdn Bhd to purchase the Sendayan TechValley Land. The acquisition of the land is expected to complete in the first quarter of 2020. SSSB achieved 5-star rating under the SME Competitiveness Rating for Enhancement (Manufacturing & MRS) from SME Corporation.

Note:

(i) In December 2017, an extended agreement was entered into between ASB and Givaudan to extend the appointment of ASB as the official distributor of flavour ingredients in Malaysia (excluding Johor as well as Labuan, Sarawak and Sabah).

2.3 Our Principal Activities and Business Model

Our Group's principal activities and business model are summarised below:



Our Group is principally involved in the manufacturing and selling of food ingredients, which mainly encompasses seasoning products, and trading of food ingredients. SSSB manufactures the seasoning products, mainly under our brand 'Seasonings Specialities' while ASB trades food ingredients that we source from third-party suppliers. For the FYE 28 February 2019, SSSB and ASB contributed 58.69% and 41.31% to the overall revenue of the Group, respectively. Further details of our products are set out in Section 2.4 of this Information Memorandum.

2.4 Our Business and Products

Our principal activities are categorised as follows:

2.4.1 Manufacturing and Selling of Food Ingredients

Through SSSB, our Group is involved in manufacturing and selling of food ingredients, which is predominantly our own seasoning products under the brand name of 'Seasonings Specialities'. Seasoning products are a well-balanced mixture of various food ingredients which contribute top, mid and base notes with the purpose of enhancing the eventual food flavour.

2. BUSINESS OVERVIEW

As at the LPD, we have approximately 150 variety of seasoning products that are used in various food processing industries, for both domestic and foreign markets. The following table sets out some of the major seasoning products manufactured and distributed by our Group to our end customers.

No	Examples of Major Seasoning Products	Segment of Customers			
		Processed Meat/ Processed Seafood Industry Producers	Snack Producers	Food and Beverage ("F&B") Operators/ Sauce Producers	Traders/ Resellers/ Agents
1.	Anchovy Seasonings	✓		✓	✓
2.	BBQ Seasonings	✓	✓		
3.	Brown Sauce Mix			✓	
4.	Chicken Mushroom Seasonings				✓
5.	Chicken Seasonings	✓	✓	✓	✓
6.	Crab Seasonings	✓			
7.	Curry Seasonings		✓		✓
8.	Curry Soup Seasonings				✓
9.	Fish Seasonings	✓		✓	
10.	Flavour Enhancers	✓		✓	✓
11.	Flounder Fish Seasonings			✓	✓
12.	Fried Noodles Seasonings			✓	✓
13.	Grilled Meat Seasonings	✓		✓	✓
14.	Meat Seasonings	✓		✓	✓
15.	MSG Replacers				✓
16.	Prawn Seasonings	✓			✓
17.	Sambal Balado Seasonings		✓		
18.	Seafood Enhancers	✓		✓	
19.	Seafood Seasonings	✓			✓
20.	Sweet Corn Seasonings		✓		
21.	Tomato Seasonings		✓	✓	✓
22.	Vegetable Seasonings		✓	✓	✓
23.	Vegetarian Food Seasonings			✓	✓

Our seasoning products are directly distributed to our end users which are mainly the producers of the processed meat/processed seafood, snack and sauce as well as the F&B operators. F&B operators include restaurants, caterers, hawkers, café and food and beverage outlets. These producers and F&B operators will undertake subsequent processing of our seasoning products, prior to the distribution of the end products to their respective end customers. We also supply our seasoning products to traders, resellers and agents, who will distribute our seasoning products with or without rebranding to their respective end customers.

2. BUSINESS OVERVIEW

2.4.2 Trading of Food Ingredients

Through ASB, our Group is involved in the trading of food ingredients which we source from other third-party food ingredients suppliers. Food ingredient is a substance or raw material that is added to food to achieve a desired effect. The example of food ingredients are flavours, oleoresins and natural colours.

Whilst ASB mainly distributes food ingredients from Givaudan and Synthite, it also sources food ingredients from other suppliers, where necessary, to meet the market demands. ASB has distributed food ingredients to various industries in Malaysia including pharmaceutical, savoury, bakery, confectionery, beverage and other retailers. As at the LPD, ASB distributes approximately 133 types of food ingredients with variety of flavours and oleoresins in Malaysia.

Our Group distributes food ingredients to 2 categories of customers, as set out below:

- (i) manufacturers who undertake subsequent food processing or product manufacturing process prior to retailing to end customers ("**Direct Distribution**"); and
- (ii) traders, resellers and agents for reselling and trading purposes wherein the food ingredients will be sold to other manufacturers or end customers ("**Indirect Distribution**").

The table below set outs some of the examples of food ingredients distributed by our Group:

No	Category	Examples of Food Ingredients	Usage
<u>Direct Distribution</u>			
1.	Pharmaceutical	Flavours	Orally consumed products such as syrups, chewable tablets, suspensions.
2.	Savoury	Flavours, Oleoresins	Meats and meat related products, convenience food, spice blends.
3.	Bakery/ Confectionery	Flavours, Natural Colours	Bread, cakes, cookies, candy bars, fruit candies, lollipops, chocolates, cream biscuits.
4.	Beverage	Flavours	Soft drinks, carbonated drinks, fruit juices, sports drinks.
<u>Indirect Distribution</u>			
5.	Traders/ Resellers/ Agents	Flavours, Oleoresins, Natural Colours	Various usages

2.5 Our Location of Operations

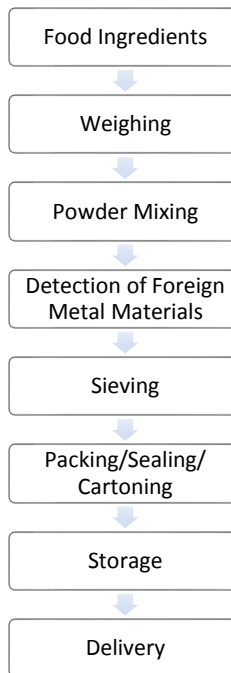
Our Group currently operates from our owned properties in Kepong, Kuala Lumpur. Details of the properties owned by our Group are set out in Section 2.14 of this Information Memorandum.

2. BUSINESS OVERVIEW

2.6 Our Process Flow





2.6.1 Manufacturing and Selling of Food Ingredients

The general process flow for the manufacturing and selling of food ingredients, which mainly encompasses seasoning products under the brand name of ‘Seasonings Specialities’ is depicted below:



Our Manufacturing and Selling Process	
(i)	 <p><u>Food Ingredients</u></p> <p>The purchasing department will order the required food ingredients used for manufacturing of the seasoning products. The food ingredients are any food substances or raw materials which include, inter alia, sugar, salt, palm oil, flavour enhancers (e.g. MSG), food flavourings, oleoresins and spices. Upon receiving the food ingredients, our production staff will check and ensure the correct food ingredients are received in accordance with the approved purchase order on the batch production record.</p>
(ii)	 <p><u>Weighing</u></p> <p>To begin the manufacturing process, the production staff will weigh the required food ingredients according to the predetermined formula. The required proportions of food ingredients will then be dispensed into a mixer machine while the unused portion of food ingredients are properly capped or tied up for storage in our stores.</p>

2. BUSINESS OVERVIEW

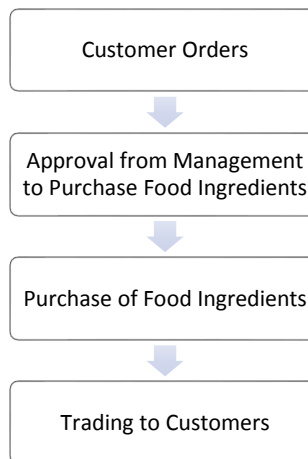
Our Manufacturing and Selling Process	
(iii)	 <p><u>Powder Mixing</u></p> <p>At this stage, the required food ingredients are mixed together in the mixer machine with a pre-set mixing speed and time. The mixer machine can blend and produce all categories of seasoning products. The mixing speed and time is determined based on the type of powder-based seasoning products being manufactured. In general, the mixing process for 400kg of seasoning products will take approximately 10 to 15 minutes.</p>
(iv)	  <p><u>Detection of Foreign Metal Materials and Sieving</u></p> <p>The blended seasoning products are then transferred from the mixer machine to the metal detector. The metal detector is used to detect any foreign metal materials (i.e. metal pieces) to ensure foreign metal materials are not mixed with the seasoning products. Thereafter, the production staffs will use the vibro separator to sieve the bigger uneven compounds to ensure the consistency of our seasoning products.</p>
(v)	 <p><u>Packing/ Sealing/ Cartoning</u></p> <p>Upon the sieving process, the production staffs will collect samples for the Quality Control (“QC”) personnel to conduct QC checks on the seasoning products. With the approval from the QC personnel, the end seasoning products will then be weighed and packed in either 1kg aluminium foil or 25kg plastic bags. The production staff will then seal the packed seasoning products with pneumatic sealer or impulse sealer prior to packing in cartons.</p>

2. BUSINESS OVERVIEW

Our Manufacturing and Selling Process	
(vi)	 <p><u>Storage and Delivery to Customers</u></p> <p>Packed products are then transferred to the distribution centre for storage and/or delivery to customers. The packed seasoning products will be delivered to the customers upon receiving valid purchase orders for our seasoning products.</p>

2.6.2 Trading of Food Ingredients

The general process flow for trading of food ingredients is depicted below:



The process of trading of food ingredients involves our purchasing department ordering the required food ingredients from the suppliers and reselling them to our customers.

First, our customers will send their purchase orders of food ingredients to ASB. Upon receiving the purchase orders, our management team will assess the customers’ purchases, length of business relationship with our Group, amount of food ingredients to be purchased and history of credit terms with the customers.

Thereafter, our sales team will obtain approvals from the management in order to place orders from our suppliers for the required food ingredients. We will assess the suitability of our suppliers in supplying the food ingredients before we place the orders. Once we have received the food ingredients in our factory, our sales team will arrange for the delivery of the food ingredients to our customers.

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2. BUSINESS OVERVIEW

2.7 Our Quality Control and Assurance

As a seasoning products manufacturer certified with HACCP issued by the Ministry of Health of Malaysia, our Group always strives to maintain a high-quality level of food safety in our seasoning products. Backed by a team of experienced and passionate food professionals who share the objectives and values of the Group in terms of food safety, our Group observes the requirements prescribed in the HACCP. We emphasise the importance of QC throughout the manufacturing process and ensure its importance is communicated across all levels of staffs.

As such, we prioritise food safety in our manufacturing process by implementing an effective food safety management system to meet the requirements stipulated in the framework of FSSC 22000.

(i) Food Ingredients Control

We emphasise stringent quality control in all stages of the manufacturing process. Our adherence to high level of quality control starts with the monitoring and checking of food ingredients. Our management team will conduct evaluation on our food ingredients suppliers in order to ensure that they are sourced from trustworthy and reliable parties.

All food ingredients supplied to our Group will undergo QC inspections before the manufacturing works begin. This process includes the following:

- physical and sensory evaluations such as physical appearance and colour;
- sensory evaluations on taste and aroma; and
- laboratory analysis such as moisture content and pH tests.

The laboratory data will be compared to our reference sample for the final check. We practice both First in, First Out and First Expire, First Use approaches in our inventory management to ensure the validity and quality of the food ingredients.

(ii) In-process Monitoring Control

As part of our continuous commitment to QC assurance, we adopt the following standards in the in-process monitoring control:

GMP/HACCP	:	To ensure the seasoning products are consistently manufactured and controlled according to quality standards.
FSSC 22000	:	To ensure our compliance of food production with the framework stipulated in FSSC 22000 when managing the food safety and quality.
5S (Quality Environment Management System)	:	To ensure the efficiency in manufacturing process without compromising the quality and consumption safety of seasoning products.

Our in-process monitoring controls include the following:

- foreign materials detection by having built-in metal detector and mesh sieves;
- proper and tight sealing of our seasoning products packaging to ensure the product integrity by maintaining low moisture content to safeguard the shelf life of our seasoning products; and

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- temperature and humidity control of our processing areas to ensure that the areas are maintained in the desired processing environment to preserve the shelf life of our seasoning products.

(iii) Packaging of Seasoning Products

We pack our seasoning products in either bulk packaging of 20kg, 25kg or loose packing size ranging from 500g or 1kg. The finished seasoning products are sealed tightly to ensure product integrity.

(iv) End Products Control

The final inspection step will be conducted prior to delivery of our seasoning products to the customers. The following QC tests are carried out by our QC personnel:

- pH and moisture content test;
- microbiological assessment and heavy metal analysis;
- laboratory test; and
- physical test.

2.8 Our Product Development

We understand the importance of keeping abreast on the industry developments and the ever-changing needs of our customers. As such, the food technologists in our Company work closely with the marketing personnel to understand the market demands better. We have earmarked approximately 2.00% of the Group's revenue as our product development expenses.

Our knowledge and familiarity with food ingredients enable us to produce new seasoning products by matching the sample provided by the customer to obtain similar taste and flavour profile. As the flavours of seasoning products are customised based on customers reference samples prior to the development of new flavours, we will benchmark our existing seasoning products with the reference samples provided by our customers to understand their preferences in order to meet their specific taste requirements.

We have the ability to customise and formulate new seasoning products in accordance with the customers' requirements or reference samples, by performing taste preferences tests using different types of food ingredients while keeping the cost of production competitive. Where necessary, we will modify the formula of our existing seasoning products to meet the customers' required taste preferences. With the development of seasoning products with different flavours, our food technologists will profile the customers' taste preferences for future references.

2.9 Our Competitive Advantages and Key Strengths

Our competitive advantages and key strengths are set out below:

2.9.1 Our certifications and accreditations

Our Group's good standard of practice is evidenced by the recognition of our seasoning products from several certification bodies. Firstly, in ensuring the quality of our seasoning products, our Group abides by the Malaysian Food Act 1983 and Food Regulations 1985 in the manufacturing process. Second, in ensuring our compliance to the food safety and legal regulations in relation to the food industry, our Group has obtained the HACCP and MeSTI certifications and we adhere to the requirements stipulated in these food safety assurance programme.

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In addition, our seasoning products are certified with the Halal status by JAKIM. This serves as an assurance for Muslim customers that our seasoning products are certified Halal and in compliance with the Islamic practices.

Our Company is also certified under FSSC 22000. FSSC 22000 offers certification program for the auditing and certification of food safety management systems, and food safety and quality management systems. As a certified FSSC 22000 company, we are required to comply with the FSSC requirements at its highest food safety standards and we are subject to annual audit by auditors from the FSSC certification body. With the abovementioned accreditations and certifications as well as the certificates as stated in Section 2.19 of this Information Memorandum, our Group would be able to establish consumers' confidence in our seasoning products.

2.9.2 Our experienced management team

Our Group is managed by an experienced management team led by Dato' Foo Chi Ching, our Group Managing Director, who has 24 years of working experience in the seasonings industry.

He is supported by the management team, who collectively, have exposure across a broad spectrum of business activities, including sales and marketing, business operations and finance. Our key management personnel are as follows:

Name	Designation	Total number of years of working experience
Teng Woei Jiunn	Export Sales Manager	9
Goh Sim Cheng	Technical Manager	30
Loh Kah Sing	Product Manager	15
Kuan Yen Tuo	Finance and Administration Manager	19
Loo Siew Ling	Flavour Manager	12

Since commencement of business, we have established our reputation in the seasonings industry through our management's experience, expertise and their ability to provide quality products and customer service. The experience and expertise of our management team enable us to sustain our future growth and improve the overall financial performance of our Group. Please refer to Section 3.2 of this Information Memorandum for further details on the profiles of our Directors and key management personnel.

2.9.3 Our strategic tie-up with established food ingredient manufacturers

Our strategic tie-up with international food ingredient manufacturers such as Givaudan allows us to gain recognition in the market. We are appointed as the official flavour distributor of Givaudan in Malaysia (excluding Johor, Sabah, Sarawak and Labuan). Our contract with Givaudan is for an indefinite period unless terminated by either party at any time by giving prior written notice of 3 months. The appointment as an official flavour distributor for Givaudan in Malaysia allows us to focus on building our client base through promotional activities, as we are backed by an established international food ingredient manufacturer with the capability to supply inventories in bulk quantity.

We have entered into an exclusive agent agreement with Synthite, an international food ingredient manufacturer for the distribution of Synthite's products in Malaysia. The agreement with Synthite is renewed automatically on a yearly basis unless otherwise terminated in accordance with the terms of the agreement. In addition to Givaudan and Synthite, we have also established good relationship with other food ingredients suppliers to meet the market demands in flavours.

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The collaborations with these internationally recognised manufacturers help to improve our credibility and reputation within the industry. When we are approached by new customers who are seeking for specific food ingredients, our Group has the competitive advantages in term of variety, quality and the brands of the food ingredients.

2.9.4 Our in-house product development activities

Our in-house product development activities provide us a platform to expand our product range and allow our Group to continuously develop new seasoning products in order to meet customers' demands. With our product development facilities, we are able to perform tests and evaluation on the applicability of our seasoning products. This adds value to enhancing the taste and variety of our seasoning products to meet market demands. In addition, with the facilities of our in-house laboratory, we are able to undertake product development activities that enable our Group to respond faster to the changing customer preferences and new market trends.

With our Group's in-house laboratory facilities, our food technologists can perform test on the reference samples provided by our customers. The availability of our past records enables us to match with the existing seasoning products that we have recorded. Our food technologists will further profile the taste and flavours preferences, which will give us an indication on the market trends.

Our Group's technical know-how provides us manufacturing flexibility in customising the formulation of seasoning products which allows us to meet our customers' requirements within a short period of time. In addition, we always adhere to stringent process guidelines to ensure the QC of the production while innovating on new seasoning products.

2.9.5 Our wide distribution networks

We have established a wide distribution network with the seasoning products distributors in foreign countries to establish our products presence globally and to meet the demands from various customer segments. We distribute our seasoning products through several key distributors from Singapore, South Korea, Sri Lanka, Bangladesh, Pakistan, Indonesia, Myanmar and China.

The seasoning products are distributed by our customers, who are mainly the food producers and intermediaries. They will undertake subsequent food processing prior to the distribution of end food products to their respective consumers. In order to expand our market segments, we travel to foreign countries to promote our seasoning products, to widen our distribution networks, and to maintain good relationship with our existing key distributors.

2.9.6 Our strategy as OBM and ODM

We position ourselves as OBM and ODM in the market. As an OBM, our Group undertakes the planning, manufacturing and marketing of our own brand of seasoning products. With the ability to manufacture seasoning products in large volume, we are able to distribute our seasoning products under our own brand 'Seasonings Specialities'. As at the LPD, we have more than 150 variety of seasoning products registered under this trademark.

As an ODM, our Group undertakes the customisation of seasoning products based on the preferences and flavours required by third party resellers, traders and agents, who mostly comprises seasoning products distributors. Subsequent to the customisation of manufacturing services provided by our Group, these third-party resellers, traders and agents will distribute the seasoning products under their own respective brands.

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As an ODM, our manufacturing flexibility enables us to customise and modify the seasoning products based on the flavour requirements of the customers. This gives us competitive advantages to diversify our revenue stream, particularly when other seasoning products distributors approach us for the manufacturing of specified seasoning products. The third-party resellers, traders and agents will distribute our seasonings products by rebranding the seasoning products to their respective end customers.

2.9.7 Our brand loyalty through long-term business relationship

With the distribution via business-to-business channel, our Group is able to maintain long-term business relationship with our existing customers as the brand familiarity has been developed over time. This enables us to generate recurrent business revenue from a number of loyal customers. Through long-term value creation in our business, we are able to create our brand loyalty among our customers who have developed an average of 10 years business relationship with us.

2.10 Our Sales and Marketing Strategies

Our sales and marketing strategies are as follows:

(i) Distribution networks

We have established a wide distribution network with seasoning products distributors based in foreign countries. We sell our seasoning products through several key distributors from Singapore, South Korea, Sri Lanka, Bangladesh, Pakistan, Indonesia, Myanmar and China. With a wide distribution network, we are able to distribute our seasoning products to foreign market and establish our presence outside Malaysia.

(ii) Referrals

We have established long-term business relationships with our customers through the delivery of our quality solutions and services. We have secured new customers through referrals from our existing customers. We will continue to cultivate long-term business relationship with our customers by regularly obtaining feedback on our seasoning products to understand the consumer preferences better.

(iii) Exhibitions

We gain international exposure through participation in industry exhibitions and seminars to gain new customers. We participated in the SNACKEX International Trade Fair & Conference 2017 that was held in Vienna, Austria in 2017 and SNACKEX International Trade Fair Conference 2019 that was held in Barcelona, Spain in 2019. SNACKEX is a global sourcing event for the savoury snacks business. SNACKEX gathers industry players in the demand and supply chain and provides unique opportunity for us to buy, sell and interact with the top management and key decision-makers in the savoury snacks business.

(iv) Corporate website

We have established our own corporate website at www.seasonings.com.my which provides information on our Group and details of our seasoning products and food ingredients.

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2.11 Our Business Strategies and Future Plans

Our business strategies and future plans are as follows:

(i) Increase our manufacturing capacity

According to the IMR Report, the processed food manufacturing industry in Malaysia, based on manufacturing sales value, increased from RM18.50 billion in 2010 to RM34.50 billion in 2018 at a CAGR of 8.10%. The manufacturing of bakery products and snacks in Malaysia, measured by the sales value, increased from RM2.10 billion in 2010 to RM6.90 billion in 2018 at a CAGR of 16.0%. Between 2010 and 2018, the pharmaceutical industry in Malaysia, based on pharmaceutical sales of prescription and over the counter drugs, increased from RM5.00 billion to RM9.80 billion, recording a CAGR of 8.80%. The increase in the need of seasoning products in these manufacturing industries will propel the consumption of seasoning products in Malaysia.

On the account of rising demand of seasoning products in these manufacturing industries, our Group had entered into a conditional sale and purchase agreement on 3 May 2019 to acquire the Sendayan TechValley Land to set up a new manufacturing facility and purchase manufacturing equipment to increase our manufacturing capacity within the next 3 to 5 years. The larger factory will enable us to accommodate various new equipment(s) and machines, and to increase our production capacity.

With the purchase of new equipment(s) and machines such as additional mixer(s) and packaging facilities, we intend to increase our current manufacturing capacity of approximately 800 metric tonnes to approximately 1,320 metric tonnes per year. This enhances our manufacturing ability to cater for bigger export volumes and to manufacture a wider variety of seasoning products in a shorter period.

The construction of the new factory and office at the Sendayan TechValley Land is expected to commence within 1 to 3 years from the date of this Information Memorandum and to be completed within 3 to 5 years at an estimated cost of construction of approximately RM10.00 million, which will be financed via bank borrowings and/or internally generated funds. Upon completion of the construction works of the new factory at the Sendayan TechValley Land, our business will be expanded further and the operations of Kepong Factory No. 98, Kepong Factory No. 100 and Kepong Factory No. 102 will remain as our branch office, second factory and/or warehouse facility.

(ii) Build talented sales and technical team to expand the territory focus

We plan to recruit more sales and technical personnel to join our Group in order to expand our presence in Malaysia. We intend to recruit and train 3 to 4 additional sales and technical personnel in 2019 to focus on procuring sales and providing after-sales services. The sales and technical team will be assigned with a target industry segment and trained to provide comprehensive support and service to the respective customers. Our Group will conduct trainings to ensure that the new recruits understand the industry needs and its dynamics, preferred customisations, taste preferences and seasoning products manufacturing process.

(iii) Expand new market and product segments

According to the IMR Report, the increased social media and television coverage has expanded consumer awareness about the different types of cultures and food, thus encouraging individuals to be more adventurous and experimental with their food choices. Further, in 2017, the global Muslim population spent an estimated USD1.30 trillion in 2017 on food, and this is expected to reach USD1.90 trillion by 2023. With the increase in global expenditure by the Muslim population as well as the growing popularity of halal food, many countries are taking initiatives to capitalise

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on this growth potential. Malaysia, as a Muslim country, is well positioned to be the centre for the promotion, distribution and production of halal food.

Leverage on the changing and expanding food industry landscapes, we plan to identify and approach other established food ingredient suppliers to expand our product range offered to our customers. For the trading of food ingredients business, we target to expand the current market segments to include batter mixes, ingredient suppliers of animal fats and dried seafood powder. We intend to expand into new markets and products segments within 1 to 3 years. Currently, we are actively sourcing for suitable food ingredient suppliers through market research. With the potential collaboration of more food ingredient suppliers, we are able to expand our range of food ingredients in our trading business. We have recently signed a new agency agreement with a food ingredient supplier in 2019 for the trading of flavour enhancer, which is a type of food ingredient.

As for the business of manufacturing of seasoning products, we target to strengthen our Group's position as the specialist of Halal seasoning products in the food industry. We commit to establish our 'Seasonings Specialities' brand as a well-established seasoning products manufacturer and distributor across the ASEAN countries. As at the LPD, we have identified an agent in the Philippines to perform market research in the area and to strategise on how to promote our seasoning products.

2.12 Employee Segmentation

As at the LPD, our Group has a total workforce of 20 employees, all of which are full time and permanent employees. None of our employees belong to any trade unions and there has been no industrial dispute since we commenced operations. A summary of our Group's total workforce as at 28 February 2019, 31 August 2019 and as at the LPD are set out below:

Category/Department	No. of employees		
	As at 28 February 2019	As at 31 August 2019	As at the LPD
Director	3	3	3
Key management personnel	5	5	5
Technical	4	4	4
Non-technical	8	8	8
Total	20	20	20

2.13 Seasonality

Our business is subject to seasonal demand. The demand for our seasoning products and food ingredients are generally higher during festive seasons such as Hari Raya, Christmas, New Year and Chinese New Year.

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2. BUSINESS OVERVIEW**2.14 Major Customers**

Our major customers consist of food producers and retailers. The orders from customers are placed via purchase orders, mostly on a monthly basis.

Our Group's top 5 customers for the FYE 28 February 2018, FYE 28 February 2019 and FPE 31 August 2019 are as follows:

Top 5 Customers	FYE 28 February 2018	Products Category	Length of Business Relationship
	%		(years)
Customer A ⁽ⁱ⁾	9.76	Seasoning Products	19
Customer B ⁽ⁱⁱ⁾	8.92	Ingredients (Flavourings)	4
Customer C ⁽ⁱⁱⁱ⁾	8.37	Seasoning Products	19
Customer D ^(iv)	5.49	Seasoning Products	8
Customer E ^(v)	3.61	Seasoning Products	3
Total	36.15		

Top 5 Customers	FYE 28 February 2019	Products Category	Length of Business Relationship
	%		(years)
Customer A ⁽ⁱ⁾	9.34	Seasoning Products	19
Customer C ⁽ⁱⁱⁱ⁾	8.95	Seasoning Products	19
Customer B ⁽ⁱⁱ⁾	5.70	Ingredients (Flavourings)	4
Customer D ^(iv)	4.55	Seasoning Products	8
Customer E ^(v)	4.04	Seasoning Products	3
Total	32.58		

Top 5 Customers	FPE 31 August 2019	Products Category	Length of Business Relationship
	%		(years)
Customer A ⁽ⁱ⁾	10.02	Seasoning Products	19
Customer E ^(v)	8.35	Seasoning Products	3
Customer C ⁽ⁱⁱⁱ⁾	6.01	Seasoning Products	19
Customer B ⁽ⁱⁱ⁾	5.82	Ingredients (Flavourings)	4
Customer D ^(iv)	3.93	Seasoning Products	8
Total	34.13		

Notes:

- (i) Customer A is a local company incorporated on 30 August 1976. Customer A is principally involved in manufacturing and selling of prawn crackers and related foodstuff. The principal activities of Customer A's subsidiaries include, among others, trading of biscuits and related foodstuff.

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- (ii) Customer B is a local company incorporated on 16 September 1983. Customer B is principally involved in trading of local fruits, perfume products and household consumables.
- (iii) Customer C is a local company incorporated on 18 April 2000. Customer C is principally involved in manufacturing of meat products and its subsidiaries are dealers and retailers of livestock, poultry and poultry related products.
- (iv) Customer D is a local company incorporated on 20 April 2006. Customer D is principally involved in manufacturing and processing of nuggets, sausages and burgers.
- (v) Customer E is a South Korea food ingredients distributor. It is principally involved in the distribution of fruit and vegetable juices, sweeteners, texturizers and functional ingredients.

Premised on the above, we do not have any dependencies on any major customers in our business.

2.15 Major Suppliers

Our Group's top 5 suppliers for the FYE 28 February 2018, FYE 28 February 2019 and FPE 31 August 2019 are as follows:

Top 5 Suppliers	FYE 28 February 2018	Products	Length of Business Relationship
	%		(years)
Givaudan	53.16	Flavouring	13
Synthite	11.06	Spice Oleoresins	13
Supplier C ⁽ⁱ⁾	4.31	Granulated Sugar	19
Supplier D ⁽ⁱⁱ⁾	3.43	Flavour Enhancer	3
Supplier E ⁽ⁱⁱⁱ⁾	2.98	MSG	14
Total	74.94		

Top 5 Suppliers	FYE 28 February 2019	Products	Length of Business Relationship
	%		(years)
Givaudan	53.72	Flavouring	13
Synthite	8.78	Spice Oleoresins	13
Supplier C ⁽ⁱ⁾	4.44	Granulated Sugar	19
Supplier D ⁽ⁱⁱ⁾	3.67	Flavour Enhancer	3
Supplier F ^(iv)	3.46	Nucleotides	14
Total	74.08		

Top 5 Suppliers	FPE 31 August 2019	Products	Length of Business Relationship
	%		(years)
Givaudan	54.97	Flavouring	13
Synthite	6.52	Spice Oleoresins	13
Supplier D ⁽ⁱⁱ⁾	5.39	Flavour Enhancer	3

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Top 5 Suppliers	FPE 31 August 2019	Products	Length of Business Relationship
Supplier C ⁽ⁱ⁾	4.36	Granulated Sugar	19
Supplier F ^(iv)	3.70	Nucleotides	14
Total	74.93		

Notes:

- (i) Supplier C is a local company incorporated on 24 August 1977. Its principal activity is dealing of feed meal and other provisions.
- (ii) Supplier D is a China manufacturer and research and development company in food additive and salty seasonings. The company was established in 1993 and its products and services are distributed to more than 80 countries and regions.
- (iii) Supplier E is an Indonesia manufacturer and supplier of the industrial MSG. The company started its business since 1973.
- (iv) Supplier F is a South Korea manufacturer of home meal replacement, cooking ingredients, health functional food, snacks, desserts, drinks and pet food.

Premised on the above, our top 5 suppliers contributed approximately 74.94%, 74.08% and 74.93% to the Group's total purchases for the FYE 28 February 2018, FYE 28 February 2019 and FPE 31 August 2019, respectively. Givaudan had contributed more than 50.00% of our supplies in food ingredients for the FYE 28 February 2018, FYE 28 February 2019 and FPE 31 August 2019.

Our major purchases are obtained from Givaudan due to the following reasons:

- (a) Givaudan is an established company involved in the distribution of food ingredients with global presence;
- (b) The food ingredients supplied by Givaudan fits our requirements in terms of quality, taste preferences and cost;
- (c) Our business relationship with Givaudan is established for more than 10 years and we have developed a healthy business relationship with them; and
- (d) Our Group has a distribution agreement with Givaudan for an indefinite period unless terminated by either party at any time by giving prior written notice of 3 months.

Our Group also has an exclusive agent agreement with Synthite, which is renewed automatically on a yearly basis unless otherwise terminated in accordance with the terms of the agreement. In the event of any supply disruptions from our major supplier, we are able to source for alternative suppliers in view of our years of experience and network established in the industry.

Save for Givaudan, we do not have any dependency on any other major suppliers in our business.

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2. BUSINESS OVERVIEW**2.16 Source and Availability of Food Ingredients**

The table below shows our Group's major purchases of food ingredients for the FYE 28 February 2019:

Food Ingredients	Local		Import		Total Purchases	Contribution to the Total Purchases
	RM'000	%	RM'000	%	(RM'000)	(%)
Flavours	-	-	4,358	53.72	4,358	53.72
Oleoresins & Natural Colors	-	-	712	8.78	712	8.78
Sugar & Salt	360	4.44	-	-	360	4.44
Hydrolysed Vegetable Protein	-	-	298	3.67	298	3.67
Disodium 5' – Ribonucleotide	-	-	281	3.46	281	3.46
Total	360	4.44	5,649	69.64	6,009	74.07

The prices of food ingredients may vary according to the market conditions arising from:

- (i) The exchange rate fluctuations as the Group needs to import the food ingredients which are priced in the currency of USD and CHF; and
- (ii) The fluctuations of commodity prices of sugar and fluctuations in prices of hydrolysed vegetable protein and disodium 5' – ribonucleotide which may impact our Group's profitability.

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2.17 Properties

The details of properties owned by our Group as at the LPD⁽ⁱ⁾ are set out below:

No	Registered/ Beneficial Owner	Location / Postal Address	Existing Use / Land area	Date of issuance of certificate of fitness / certificate of completion and compliance	Express condition	Tenure
1.	SSSB	Pajakan Negeri 26764, Lot 54863, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur / No. 98, Jalan Metro Perdana Barat 13, Sri Edaran Industrial Park, Off Jalan Kepong, 52100 Kuala Lumpur	Factory (approximately 168 sq m)	26 June 2000	Industrial	Leasehold 89 years until 5 February 2087
2.	SSSB	Pajakan Negeri 26765, Lot 54862, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur / No. 100, Jalan Metro Perdana Barat 13, Sri Edaran Industrial Park, Off Jalan Kepong, 52100 Kuala Lumpur	Store/ Warehouse (approximately 167 sq m)	26 June 2000	Industrial	Leasehold 89 years until 5 February 2087
3.	SSSB	Pajakan Negeri 26766, Lot 54861, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur / No. 102, Jalan Metro Perdana Barat 13, Sri Edaran Industrial Park, Off Jalan Kepong, 52100 Kuala Lumpur	Office / Factory (approximately 167 sq m)	26 June 2000 (in respect of 1½ storey factory building) and 24 December 2004 (in respect of extension in vacant area)	Industrial	Leasehold 89 years until 5 February 2087

Note:

(i) Save as disclosed in the table, SSSB had on 3 May 2019 entered into a conditional sale and purchase agreement to purchase the Sendayan TechValley Land for a total cash consideration of RM6,251,302.39. The State Authority's consent for the transfer of the Sendayan TechValley Land was obtained on 31 July 2019. SSSB has accepted the letter of offer dated 29 July 2019 from Malaysian Industrial Development Finance Berhad in respect of an Islamic term financing facility to part finance the purchase of the Sendayan TechValley Land and the construction cost of factory and office building on the said land. The purchase of the Sendayan TechValley Land is expected to be completed in the first quarter of 2020.

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2.18 Manufacturing Capacity

Our current manufacturing capacity, production output and utilisation rate for the machines are set out below:

Machines	Annual Manufacturing Capacity (Metric tonne)	Production Output for the FYE 28 February 2019 (Metric tonne)	Utilisation Rate (%)
<ul style="list-style-type: none"> • Mixer Machine • Metal Detector • Vibro Separator 	Approximately 800	Approximately 450	Approximately 56.25

The production output for the FYE 28 February 2019 is calculated based on 1 shift per day, 8 hours per shift and 22 workings days per month.

As disclosed in Section 2.6.1 of this Information Memorandum, the manufacturing process of the seasoning products is not technologically sophisticated as the value of our seasoning products is derived from the composition of our food ingredients. The Company envisages that the utilisation rate of machines can be further enhanced whenever there is a need to accommodate the increasing demands of customers as we possess the capability to increase the annual production capacity to approximately 800 metric tonnes.

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2.19 Approvals, Licences, Permits and Certificates

Details of the major licences, permits and approvals obtained by our Group for the operation of our business and the status of compliance are as set out below:

Company	Approving Authority / Issuer	Description of Approval / Licence / Permit	Licence No. / Serial No. / Reference No.	Date of Issuance / Validity
(i) SSSB	MITI	Manufacturing Licence to manufacture "Food Seasonings, Spice Extracts, Flavouring Blends and Animal Fats" at Kepong Factory No. 98, Kepong Factory No. 100 and Kepong Factory No. 102.	Licence no.: A 021840 Serial no.: A 036898	Issue date: 27 June 2019
(ii) SSSB	Ministry of Health of Malaysia	Food Premises Licence for Kepong Factory No. 102	Premise registration No.: W01P1130606-001415	Issue date: 23 May 2019 Commencement date: 23 May 2019 Expiry date: 4 June 2022
(iii) SSSB	JAKIM	Halal Certificate of Authentication: 1. Anchovy seasoning; 2. BBQ seasoning; 3. Black pepper powder; 4. Brown sauce mix; 5. Chicken mushroom seasoning; 6. Chicken seasoning; 7. Chilli flavour; 8. Crab seasoning; 9. Curry seasoning; 10. Fish seasoning;	Serial No.: A100136 Ref No.: JAKIM/(S)/(22.00)/49 2/2/1082-07/2004	Issue date: 1 December 2018 Expiry date: 30 November 2020

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Company	Approving Authority / Issuer	Description of Approval / Licence / Permit	Licence No. / Serial No. / Reference No.	Date of Issuance / Validity	
	JAKIM	Halal Certificate of Authentication: 11. Flavour enhancer; 12. Flounderfish seasoning; 13. Fried noodles seasoning; 14. Meaty seasoning; 15. Mixed seasoning; 16. Natural red colour; 17. Natural seafood enhancer; 18. Pepper seasoning; 19. Prawn seasoning; 20. Reaction flavouring;	Serial No.: A100137 Ref No.: JAKIM/(S)/(22.00)/49 2/2/1082-07/2004	Issue date: 1 December 2018 Expiry date: 30 November 2020	
	JAKIM	Halal Certificate of Authentication: 21. Sambal balado seasoning; 22. Seafood seasoning; 23. Taste enhancer; 24. Tomato flavour; 25. Tomato seasoning; 26. Vegetable seasoning; 27. Vegetarian curry seasoning; and 28. White pepper powder.	Serial No.: A100138 Ref No.: JAKIM/(S)/(22.00)/49 2/2/1082-07/2004	Issue date: 1 December 2018 Expiry date: 30 November 2020	
(iv)	SSSB	JAKIM	Halal Certificate of Authentication: 1. Aromatic flavour 18344; 2. Aromatic flavour 65645; 3. Cardamom extract blend 00175; 4. Cuttlefish seasoning; 5. Lime and sweet chili seasoning; 6. Masala flavour powder; 7. Mixed seasoning flavour; 8. Spicy mixed powder; and 9. Taste enhancer (Stevia).	Serial No.: A99911 Reference No.: JAKIM/(S)/(22.00)/49 2/2/1082-07/2004	Issue date: 1 December 2018 Expiry date: 30 November 2020

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Company	Approving Authority / Issuer	Description of Approval / Licence / Permit	Licence No. / Serial No. / Reference No.	Date of Issuance / Validity
(v) SSSB	JAKIM	Halal Certificate of Authentication: 1. BBQ flavour powder; 2. Caramel powder; 3. Cheese flavour powder; 4. Cheese seasoning; 5. Curry BBQ seasoning; 6. Garlic powder; 7. Ginger powder; 8. Honey butter seasoning; 9. Honey seasoning; 10. Hot & spicy seasoning;	Serial No.: A72425 ^(f) Reference No.: JAKIM/(S)/(22.00)/49 2/2/1004-08/2005	Issue date: 1 September 2017 Expiry date: 31 August 2019
	JAKIM	Halal Certificate of Authentication: 11. Onion flavour power; 12. Onion powder; 13. Paprika seasoning; 14. Sea salt seasoning; 15. Soy sauce seasoning; 16. Tom yam seasoning; 17. Tom yum flavour powder; 18. Tomato flavour powder; and 19. Wasabi flavour blend.	Serial No.: A72426 ^(f) Reference No.: JAKIM/(S)/(22.00)/49 2/2/1004-08/2005	Issue date: 1 September 2017 Expiry date: 31 August 2019
(vi) SSSB	JAKIM	Halal Certificate of Authentication: 1. 5 spices powder; 2. Batter mix; 3. Beef fat & extract; 4. Chicken fat & extract; 5. Chili seasoning; 6. Curry powder; 7. Flavour enhancer; 8. Oriental seasoning;	Serial No.: A122287 Reference No.: JAKIM/(S)/(22.00)/49 2/2/1004-08/2005	Issue date: 1 November 2019 Expiry date: 31 October 2021

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Company	Approving Authority / Issuer	Description of Approval / Licence / Permit	Licence No. / Serial No. / Reference No.	Date of Issuance / Validity
	JAKIM	9. Salted egg seasoning; 10. Seafood flavour blend; 11. Seafood powder; 12. Shrimp oil; and 13. Taste improver.	Serial No.: A122288 Reference No.: JAKIM/(S)/(22.00)/49 2/2/1004-08/2005	Issue date: 1 November 2019 Expiry date: 31 October 2021
(vii)	SSSB	JAKIM	Halal Certificate of Authentication: 1. Butter garlic flavour powder; 2. Chicken flavour powder; 3. Coconut seasoning; 4. Oyster sauce flavour powder; and 5. Shallot oil flavour.	Serial No.: A94214 Reference No.: JAKIM/(S)/(22.00)/49 2/2/1004-08/2005 Issue date: 1 April 2018 Expiry date: 31 March 2020
(viii)	SSSB	-	Premise Licence for Kepong Factory No. 98	⁽ⁱⁱ⁾ -
(ix)	SSSB	DBKL	Premise Licence for Kepong Factory No. 102 as flour factory/seasonings factory.	File No.: DBKL.JPPP/PR01/2295 /13/2018 Period: 1 January 2019 – 31 December 2019
(x)	SSSB	DBKL	Premise Licence for Kepong Factory No. 100 issued to SSSB for use of premise as warehouse/ store for other goods.	File No.: DBKL.JPPP/PR01/0344 /05/2018 Commencement date: 17 July 2019 Expiry date: 16 July 2020

2. BUSINESS OVERVIEW

Company	Approving Authority / Issuer	Description of Approval / Licence / Permit	Licence No. / Serial No. / Reference No.	Date of Issuance / Validity
(xi) ASB	DBKL	Premise Licence for Kepong Factory No. 102 issued to ASB for business office	File no.: DBKL.JPPP/PR01/0340 /05/2018	Commencement date: 17 July 2019 Expiry date: 16 July 2020
(xii) SSSB	DBKL	Advertisement Licence for signboard advertising at Kepong Factory No. 102	File no: DBKL.JPPP/IK00/8197 /15/2018	Commencement Date: 1 January 2019 Expiry Date: 31 December 2019
(xiii) SSSB	Lembaga Kemajuan Ikan Malaysia	Licence for fish trading, import, export and processing.	File no: W(PP)/0030/2019	Commencement Date: 31 October 2019 Expiry Date: October 2020

Notes:

- (i) SSSB had submitted the applications for renewal of the Halal Certificates of Authentication for serial numbers A72425 and A72426 on 14 August 2019 and 22 August 2019 respectively, and are currently pending approval from JAKIM.
- (ii) Kepong Factory No.98 was previously rented out and occupied by Savory Specialities, a company related to the Promoters. Hence, the premise licence for Kepong Factory No.98 was previously held by Savory Specialities. Savory Specialities had since July 2018 ceased its business activities and is currently dormant. Our Group has not applied for a new premise licence for Kepong Factory No.98, since the premise is currently not in operation. Our Group will apply for the business/premise licence for Kepong Factory No. 98 in the future, prior to commencement of business operations in the said premise. Upon obtaining the business/premise licence, our Group intends to manufacture seasoning products made of animal fats in Kepong Factory No.98 and the operation is expected to commence by June 2020.

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2. BUSINESS OVERVIEW

Certificates

Company	Approving Authority / Issuer	Description of Certificate	Certification No.	Date of Issuance / Validity
(i) SSSB	Ministry of Health of Malaysia	HACCP Certificate	53-S24-01902	Issue date: 29 December 2016 Expiry date: 28 December 2019
(ii) SSSB	Ministry of Health of Malaysia	GMP Certificate	78-S24-00641	Issue date: 29 December 2016 Expiry date: 28 December 2019
(iii) SSSB	Ministry of Health of Malaysia	MeSTI Certificate	78/W/000027-112013(01)	Issue date: 12 April 2017 Expiry date: 28 December 2019
(iv) SSSB	Department of Occupational Safety and Health of the Ministry of Human Resources	Workplace Inspection Grade Location: SSSB, No. 98, 100 & 102, Jalan Metro Perdana Barat 13, Sri Edaran Industrial Park, Off Jalan Kepong, 52100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.	Nil	Date of Inspection: 28 February 2019
(v) SSSB	Metrology Corporation Malaysia Sdn. Bhd.	Inspection of Weights and Measures Report under the Weights and Measures Regulations 1981	Certificate No.: 5180889	Date of Inspection: 18 February 2019

2. BUSINESS OVERVIEW


Company	Approving Authority / Issuer	Description of Certificate	Certification No.	Date of Issuance / Validity
		Tool: Platform Weighing Machine (Mettler Toledo) Accepted weight: 150kg		
(vi) SSSB	Metrology Corporation Malaysia Sdn. Bhd.	Inspection of Weights and Measures Report under the Weights and Measures Regulations 1981 Tool: Weighing Scale (DIGI) Accepted weight: 6kg	Certificate No.: 5180298	Date of Inspection: 16 January 2019
(vii) SSSB	Metrology Corporation Malaysia Sdn. Bhd.	Inspection of Weights and Measures Report under the Weights and Measures Regulations 1981 Tool: Platform Weighing Machine (DIGI) Accepted weight: 150kg	Certificate No.: 5180299	Date of Inspection: 16 January 2019

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2. BUSINESS OVERVIEW

2.20 Intellectual Property Rights

Save as disclosed below, as at the LPD, we do not have any other licences, patents, trademarks, brand names, franchises and other intellectual property rights:

Registered Owner	Trade Mark	Issuing Authority	Trade Mark No. / Class	Description	Registration Date/ Expiry Date
SSSB	 Seasonings Specialities	Intellectual Property Corporation Malaysia	06000526 / Class 30	Chicken seasoning, chicken mushroom seasoning, curry seasoning, vegetarian curry seasoning, vegetarian food seasoning, vegetable seasoning, meaty seasoning, grilled meat seasoning, chilli seasoning, chilli flavour, natural red colour, tomato seasoning, BBQ seasoning, brown sauce mix, teriyaki seasoning, fried noodles seasoning, seafood seasoning, anchovy seasoning, crab seasoning, prawn seasoning, flounderfish seasoning, cuttlefish seasoning, fish seasoning, cheese seasoning, pizza seasoning, fried garlic seasoning, sour cream & onion seasoning, mixed seasoning, white pepper powder, black pepper powder, natural seafood enhancer, seafood enhancer, seafood enhancer (grade A), flavour enhancer, flavourings; all included in class 30.	12 January 2006 / 12 January 2026

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2. BUSINESS OVERVIEW

2.21 Prospects of our Group

The revenue of Malaysia manufacturers in the manufacturing of seasoning products, increased from RM508.90 million in 2010 to an estimated RM653.90 million in 2018 at a CAGR of 3.20%. The seasonings industry in Malaysia is expected to grow from RM653.90 million in 2018 to RM754.80 million in 2021 at a rate of 4.90% on the back of the growing demand from end-user markets such as the processed food and beverages industry including ready-to-eat meals, the increasing popularity of international cuisines and the growth of the halal food and beverages industry. The seasonings industry in Asia Pacific, based on revenue, grew from USD12.40 billion in 2010 to an estimated USD15.0 billion in 2018 at a CAGR of 2.40%. This is expected to further increase to USD17.40 billion in 2021 at a rate of 5.10%.

The food ingredients industry in Malaysia, based on consumption volume, increased from 5.70 million tonnes in 2010 to an estimated 7.80 million tonnes in 2018 at a CAGR of 4.0%, recording a higher growth rate than the global growth rate of 2.20%. Malaysia was ranked the 7th largest food ingredients consumer in Asia Pacific, forming 1.30% of the region's consumption of food ingredients. The growth of the halal pharmaceutical industry will have a positive effect on the food ingredients industry in Malaysia, especially as food ingredient manufacturers in Malaysia are able to leverage on Malaysia's strength in halal certification and become halal certified.

The food ingredients industry in Asia Pacific, measured by consumption volume, increased from 423.70 million tonnes in 2010 to 597.30 million tonnes in 2018 at a CAGR of 4.40%, recording a higher growth rate than the global growth rate of 2.20%. The consumption of food ingredients in the Asia Pacific accounted for almost a third of global consumption of food ingredients in 2018, at 31.00%.

(Source: IMR report)

Taking into consideration the outlook of the seasonings and food ingredients industries, our Group's competitive advantages and key strengths, our Group's future plans and supported by our financial performance, our Board is optimistic about the prospects of our Group.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**3.1 Promoters and Substantial Shareholders****3.1.1 Shareholdings**

The shareholdings of our Promoters and substantial shareholders in our Company upon Proposed Listing by way of introduction, are as follows:

	<u>Upon Proposed Listing</u>			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Wong See Wah	62,637,755	23.02	-	-
Dato' Foo Chi Ching	144,981,119	53.27	-	-
Datin Wong Muh Rong	36,804,436	13.52	-	-

The Promoters and substantial shareholders do not hold shares that have different voting rights from our other shareholders.

Except as set out above, we are not aware of any other person(s) who directly or indirectly, jointly or severally, exercise control over us.

3.1.2 Profiles**(i) Tan Sri Dato' Wong See Wah**

Tan Sri Dato' Wong See Wah, a Malaysian, age 73, is our Promoter and substantial shareholder. He was appointed to our Board on 22 January 2019. He is currently the Non-Independent Non-Executive Chairman of our Company.

He obtained a certificate of teaching from Malayan Teacher College, Pulau Pinang and started his early career in the education sector until 1982. He was the State Assemblyman for Kuala Klawang Constituency (1982 – 1986) and Peradong Constituency (1986 – 1990), Member of Parliament for Rasah Constituency (1990 – 1999), Deputy Minister in the Prime Minister's Department (1990 – 1995) and Deputy Minister of the Finance Ministry (1995 – 1999). He was also the Negeri Sembilan State Government Executive Councillor responsible for the Water and Electricity Supply Portfolios (1982 – 1990).

He sat on various public listed companies from 2001 to 2018. He also holds directorships in other private companies, as disclosed in Section 3.4 of this Information Memorandum.

He is the father of Datin Wong Muh Rong.

(ii) Dato' Foo Chi Ching

Dato' Foo Chi Ching, a Malaysian, age 49, is our Promoter, substantial shareholder and Group Managing Director. He was appointed to our Board on 22 January 2019. He is responsible for the overall management of our Group's operations, strategic planning and development of our business strategies and direction.

He graduated with a Bachelor of Food Science and Technology from Universiti Putra Malaysia in 1995 and a Master of Business Administration from University of Lincoln, United Kingdom in 2001.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

He began his career in 1995 as a technical service executive in Ajinomoto (Malaysia) Berhad, where he was involved as part of the research & development (“R&D”) and technical support team of the company.

He founded ASB and SSSB in 1997, where he is currently the Director of ASB and SSSB and is responsible for the business growth direction, major corporate development plans and activities, monitoring of daily operations and overseeing the overall business of both companies. He also holds directorships in other private companies, as disclosed in Section 3.4 of this Information Memorandum.

He is the spouse of Datin Wong Muh Rong.

(iii) Datin Wong Muh Rong

Datin Wong Muh Rong, a Malaysian, age 49, is our Promoter and substantial shareholder. She was appointed to our Board on 22 January 2019. She is currently the Non-Independent Non-Executive Director of our Company.

She graduated with a Bachelor of Commerce (B. Comm) and a First Class Honours in Bachelor of Laws (LL.B.) from the University of Western Australia. She was called to the High Court of Malaya as Advocate & Solicitor in 1996. She obtained her CPA Australia in 2002 and is a member of the Malaysian Institute of Accountants in 2003. She is also a holder of the Capital Markets Services Representative Licence (“CMSRL”) as sanctioned by the SC. She is the Founder and Managing Director of Astramina Advisory, a licenced corporate finance advisory firm since March 2008.

She has more than 21 years combined working experience in law and investment banking, covering corporate finance and valuation, corporate restructuring, financial re-engineering, structured financing, strategic business planning, business model development and project management. She also holds directorships in other private companies, as disclosed in Section 3.4 of this Information Memorandum.

She is the spouse of Dato’ Foo Chi Ching and daughter of Tan Sri Dato’ Wong See Wah.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**3.2 Directors and Key Management Personnel**

Our directors and key management personnel are as follows:

(i) Directors

Name	Designation
Tan Sri Dato' Wong See Wah	Non-Independent Non-Executive Chairman
Dato' Foo Chi Ching	Group Managing Director
Datin Wong Muh Rong	Non-Independent Non-Executive Director

(ii) Key management personnel

Name	Designation
Teng Woei Jiunn	Export Sales Manager
Goh Sim Cheng	Technical Manager
Loh Kah Sing	Product Manager
Kuan Yen Tuo	Finance and Administration Manager
Loo Siew Ling	Flavour Manager

3.2.1 Profiles of Directors**(i) Tan Sri Dato' Wong See Wah**

Further details of his profile are as set out in Section 3.1.2(i) of this Information Memorandum.

(ii) Dato' Foo Chi Ching

Further details of his profile are as set out in Section 3.1.2(ii) of this Information Memorandum.

(ii) Datin Wong Muh Rong

Further details of her profile are as set out in Section 3.1.2(iii) of this Information Memorandum.

3.2.2 Directors' Remuneration

The aggregate remuneration and proposed Directors' remuneration including salaries, fees, allowances and other benefits for ASTRA Group, are as follows:

Remuneration band	FYE 28 February 2019	FYE 28 February 2020
	Directors	Directors
Nil ⁽ⁱ⁾	1	-
Less than RM50,000	1 ⁽ⁱⁱ⁾	2
RM50,001 – RM100,000	-	-
RM100,001 – RM200,000	-	-
RM200,001 – RM300,000	-	-
RM300,001 – RM450,000	1	1

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Notes:

- (i) *Two of the Group's Directors are non-executive directors, of which they have not received fixed remuneration in the form of base salary or allowance in the FYE 28 February 2019. However, one of the Directors received variable remuneration as set out in Note (ii) below. Two of the non-executive directors are expected to receive fixed remuneration of less than RM50,000 for the FYE 28 February 2020.*
- (ii) *The variable remuneration received by one of our Directors which amounted to RM9,000 for the FYE 28 February 2019 was benefit-in-kind in the form of motor vehicle.*

3.2.3 Profiles of Key Management Personnel

(i) Teng Woei Jiunn

Teng Woei Jiunn, a Malaysian, age 33, is our key management personnel and holds the position of Export Sales Manager.

He graduated with Bachelor of Food Science (Food Science and Nutrition) from Universiti Malaysia Sabah, Sabah in 2010.

He began his career as the Production Executive in Gardenia Bakeries (M) Sdn Bhd from 2010 to 2012, and led a group of 452 production workers to achieve daily production target as well as to minimise production waste. Thereafter, in 2013 to 2016, he joined Interscience Sdn Bhd as Product Manager, and was responsible for the sales growth in central Klang Valley. Later in 2016, he joined SSSB as domestic sales personnel before he was appointed as the Export Sales Manager in our sales department to strengthen the market in Asia Pacific region. Currently, he is pursuing for a Master of Food Technology at Universiti Putra Malaysia, Selangor with expected completion in 2020.

(ii) Goh Sim Cheng

Goh Sim Cheng, a Malaysian, age 59, is our key management personnel and holds the position of Technical Manager.

She graduated with Bachelor Food Science and Technology from Universiti Putra Malaysia in 1986. She began her career as a Quality Assurance Executive in New Zealand Dairy Supplies (Malaysia) Sdn Bhd from 1988 to 1989 and subsequently worked for Gan United Cannery Sdn Bhd from 1990 to 1995 as a Food Technologist. Her scope of work in both companies encompassed quality control/ quality assurance activities, R&D and handling complaints.

From mid-1995 to 1998, she worked as a Food Technologist in Goldroast Food Industry Pte Ltd, in Singapore where she oversaw the Quality Assurance Department, training new quality control personnel and handling customers' and regulatory audits. She was recruited by Agri-Food and Veterinary Authority of Singapore as Senior Executive Manager in 2000 and she was in charge of conducting factory inspections at food factories in Singapore and ensuring that the food factories comply with the Singapore food regulations. After working in Agri-Food and Veterinary Authority of Singapore for approximately 14 years, she returned to Malaysia and joined The Only One Beverage Sdn Bhd as a Food Technologist, overseeing the quality assurance, product development and handling customers; and regulatory audits. Her career with SSSB began in 2017 as a Quality Assurance/Quality Control Specialist and she was later promoted to Technical Manager in 2018. Her responsibilities as Technical Manager include overseeing product development, handling customer and regulatory audits, quality control and quality assurance, customers complaints and operational improvements.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

(iii) Loh Kah Sing

Loh Kah Sing, a Malaysian, age 39, is our key management personnel and holds the position of Product Manager.

She graduated with Bachelor of Economic from University of Malaya, Malaysia in 2004.

In 2004, she started her career as a Sales Executive in Muda Pacific Sdn Bhd. In 2007, she worked in Ralco Plastic Sdn Bhd as Senior Sales Executive to maintain the key accounts sales growth in the Singapore market. From 2008 to 2012, she joined Brenntag Sdn Bhd as Account Manager, a company involved in the trading of a variety of food additive in Southern region. Thereafter in 2012, she joined ASB as Account Manager and developed our local customer base in southern and central region. She subsequently joined Almer Malaysia Sdn Bhd as Business Development Manager and played a role in developing new export markets in Middle East and Africa region in 2016. In 2018, she joined SSSB as Account Manager where she was tasked to grow our local sales in the Southern region and East Malaysia, in addition to developing new market in the Philippines region. She is also our Product Manager for seasoning products tasked with expanding new trading products to increase sales.

(iv) Kuan Yen Tuo

Kuan Yen Tuo, a Malaysian, age 41, is our key management personnel and holds the position of Finance and Administration Manager.

She graduated with Bachelor of Commerce degree from Griffith University, Australia in 2000. She has been a member of the CPA Australia and the Malaysian Institute of Accountants (“MIA”) since 2005.

She began her career as an Account Executive in Timatch Water Sdn Bhd from 2000 to 2001 where she first gained her working experience in the accounting department. She then worked for LL Koong & Co as an Audit Semi Senior from 2001 to 2003, where was responsible for undertaking statutory audit functions of SMEs. In 2003, she joined Ernst & Young Advisory Services Sdn Bhd (“Ernst & Young”) as an Audit Senior and she was responsible for statutory audits of companies in various industries. She subsequently left Ernst & Young in 2005. Subsequently, she joined ASB in 2005 as the Finance and Administration Manager, where she is responsible for overseeing the finance and accounting functions, treasury and taxation matters of ASB.

(v) Loo Siew Ling

Loo Siew Ling, a Malaysian, age 35, is our key management personnel and holds the position of Flavour Manager.

She obtained her Degree in Bachelor of Food Technology from Universiti Sains Malaysia in 2007 and later on her Master in Business Administration from INTI International University Nilai in 2018.

Her career began with her role in ASB as the Accounts Manager from 2007 to 2011, where she was involved in growing the sales of seasoning and flavour sales while developing new leads for the company. In December 2011, she joined Haco Asia Pacific Sdn Bhd (“Haco Asia”) as the Regional Sales Manager where she managed the sales of Asia Pacific region savoury ingredients and coffee extract business.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

She resigned her position in Haco Asia in July 2012 and subsequently joined Givaudan (M) Sdn Bhd in August 2012 as Account Manager to oversee the key customers accounts in Malaysia and Singapore. In 2017, she re-joined ASB as a Flavour Manager. She is currently managing the flavour portfolio of ASB, assisting to develop the flavour business and maintaining the company's relationship with customers and other stakeholders.

3.2.4 Key Management Personnel's Remuneration

The aggregate remuneration and the proposed key management personnel's remuneration including salaries, allowances and other benefits from ASTRA Group, are as follows:

Remuneration band	FYE 28 February 2019 Key Management Personnel	FYE 28 February 2020 Key Management Personnel
Less than RM50,000	-	-
RM50,001 – RM100,000	2	-
RM100,001 – RM150,000	3	5
RM150,001 – RM200,000	-	-

3.3 Declaration by our Directors

None of our Directors:

- (i) are undischarged bankrupts nor presently subjected to any proceeding under bankruptcy laws;
- (ii) have ever been charged with, convicted of, or compounded for any offence under securities laws, corporation laws or any other laws involving fraud or dishonesty in a court of law;
- (iii) have ever had any action taken against them for any breach of the listing requirements or rules issued by Bursa Securities, for the past 5 years; and
- (iv) have been subjected to any inquiry or investigation by any government or regulatory authority or body for the past 5 years.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**3.4 Involvement of Our Promoters, Substantial Shareholders, Directors and Key Management Personnel in Business/Corporation Outside Our Group**

Save as disclosed below, our Promoters, substantial shareholders, directors and key management personnel do not have any other principal directorship in other Malaysian corporations or any principal business activities performed outside our Group for the past 3 years, prior to the LPD:

(i) Tan Sri Dato' Wong See Wah

No.	Company	Present Involvement in business activities (Director/ Shareholder)	Equity Interest (%)	Principal Activities
1.	Astramina Advisory	Director	-	Corporate finance advisory and consultancy services
2.	Merchant Asia Sdn Bhd	Director and shareholder	9.40	Property development
3.	Savory Specialities	Director and shareholder	45.00	Dormant and will not be undertaking any business activities ⁽ⁱ⁾
4.	Topaz Anggun Sdn Bhd	Director and shareholder	23.33	Property development
5.	Urban Promenade Sdn Bhd	Director and shareholder	33.33	Dormant, expected to be reactivated as a project management company
6.	Zalam Corporation Sdn Bhd	Director and shareholder	23.33	Contractors for building construction
7.	Zalam Development (Sabah) Sdn Bhd	Director and shareholder	80.00 ⁽ⁱⁱ⁾	Property development
8.	Zalam Holdings Sdn Bhd	Director and shareholder	23.33	Property developer
9.	Zalam Land Sdn Bhd	Director and shareholder	23.33	Property development management and housing developer
10.	Zalam Realty Sdn Bhd	Shareholder	23.33	Property developers

Notes:

(i) Savory Specialities has been dormant since July 2018.

(ii) Indirect shareholding through Zalam Corporation Sdn Bhd which has 80.00% shareholdings in Zalam Development (Sabah) Sdn Bhd.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

No.	Company	Previous Involvement in business activities (Director/ Shareholder)	Equity Interest (%)	Principal Activities
1.	Astramina Asset	Ceased to be a director on 7 February 2018	-	Dormant, expected to be reactivated as an investment holding company
2.	IJM Plantations Berhad	Ceased to be a director on 27 August 2018	-	Cultivation of oil palms, investment holding, trading of crude palm oil and provision of management services to its subsidiaries
3.	Unisem (M) Berhad	Ceased to be a director on 25 April 2018	-	Manufacturing of semiconductor devices

Premised on the above, Tan Sri Dato' Wong See Wah's involvement in the abovementioned companies outside our Group does not require his significant amount of time, and hence, it will not affect his ability to perform his role as the Non-Independent and Non-Executive Chairman of our Group.

(ii) Dato' Foo Chi Ching

No.	Company	Present Involvement in business activities (Director/ Shareholder)	Equity Interest (%)	Principal Activities
1.	Absolute Ace	Director and shareholder	50.00	To own, purchase, occupy, sell transfer, assign, or charge any real estate properties and deal with any part of the real estate properties
2.	Astramina Advisory	Shareholder	50.00	Corporate finance advisory and consultancy services
3.	Astramina Asset	Director and shareholder	50.50	Dormant, expected to be reactivated as an investment holding company
4.	Astramina Capital	Director and shareholder	50.00	Consultancy services and trading of properties
5.	Embun Muda	Director and shareholder	50.00	Own, purchase, occupy, sell, transfer, assign, or change any real estate properties and deal with any part of the real estate properties
6.	Savory Specialities	Director	-	Dormant and will not be undertaking any business activities

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Premised on the above, Dato' Foo Chi Ching's involvement in the business activities outside our Group does not require his significant amount of time, and hence, his involvement in such other directorships or other businesses will not affect his contribution to our Group or negatively impact his ability to act as the Group Managing Director.

(iii) Datin Wong Muh Rong

No.	Company	Present Involvement in business activities (Director/ Shareholder)	Equity Interest (%)	Principal Activities
1.	Absolute Ace	Director and shareholder	50.00	To own, purchase, occupy, sell transfer, assign, or charge any real estate properties and deal with any part of the real estate properties
2.	Astramina Advisory	Managing Director and shareholder	50.00	Corporate finance advisory and consultancy services
3.	Astramina Asset	Director and shareholder	49.50	Dormant, expected to be reactivated as an investment holding company
4.	Astramina Capital	Director and shareholder	50.00	Consultancy services and trading of properties
5.	Embun Muda	Director and shareholder	50.00	Own, purchase, occupy, sell, transfer, assign, or change any real estate properties and deal with any part of the real estate properties
6.	Savory Specialities	Director and shareholder	55.00	Dormant and will not be undertaking any business activities

Premised on the above, Datin Wong Muh Rong's involvement in the abovementioned companies outside our Group does not require her significant amount of time, and hence, it will not affect her ability to perform her role as the Non-Independent and Non-Executive Director of our Group.

(iv) Teng Woei Jiunn

Teng Woei Jiunn does not have any directorship and shareholding in other companies for the past 3 years prior to the LPD.

(v) Goh Sim Cheng

Goh Sim Cheng does not have any directorship and shareholding in other companies for the past 3 years prior to the LPD.

(vi) Loh Kah Sing

Loh Kah Sing does not have any directorship and shareholding in other companies for the past 3 years prior to the LPD.

3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**(vii) Kuan Yen Tuo**

No.	Company	Present Involvement in business activities (Director/ Shareholder)	Equity Interest (%)	Principal Activities
1.	Areion Carrier Sdn Bhd	Director and shareholder	70.00	Transport of bulk cement

Kuan Yen Tuo's involvement in the business activity outside our Group does not require her significant amount of time, and hence her involvement in such other directorship or other business will not affect her contribution to our Group or negatively impact her ability to act as the Finance and Administration Manager.

(viii) Loo Siew Ling

Loo Siew Ling does not have any directorship and shareholding in other companies for the past 3 years prior to the LPD.

3.5 Moratorium on Our Shares

In compliance with Rule 3.07 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of 244,423,310 Shares, representing 89.81% of the entire issued share capital of the Company.

The Promoters who hold any of our Shares upon our Proposed Listing, directly or indirectly, have fully accepted the moratorium, whereby they will not be permitted to sell, transfer or assign any part of their interest in the Shares during the moratorium period, as follows:

- (i) the moratorium applies to the entire shareholdings of our Promoters for a period of 12 months from the date of our admission to the Official List; and
- (ii) upon expiry of the 12 months period stated above, the aggregate shareholdings of our Promoters amounting to at least 45% of the total number of issued Shares shall remain under moratorium for a period of another 36 months.

In this respect, the moratorium shall be imposed according to the following:

Name	Shares under Moratorium for the first 12 months upon Proposed Listing ⁽ⁱ⁾		Shares under Moratorium for the next 36 months ⁽ⁱ⁾	
	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Wong See Wah	62,637,755	23.02	31,385,978	11.53
Dato' Foo Chi Ching	144,981,119	53.27	72,645,868	26.69
Datin Wong Muh Rong	36,804,436	13.52	18,441,644	6.78
Total	244,423,310	89.81	122,473,490	45.00

Note:

(i) Based on our entire issued share capital of 272,163,310 Shares upon Proposed Listing.

4. PARTICULARS OF THE PROPOSED LISTING

4.1 Proposed Listing

Our Proposed Listing will be implemented via listing by way of introduction and will not entail any fund-raising exercise upon admission to the LEAP Market of Bursa Securities.

The listing of and quotation for our entire issued share capital on the LEAP Market is subject to the approval-in-principle from Bursa Securities for the listing of the Shares.

Thus, we have concurrently made an application to Bursa Securities for the admission of our Company to the Official List and the listing of and quotation for our entire issued share capital of RM30,856,331 comprising 272,163,310 Shares on the LEAP Market and are awaiting Bursa Securities' decision on the same.

4.2 Basis of arriving at the Listing Reference Price

The Listing Reference Price of RM0.23 was determined and agreed by DWA Advisory and us, after taking into consideration the following factors:

- (i) the implied historical price-earnings multiple of approximately 15.65 times based on our combined EPS of 1.47 sen for the FYE 28 February 2019 calculated based on our combined audited PAT of RM4.00 million and our share capital of 272,163,310 Shares upon Proposed Listing;
- (ii) the Group's NA per share of 8.18 sen, computed based on our combined audited NA of RM22.27 million as at 28 February 2019 and our enlarged share capital of 272,163,310 Shares translating to a price-to-book ratio multiple of 2.81 times of based on the Listing Reference Price;
- (iii) the Group's historical financial track records for the FYE 28 February 2018 and FYE 28 February 2019 are summarised below:

	Audited FYE 28 February 2018 RM'000	Audited FYE 28 February 2019 RM'000
Revenue	14,966	16,229
Gross profit	6,860	7,845
PAT	3,810	4,000
Net Assets	24,274	22,274

- (iv) the issuance of 28,000,000 new Shares to the Pre-Listing Investors at the subscription price of RM0.23 per share as further described in Section 4.3.2 of this Information Memorandum;
- (v) the competitive advantages and key strengths of our Group as set out in Section 2.9 of this Information Memorandum; and
- (vi) the future plans of our Group as further described in Section 2.11 of this Information Memorandum.

Prior to our Proposed Listing, there has been no trading market for our Shares within or outside of Malaysia. You should note that the market price of our Shares upon our Proposed Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You should form your own views on the valuation of our Shares. You are reminded to carefully consider the risk factors as set out in Section 7 of this Information Memorandum.

4. PARTICULARS OF THE PROPOSED LISTING

4.3 Share Capital and Shareholding Structure

4.3.1 Share Capital, Classes of Share and Ranking

Upon completion of the Proposed Listing, our entire issued share capital would be as follows:

	No. of Shares	Share Capital RM
Entire issued share capital upon completion of the Proposed Listing	272,163,310	30,856,331
Market capitalisation upon Proposed Listing		62,597,561

As at the LPD, we have only single class of shares, being ordinary shares, all of which rank equally in all respects with one another including voting rights and rights to all dividends and other distributions that may be declared.

Subject to any special rights attached to any Shares which we may issue in the future, the holders of our Shares shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in respect of surplus in the event of our liquidation, in accordance with our Constitution.

At any of our general meetings, any resolution put to the vote of the meeting shall be decided by a show of hands unless a poll is demanded in accordance with the Constitution. Every person who is a shareholder (other than Bursa Depository or its nominees) is entitled to attend and vote thereat or a duly authorised representative or proxy or attorney of such shareholder shall have one vote for each Share held.

4.3.2 Shareholding Structure

As at the LPD, our shareholdings structure pursuant to our Proposed Listing are as set out below:

	No. of Shares	%
<u>Promoters and/or substantial shareholders</u>		
• Tan Sri Dato' Wong See Wah	62,637,755	23.02
• Dato' Foo Chi Ching	144,981,119	53.27
• Datin Wong Muh Rong	36,804,436	13.52
	244,423,310	89.81
<u>Pre-Listing Investors/Public Shareholders⁽ⁱ⁾</u>		
• Employees	19,103,000	7.02
• Former Employees	577,000	0.21
• Employees outside the Group	6,874,000	2.53
• Business Associates	1,186,000	0.43
	27,740,000⁽ⁱⁱ⁾	10.19
Total Issued Share Capital	272,163,310	100.00

4. PARTICULARS OF THE PROPOSED LISTING

Notes:

- (i) *As at 17 May 2019, the Pre-Listing Investors have requested, via subscription offer letters to subscribe for new Shares ("**Subscription Letters**"). The Company has accepted the respective offers made by the Pre-Listing Investors pursuant to their respective Subscription Letters via acceptance letters, all of which dated 18 May 2019 ("**Acceptance Letters**"), for the issuance of an aggregate amount of 28 million new Shares at the subscription price of RM0.23 per Share for the aggregate subscription sum of RM6,440,000. The exercise has been completed following the issuance and allotment of a total of 28 million new Shares to the Pre-Listing Investors on 2 July 2019.*
- (ii) *On 3 October 2019, Dato' Foo Chi Ching purchased 260,000 Shares at RM0.23 per Share from one of the Pre-Listing Investors who is also a former employee of the Group. Save for this sale and purchase transaction of 260,000 Shares, none of the Pre-Listing Investors are persons connected to the Promoters, shareholders or directors of ASTRA Group.*

As the LEAP Market of Bursa Securities is a qualified market which is meant mainly for Sophisticated Investors, we are required, under Rule 2.24(2) of the Listing Requirements, to ensure that all our Shares to be issued and offered post-listing fall within Schedule 6 or 7 of the CMSA and are to our existing shareholders or Sophisticated Investors only ("**Qualified Market Restriction**"). For the avoidance of doubt, upon completion of our Proposed Listing, only Sophisticated Investors are allowed to buy and sell our Shares via Bursa Securities. On the other hand, our shareholders who are not Sophisticated Investors:

- (i) shall not buy or purchase our Shares via Bursa Securities, unless they subsequently become a Sophisticated Investor; and
- (ii) will only be able to deal with our Shares to be offered or issued by our Company (e.g. via a rights issue exercise by our Company) via Bursa Securities, after our Proposed Listing.

Save for the Qualified Market Restriction, there are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

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4. PARTICULARS OF THE PROPOSED LISTING**4.4 Proposed Utilisation of Proceeds from the Pre-Listing Investors**

Pursuant to the fund raised from the Pre-Listing Investors based on the Listing Reference Price of RM0.23, the total proceeds that had been raised which amounted to RM6.44 million have accrued entirely to the Company on 2 July 2019. As at the LPD, we have partially utilised part of the funds raised from the Pre-Listing Investors as our working capital and we plan to fully utilise the total funds raised within 12 months from the date of the Proposed Listing in the following manner:

Utilisation of Proceeds				Estimated Timeframe for Utilisation upon Listing	RM'000	%
(i)	Working Capital			Within 12 months	5,840	90.68
(ii)	Estimated	Proposed	Listing	Within 2 months	600	9.32
	expenses					
Total					6,440	100.00

Further details of the proposed utilisation of the proceeds from the Proposed Listing are as set out below:

(i) Working Capital

Our working capital requirements are expected to increase in line with our intended business expansion as outlined in Section 2.11 (ii) and (iii) of this Information Memorandum. Thus, we intend to allocate RM5.84 million of the proceeds for the day to day operations of our Group. The proceeds will be utilised for the payments to suppliers and other creditors, staff related expenses and other general expenses such as utilisation charges and administrative expenses.

(ii) Estimated Proposed Listing expenses

We have allocated approximately RM0.60 million of the proceeds to be raised from the Pre-Listing Investors for our Proposed Listing expenses. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our working capital requirements.

4.5 Purpose of Our Listing

The purposes of our Proposed Listing are as follows:

- (i) to further enhance our Company's profile and visibility and allow the investing community to better ascertain the merits, risks profile and prospects of our Group;
- (ii) to enable us to tap into the capital market for future fund-raising to pursue future growth opportunities as and when the need arises, through other forms of capital raising avenue;
- (iii) to gain recognition and enhance the stature of our Company with a listing status as well as increase market awareness of our seasoning products so as to assist us in expanding our customers base; and
- (iv) to act as an initial step to prepare our Group for the eventual transfer of listing to the other markets of Bursa Securities.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS**5.1 Historical Financial Information****5.1.1 Combined Statements/Consolidated Statement of Comprehensive Income**

The following table sets out a summary of the audited combined statements of comprehensive income for the FYEs 28 February 2018 and 2019, and the unaudited 6-month FPEs 31 August 2018 and 2019. This section should be read in conjunction with the "Management Discussion and Analysis" as set out in Section 5.2 of this Information Memorandum.

	Audited FYE 28 February 2018 RM'000	Audited FYE 28 February 2019 RM'000	Unaudited FPE 31 August 2018 RM'000	Unaudited FPE 31 August 2019 RM'000
Revenue	14,966	16,229	8,962	8,365
Cost of sales	(8,106)	(8,384)	(4,533)	(4,385)
Gross profit	6,860	7,845	4,429	3,980
Other income and gains	418	282	192	413
Administrative and general expenses	(2,464)	(2,896)	(1,363)	(1,432)
Finance cost	(2)	(39)	(26)	(26)
PBT	4,812	5,192	3,232	2,935
Tax expense	(1,002)	(1,192)	(533)	(704)
PAT	3,810	4,000	2,699	2,231
GP Margin (%)	45.84	48.34	49.42	47.58
PBT Margin (%)	32.15	31.99	36.06	35.09
PAT Margin (%)	25.46	24.65	30.12	26.67
Effective Tax Rate (%)	20.82	22.96	16.49	23.99
EPS (RM) ⁽ⁱ⁾	0.02	0.02	0.01	0.01

Note:

(i) Calculated based on our PAT divided by our entire share capital of 244,163,310 prior to the issuance of Shares to the Pre-Listing Investors.

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5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

5.1.2 Combined Statements/Consolidated Statement of Financial Position

The following table sets out a summary of the audited combined statements of financial position as at 28 February 2018 and 2019, and the unaudited combined statements/consolidated statement of financial position as at 31 August 2018 and 2019. This section should be read in conjunction with the "Management Discussion and Analysis" as set out in Section 5.2 of this Information Memorandum.

	Audited As at 28 February 2018 RM'000	Audited As at 28 February 2019 RM'000	Unaudited As at 31 August 2018 RM'000	Unaudited As at 31 August 2019 RM'000
Assets				
Non-Current Assets				
Property, plant and equipment	4,299	4,377	4,444	4,307
Deferred tax asset	42	-	29	-
Total Non-Current Assets	4,341	4,377	4,473	4,307
Current Assets				
Inventories	1,734	1,922	2,003	1,925
Trade and other receivables	2,755	3,125	3,701	3,904
Short term investments ⁽ⁱ⁾	16,359	14,937	19,246	23,807
Fixed deposits	53	-	54	-
Cash and bank balances	1,008	1,236	731	282
Total Current Assets	21,909	21,220	25,736	29,918
Total Assets	26,250	25,597	30,208	34,225
Equity and Liabilities				
Equity				
Share capital	3,000	3,000	3,000	30,856
Merger reserve ⁽ⁱⁱ⁾	-	-	-	(21,416)
Retained earnings	21,274	19,274	23,973	21,505
Total Equity	24,274	22,274	26,973	30,945
Liabilities				
Non-Current Liabilities				
Bank borrowings	3	1,234	1,278	1,181
Deferred tax liability	-	100	-	97
Total Non-Current Liabilities	3	1,334	1,278	1,278
Current Liabilities				
Contract liabilities	-	97	-	-
Trade and other payables	1,701	1,725	1,596	1,604
Current tax liability	270	122	339	375

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

	Audited As at 28 February 2018 RM'000	Audited As at 28 February 2019 RM'000	Unaudited As at 31 August 2018 RM'000	Unaudited As at 31 August 2019 RM'000
Bank borrowings	2	45	22	23
Total Current Liabilities	1,973	1,989	1,957	2,002
Total Liabilities	1,976	3,323	3,235	3,280
Total Equity and Liabilities	26,250	25,597	30,208	34,225
NA per Share (RM) ⁽ⁱⁱⁱ⁾	0.10	0.09	0.11	0.13
Gearing Ratio (times)	- ^(iv)	0.06	0.05	0.04

Notes:

- (i) Short-term investments are the unit trust funds and quoted shares invested by the Group. As at 31 August 2019, a total of RM23.81 million has been allocated for investment in unit trust funds, of which approximately RM10.00 million has been earmarked to be utilised for the construction of a new factory and office building on the Sendayan TechValley Land, in the next 1 to 3 years. The balance of the short-term investments will remain as the Group's reserve for future working capital purposes.
- (ii) As at 31 August 2019, the merger reserve of RM 21.42 million represents the differences between the cost of acquisition (fair value of consideration paid) and the amount at which the assets and liabilities are recorded, arising from the common control combination.
- (iii) Calculated based on our total equity divided by our entire share capital of 244,163,310 prior to the issuance of Shares to the Pre-Listing Investors.
- (iv) The gearing ratio is negligible.

5.1.3 Combined Statements/Consolidated Statement of Cash Flows

The following table sets out a summary of the audited combined statements of cash flows for the FYEs 28 February 2018 and 2019, and the unaudited 6-month FPEs 31 August 2018 and 2019. This section should be read in conjunction with the "Management Discussion and Analysis" as set out in Section 5.2 of this Information Memorandum.

	Audited FYE 28 February 2018 RM'000	Audited FYE 28 February 2019 RM'000	Unaudited FPE 31 August 2018 RM'000	Unaudited FPE 31 August 2019 RM'000
Operating Activities				
PBT	4,812	5,192	3,232	2,935
Adjustments for:				
Depreciation of property, plant and equipment	153	170	94	85
Dividend income	(22)	(90)	(42)	(82)
Gain on disposal of property, plant and equipment	-	(50)	-	-
Interest expense	2	39	26	26
Interest income	(1)	(1)	-	-

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

	Audited FYE 28 February 2018 RM'000	Audited FYE 28 February 2019 RM'000	Unaudited FPE 31 August 2018 RM'000	Unaudited FPE 31 August 2019 RM'000
Net gain on financial assets at fair value through profit or loss mandatorily	(333)	(45)	(85)	(305)
Net unrealised loss/(gain) on foreign exchange	3	(49)	-	-
Operating profit before working capital changes	4,614	5,166	3,225	2,659
Changes in inventories	(144)	(188)	(270)	(3)
Changes in receivables	823	(373)	(947)	(779)
Changes in payables	(430)	137	(105)	(218)
Cash generated from operations	4,863	4,742	1,903	1,659
Interest received	1	1	-	-
Tax paid	(1,089)	(1,196)	(450)	(455)
Net cash generated from operating activities	3,775	3,547	1,453	1,204
<u>Investing Activities</u>				
Acquisition of property, plant and equipment	(1,644)	(248)	(239)	(15)
Dividend received	22	90	42	82
Proceeds from disposal of property, plant and equipment	-	50	-	-
Proceeds from disposal of short-term investments	2,331	28,980	-	5,793
Subscription of short-term investments	(4,319)	(27,513)	(2,802)	(14,358)
Net cash (used in)/generated from investing activities	(3,610)	1,359	(2,999)	(8,498)
<u>Financing Activities</u>				
Dividend paid	-	(6,000)	-	-
(Repayment)/ Drawdown from bank borrowings	(2)	1,273	1,295	-
Interest paid	(2)	(39)	(26)	(26)
Proceeds from issuance of Shares	-	-	-	6,440
Repayment of hire purchase	(20)	-	-	(74)
Net cash (used in)/generated from financing activities	(24)	(4,766)	1,269	6,340

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

	Audited FYE 28 February 2018 RM'000	Audited FYE 28 February 2019 RM'000	Unaudited FPE 31 August 2018 RM'000	Unaudited FPE 31 August 2019 RM'000
Net changes in cash and cash equivalents	142	140	(277)	(954)
Effects of exchange rate fluctuation	(1)	34	-	-
Cash and cash equivalents brought forward	921	1,062	1,062	1,236
Cash and cash equivalents carried forward	1,061	1,236	785	282
Represented by:				
Fixed deposits	53	-	54	-
Cash and bank balances	1,008	1,236	731	282
	1,061	1,236	785	282

Note:

(i) Negligible.

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5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

5.2 Management Discussion and Analysis

The following management discussion and analysis of our business, past financial conditions and results of operations should be read in conjunction with our audited combined financial statements for the FYEs 28 February 2018 and 2019, and the unaudited 6-month FPEs 31 August 2018 and 2019 set out in Sections 5.1.1, 5.1.2 and 5.1.3 of this Information Memorandum.

The management discussion and analysis also contain forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ considerably from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Information Memorandum, particularly the risk factors as set out in Section 7 of this Information Memorandum.

5.2.1 Overview of Operations

ASTRA is an investment holding company. The principal activities of our 2 subsidiaries are as follows:

- (i) SSSB is principally involved in the manufacturing and selling of food ingredients (“**Manufacturing**”); and
- (ii) ASB is principally involved in the trading of food ingredients (“**Trading**”).

Further details of the business overview are set out in Section 2 of this Information Memorandum.

5.2.2 Revenue

Our Group’s revenue is mainly derived from the manufacturing and selling of food ingredients, and trading of food ingredients. The following tables set out the breakdown of our Group’s revenue by companies, by segments and by geographical areas, for the FYEs 28 February 2018 and 2019, and the 6-month FPEs 31 August 2018 and 2019:

(i) Revenue by companies

The revenue generated from the manufacturing and selling of food ingredients, and trading of food ingredients are derived from SSSB and ASB, respectively.

(ii) Revenue by segments

The following table sets out the breakdown and analysis of our Group’s revenue by segments for the FYEs 28 February 2018 and 2019, and the 6-month FPEs 31 August 2018 and 2019.

	Audited		Audited		Unaudited		Unaudited	
	FYE		FYE		FPE		FPE	
	28 February 2018		28 February 2019		31 August 2018		31 August 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing	8,785	58.70	9,524	58.69	5,464	60.97	5,142	61.47
Trading	6,181	41.30	6,705	41.31	3,498	39.03	3,223	38.53
Total	14,966	100.00	16,229	100.00	8,962	100.00	8,365	100.00

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS**Comparison between the FYE 28 February 2018 and the FYE 28 February 2019**

Our Group's revenue has improved by RM1.26 million or 8.44% from RM14.97 million recorded for the FYE 28 February 2018 to RM16.23 million recorded for the FYE 28 February 2019. The increase of revenue is due to:

- (a) the increase in sales volume of seasoning products by our existing customers in SSSB, mainly in processed meat and snack categories; and
- (b) the increase in sales volume of food ingredients by our existing customers in ASB, mainly in pharmaceutical and bakery categories.

Comparison between the FPE 31 August 2018 and the FPE 31 August 2019

Our Group's revenue has decreased by RM0.60 million or 6.66% from RM8.96 million recorded for the FPE 31 August 2018 to RM8.37 million recorded for the FPE 31 August 2019. The decrease of revenue is due to:

- (a) the decrease in revenue recorded from the manufacturing segment, which is due to the lower sales volume of seasoning products, mainly from processed meat and processed seafood industry producers, and
- (b) the decrease in revenue recorded from the trading segment, which is due to the lower sales volume of flavours in beverage category.

(iii) Revenue by geographical areas

The following table sets out the breakdown and analysis of our Group's revenue by geographical areas for the FYEs 28 February 2018 and 2019, and the 6-month FPEs 31 August 2018 and 2019:

	Audited FYE 28 February 2018		Audited FYE 28 February 2019		Unaudited FPE 31 August 2018		Unaudited FPE 31 August 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	13,139	87.79	13,985	86.17	7,439	83.00	6,754	80.74
Foreign ⁽ⁱ⁾	1,827	12.21	2,244	13.83	1,523	17.00	1,611	19.26
Total	14,966	100.00	16,229	100.00	8,962	100.00	8,365	100.00

Note:

- (i) Comprising revenue generated from Sri Lanka, Singapore, Myanmar, Bangladesh, Pakistan, Indonesia, China and South Korea.

Comparison between the FYE 28 February 2018 and the FYE 28 February 2019

- (a) Local

The revenue from local market has recorded an increase of RM0.85 million, from RM13.14 million for the FYE 28 February 2018 to RM13.99 million for the FYE 28 February 2019. The increase is due to the higher sales volume for seasoning products and food ingredients as mentioned in Section 5.2.2 (ii) of this Information Memorandum.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS**(b) Foreign**

The revenue from foreign market through our exports has recorded an increase of RM0.41 million, from RM1.83 million for the FYE 28 February 2018 to RM2.24 million for the FYE 28 February 2019.

The increase is due to the orders placed by one of our new clients, a company which is involved in manufacturing of snack food products based in Dhaka, Bangladesh, as well as some other seasoning products retailers.

Comparison between the FPE 31 August 2018 and the FPE 31 August 2019**(a) Local**

The revenue from local market has decreased by RM0.69 million, from RM7.44 million for the FPE 31 August 2018 to RM6.75 million for the FPE 31 August 2019. The decrease is due to lower sales volume of seasoning products from one of our processed meat and seafood industry producers, as mentioned in Section 5.2.2 (ii) of this Information Memorandum. However, based on our historical performance and barring any unforeseen circumstances, the sales volume for our seasoning products will usually increase towards year end, as illustrated for the FYE 28 February 2019.

(b) Foreign

The revenue from foreign market has recorded a slight increase of RM0.09 million, from RM1.52 million for the FPE 31 August 2018 to RM1.61 million for the FPE 31 August 2019. The marginal increase is due to the increase in sales volume from the traders in South Korea.

5.2.3 Cost of Sales

As our Group's nature of business is manufacturing and selling of food ingredients, and trading of food ingredients, the consumable raw materials represent 95.18% and 96.39% of the Group's cost of sales for the FYEs 28 February 2018 and 2019, respectively, as well as 97.02% and 95.98% for the 6-month FPEs 31 August 2018 and 2019, respectively.

The other components of the cost of sales include, amongst others, packaging, label materials, freight forwarding charges, labour costs, depreciation of plant and equipment, as well as repair and maintenance of plant and equipment. The aforesaid components in the Group's cost of sales are relatively insignificant compared to the consumable raw materials.

The following table sets out the breakdown of the Group's cost of sales by segments for the FYEs 28 February 2018 and 2019, and the 6-month FPEs 31 August 2018 and 2019:

	Audited		Audited		Unaudited		Unaudited	
	FYE		FYE		FPE		FPE	
	28 February 2018		28 February 2019		31 August 2018		31 August 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing	2,787	34.38	3,014	35.95	1,964	43.33	1,629	37.15
Trading	5,319	65.62	5,370	64.05	2,569	56.67	2,756	62.85
Total	8,106	100.00	8,384	100.00	4,533	100.00	4,385	100.00

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS**Comparison between the FYE 28 February 2018 and the FYE 28 February 2019**

The Group's cost of sales has recorded a slight increase of RM0.27 million or approximately 3.43%, from RM8.11 million for the FYE 28 February 2018 to RM8.38 million for the FYE 28 February 2019. The increase is mainly due to the higher purchases of food ingredients for the FYE 28 February 2019. This is to accommodate the increasing demands of both seasoning products and food ingredients from the local and foreign markets, which had contributed to the increase in Group's revenue for the FYE 28 February 2019.

Comparison between the FPE 31 August 2018 and the FPE 31 August 2019

The Group's cost of sales has recorded a slight decrease of RM0.14 million or approximately 3.26%, from RM4.53 million for the FPE 31 August 2018 to RM4.39 million for the FPE 31 August 2019. The decrease in cost of sales is in tandem with the decrease of overall Group's revenue, particularly in the local markets.

However, the Group has recorded an increase in the cost of sales for the trading segment of RM0.19 million, despite the decrease in the revenue for the trading segment for the FPE 31 August 2019, as compared to the FPE 31 August 2018. This is mainly due to the increase of price in flavourings from our main supplier.

5.2.4 GP and GP Margin

The following table sets out the breakdown of the Group's GP and GP margin by segments for the FYEs 28 February 2018 and 2019, and the 6-month FPEs 31 August 2018 and 2019:

(i) GP

	Audited		Audited		Unaudited		Unaudited	
	FYE		FYE		FPE		FPE	
	28 February 2018	28 February 2019	28 February 2018	28 February 2019	31 August 2018	31 August 2019	31 August 2018	31 August 2019
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing	5,998	87.43	6,510	82.98	3,501	79.05	3,513	88.27
Trading	862	12.57	1,335	17.02	928	20.95	467	11.73
Total	6,860	100.00	7,845	100.00	4,429	100.00	3,980	100.00

Comparison between the FYE 28 February 2018 and the FYE 28 February 2019

Our Group's GP has recorded an increase of RM0.99 million or 14.36%, from RM6.86 million for the FYE 28 February 2018 to RM7.85 million for the FYE 28 February 2019. The increase in the revenue generated from the manufacturing and trading segments resulted in the increase in our Group's GP for the FYE 28 February 2019.

Comparison between the FPE 31 August 2018 and the FPE 31 August 2019

Our Group's GP has recorded a decrease of RM0.45 million or 10.14%, from RM4.43 million for the FPE 31 August 2018 to RM3.98 million for the FPE 31 August 2019. The decrease in GP for the FPE 31 August 2019 as compared to the FPE 31 August 2018 is mainly due to the lower revenue generated from both manufacturing and trading segments.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

(ii) GP Margin

	Audited FYE 28 February 2018 %	Audited FYE 28 February 2019 %	Unaudited FPE 31 August 2018 %	Unaudited FPE 31 August 2019 %
Manufacturing	68.28	68.35	64.07	68.32
Trading	13.95	19.91	26.53	14.49
Overall	45.84	48.34	49.42	47.58

Comparison between the FYE 28 February 2018 and the FYE 28 February 2019

The overall GP margin of the Group has recorded an increase from 45.84% for the FYE 28 February 2018 to 48.34% for the FYE 28 February 2019.

The GP margin for the manufacturing segment has recorded an increase from 68.28% for the FYE 28 February 2018 to 68.35% for the FYE 28 February 2019. The slight increase is due to cheaper source of supply as we had procured one of the major food ingredients directly from the manufacturer instead of sourcing from the intermediate retailer, which resulted in cost saving for that specific raw material for the FYE 28 February 2019.

The GP margin for the trading segment has recorded an increase from 13.95% for the FYE 28 February 2018 to 19.91% for the FYE 28 February 2019. The improvement in GP margin is due to:

- (a) Favourable exchange rate of RM against other currencies (i.e. USD and CHF) for the FYE 28 February 2019 as compared to the FYE 28 February 2018.

FYE 28 February 2018		FYE 28 February 2019	
Purchases		Purchases	
Foreign Currency	RM	Foreign Currency	RM
USD 1,018,521	4,336,198	USD 984,877	4,025,141
CHF 179,008	781,250	CHF 263,711	1,095,541
	5,117,448		5,120,682

	FYE 28 February 2018	FYE 28 February 2019
	Average Exchange Rate	Average Exchange Rate
USD/RM	4.26	4.09
CHF/RM	4.36	4.15

We have recorded a higher purchase of RM5.12 million in the FYE 28 February 2019, as compared to the FYE 28 February 2018.

Although our purchases denominated in foreign currencies are higher in the FYE 28 February 2019 as compared to the FYE 28 February 2018 due to the increase in the volume of purchased foreign food ingredients, the strengthening of RM against USD and CHF resulted in relatively lower cost of sales in the FYE 28 February 2019.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

- (b) Shift of focus on sales for food ingredients in beverage category due to lower margin generated of RM0.41 million or 30.79%.

	FYE 28 February 2018 RM'000	FYE 28 February 2019 RM'000
Sales of food ingredients purchase in beverage category	1,335.97	924.64

Comparison between the FPE 31 August 2018 and the FPE 31 August 2019

The overall GP margin of the Group has recorded a decrease from 49.42% for the FPE 31 August 2018 to 47.58% for the FPE 31 August 2019.

However, the GP margin for the manufacturing segment has recorded an increase from 64.07% for the FPE 31 August 2018 to 68.32% for the FPE 31 August 2019. The increase is due to the lower purchase price from one of our food ingredient manufacturers in China.

The GP margin for the trading segment has recorded a decrease from 26.53% for the FPE 31 August 2018 to 14.49% for the FPE 31 August 2019. The decrease is attributed to the fluctuating increased cost of flavourings between 3.00% and 8.00% from our main supplier as mentioned in Section 5.2.3 of this Information Memorandum. The GP margin for the FPE 31 August 2018 is significantly higher due to the purchase of food ingredients from our major supplier at lower price, as a result of the favourable exchange rate.

5.2.5 Other Income and Gains

The following table sets out the breakdown of our Group's other income and gains for the FYEs 28 February 2018 and 2019, and 6-month FPEs 31 August 2018 and 2019:

	Audited FYE 28 February 2018		Audited FYE 28 February 2019		Unaudited FPE 31 August 2018		Unaudited FPE 31 August 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Net gain on financial assets at fair value through profit or loss mandatorily	333	79.67	45	15.96	85	44.27	305	73.85
Dividend income	22	5.26	90	31.91	42	21.88	82	19.85
Gain on foreign exchange	28	6.70	77	27.31	50	26.04	5	1.21
Management fee ⁽ⁱ⁾	-	0.00	-	0.00	-	0.00	12	2.91
Others ⁽ⁱⁱ⁾	35	8.37	70	24.82	15	7.81	9	2.18
Total	418	100.00	282	100.00	192	100.00	413	100.00

Notes:

(i) Management fee consists of accounting and administrative support services.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) *Others consist of income from supply of solar energy, interest received, government grant and gain on disposal of property, plant and equipment. We generate solar energy by installing solar panel on our rooftop and sell the excess energy to Tenaga Nasional Berhad. The supply of solar energy amounted to approximately RM14,500 per year is a continuous income since 2015.*

Comparison between the FYE 28 February 2018 and the FYE 28 February 2019

Other income and gains have decreased by RM0.14 million or approximately 32.53% from RM0.42 million recorded for the FYE 28 February 2018 as compared to RM0.28 million recorded for the FYE 28 February 2019. The decrease in other income and gains is due to the following reasons:

- (a) The depreciation of closing market value as at 28 February 2019 for the short-term investments resulted in the decrease in net gain on financial assets at fair value through profit or loss mandatorily amounted to RM0.29 million; and
- (b) Decrease in government grant amounted to RM0.02 million.

However, the decrease in the other income and gains for the FYE 28 February 2019 is offset with the following:

- (a) Increase in dividend income amounted to RM0.07 million;
- (b) Increase in gain on foreign exchange amounted to RM0.05 million as a result of the favourable exchange rate of RM against other currencies (i.e. USD and CHF); and
- (c) Gain on disposal of property, plant and equipment amounted to RM0.05 million.

Comparison between the FPE 31 August 2018 and the FPE 31 August 2019

Other income and gains have increased by RM0.22 million or approximately 115.10% from RM0.19 million recorded for the FPE 31 August 2018 as compared to RM0.41 million recorded for the FPE 31 August 2019. The increase in other income and gains is due to the following reasons:

- (a) Increase in net gain on financial assets of RM0.22 million at fair value through profit or loss mandatorily due to fund's better asset allocation in a favourable economy outlook;
- (b) Increase in dividend income amounted to RM0.04 million; and
- (c) Increase in the bookkeeping and accounting fee as stipulated in Section 8.2 of this Information Memorandum.

However, the increase in the other income and gains for FPE 31 August 2019 is offset with the following:

- (a) Decrease in gain on foreign exchange amounted to RM0.04 million; and
- (b) Decrease in interest received and supply of solar energy of RM0.01 million.

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5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS**5.2.6 Administrative and General Expenses**

The following table sets out our Group's administrative and general expenses for FYEs 28 February 2018 and 2019, and the 6-month FPEs 31 August 2018 and 2019:

	Audited		Audited		Unaudited		Unaudited	
	FYE		FYE		FPE		FPE	
	28 February 2018	28 February 2019	28 February 2018	28 February 2019	31 August 2018	31 August 2019	31 August 2018	31 August 2019
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs and related expenses	846	34.33	1,168	40.33	484	35.51	656	45.81
Directors' remuneration	543	22.04	493	17.02	173	12.69	150	10.47
Professional fees	63	2.56	267	9.22	193	14.16	130	9.08
Export expenses	216	8.77	185	6.39	97	7.12	124	8.66
Depreciation of property, plant and equipment	126	5.11	156	5.39	65	4.77	79	5.52
Transportation	138	5.60	150	5.18	39	2.86	34	2.37
Utilities	87	3.53	67	2.31	22	1.61	31	2.17
Others ⁽ⁱ⁾	445	18.06	410	14.16	290	21.28	228	15.92
Total	2,464	100.00	2,896	100.00	1,363	100.00	1,432	100.00

Note:

(i) Others consist of stamp duty, bank charges, quit rent and assessment, printing and stationeries, sales commission and other sundry expenses.

Comparison between the FYE 28 February 2018 and the FYE 28 February 2019

Administrative and general expenses as a proportion of our Group's revenue are 16.46% and 17.84% for the FYE 28 February 2018 and FYE 28 February 2019, respectively.

For the 2 FYEs, our Group's administrative and general expenses have increased by RM0.43 million or approximately 17.53%, from RM2.46 million recorded for the FYE 28 February 2018 to RM2.89 million recorded for the FYE 28 February 2019. The increase in administrative and general expenses is due to the following:

- (i) the increase in staff costs and related expenses of RM0.32 million that is in line with the new staff recruitment and salary increment during the FYE 28 February 2019;
- (ii) the increase in professional fees of RM0.20 million mainly attributed to the Proposed Listing expenses;
- (iii) the increase in depreciation of property, plant and equipment of RM0.03 million as a result of the increase in renovation during the FYE 28 February 2019; and
- (iv) the increase of petrol, toll and parking fees of RM0.01 million as a result of the increase in number of sales staffs claim during the FYE 28 February 2019.

However, the increase in administrative and general expenses is offset by the decrease in directors' remuneration of RM0.05 million and export expenses of RM0.03 million.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS**Comparison between the FPE 31 August 2018 and the FPE 31 August 2019**

Our Group's administrative and general expenses have increased by RM0.07 million or approximately 5.06%, from RM1.36 million recorded for the FPE 31 August 2018 to RM1.43 million for the FPE 31 August 2019.

The increase in administrative and general expenses is mainly due to the following:

- (i) the increase in staff costs and related expenses of RM0.17 million; and
- (ii) the increase in export expenses of RM0.03 million.

However, the increase in administrative and general expenses is offset by the decrease in directors' remuneration of RM0.02 million, professional fees of RM0.06 million and others such as entertainment, hotel accommodations and printing expenses of RM0.06 million.

5.2.7 PAT and PAT Margin

The following tables set out our Group's PAT and PAT margin for the FYEs 28 February 2018 and 2019, and the 6-month FPEs 31 August 2018 and 2019:

	Audited FYE 28 February 2018 RM 000	Audited FYE 28 February 2019 RM'000	Unaudited FPE 31 August 2018 RM'000	Unaudited FPE 31 August 2019 RM'000
PAT	3,810	4,000	2,699	2,231
PAT Margin (%)	25.46	24.65	30.12	26.67

Comparison between the FYE 28 February 2018 and the FYE 28 February 2019

Our Group's PAT has recorded an increase of approximately RM0.19 million or 4.99%, from RM3.81 million for the FYE 28 February 2018 to RM4.00 million for the FYE 28 February 2019. The increase in PAT is due to the higher revenue and GP as explained in Sections 5.2.2 and 5.2.4 of this Information Memorandum.

The PAT margin of our Group has recorded a decrease from 25.46% for the FYE 28 February 2018 as compared to 24.65% for the FYE 28 February 2019. The decrease in the PAT margin is due to the following:

- (i) the increase in administrative and general expenses as explained in Section 5.2.6 of this Information Memorandum; and
- (ii) the decrease in other income and gains resulted from the decrease in net gain on financial assets at fair value for the FYE 28 February 2019.

Comparison between the FPE 31 August 2018 and the FPE 31 August 2019

Our Group's PAT has recorded a decrease of approximately RM0.47 million or 17.34%, from RM2.70 million for the FPE 31 August 2018 to RM2.23 million for the FPE 31 August 2019. The decrease in PAT is due to the lower revenue as explained in Section 5.2.2 of this Information Memorandum. The decrease in PAT margin is also in tandem with the corresponding decrease in the Group's GP margin.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

The PAT margin of our Group has recorded a decrease from 30.12% for the FPE 31 August 2018 as compared to 26.67% for the FPE 31 August 2019. The decrease in the PAT margin is due to the increase in administrative and general expenses and this is offset with the increase in other income and gains.

5.2.8 Key Financial Ratios

	FYE 28 February 2018	FYE 28 February 2019	FPE 31 August 2018	FPE 31 August 2019
Gearing Ratio (times) ⁽ⁱ⁾	– ⁽ⁱⁱ⁾	0.06	0.05	0.04
Current Ratio (times) ⁽ⁱⁱⁱ⁾	11.10	10.67	13.15	14.94
Inventories Turnover Period (days) ^(iv)	78	84	80	79
Trade Receivables Turnover Period (days) ^(v)	57	68	73	69
Trade Payables Turnover Period (days) ^(vi)	54	53	49	51

Notes:

(i) Computed as total borrowings over total equity

(ii) Negligible

(iii) Computed as total current assets over total current liabilities

(iv) Computed as (inventories/cost of sales) x number of days in the respective FYE/FPE

(v) Computed as (trade receivables/revenue) x number of days in the respective FYE/FPE

(vi) Computed as (trade payables/cost of sales) x number of days in the respective FYE/FPE

(i) Gearing ratio

As at 28 February 2019, our Group's gearing ratio has increased to 0.06 times due to the new borrowings of RM1.28 million secured during the FYE 28 February 2019. SSSB had entered into a sale and purchase agreement to acquire Kepong Factory No. 100 on 22 June 2017 and subsequently, we received an offer of banking facility of a Term-I Financing amounted to RM1.28 million from a licensed bank on 13 December 2017, to part finance the acquisition of Kepong Factory No. 100. The disbursement of the banking facility on 17 May 2018 was utilised to fund the acquisition of Kepong Factory No. 100 and the transaction was deemed completed.

As at 31 August 2019, our Group's gearing ratio has decreased to 0.04 times due to the repayment for the banking facility of Term-I Financing for the FPE 31 August 2019 as well as the increase in share capital due to the Shares issuance to the Pre-Listing Investors.

(ii) Current ratio

Our current ratios as at 28 February 2018 and 28 February 2019 are 11.10 times and 10.67 times, respectively. The decrease in the current ratio as at 28 February 2019 as compared to 28 February 2018 is due to the decrease in current assets which is mainly contributed by reduction in the carrying value of short-term investments of RM1.42 million.

Our current ratios as at 31 August 2018 and 31 August 2019 are 13.15 times and 14.94 times, respectively. The increase in the current ratio as at 31 August 2019 as compared to 31 August 2018 is due to the increase in current assets which is mainly

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

contributed by the increase in trade and other receivables of RM0.20 million and increase in the carrying value of short-term investments resulted from the proceeds received from the issuance of Shares to Pre-Listing Investors.

(iii) Inventories turnover period

Our Group has recorded an increase in the inventories turnover period of 6 days from 78 days as at 28 February 2018 to 84 days as at 28 February 2019. The increase in the inventories turnover period is mainly due to the increase in purchase of oversea food ingredients in order to maintain sufficient stocks level and to avoid short supply in meeting the customers' demand.

The table below shows the inventory ageing analysis as at 31 August 2019:

	Amount (RM'000)	%
1 to 30 days	1,023	53.14
31 to 60 days	516	26.81
61 to 90 days	288	14.96
More than 90 days	98	5.09
Total	1,925	100.00

As at 31 August 2019, our Group has RM1.93 million worth of inventories. Our Group has recorded a slight decrease in the inventories turnover period of 1 day from 80 days as at 31 August 2018 to 79 days as at 31 August 2019. We have been keeping track with the customers' demand in both manufacturing and trading segments, in order to ensure sufficient supplies from time to time.

As at 31 August 2019, we have recorded 53.14% of total inventories within 1 to 30 days, and a 5.09% of total inventories of more than 90 days. This indicates that our Group managed to effectively sell the food ingredients that we have purchased within three months. Our Board is of the opinion that there are no slow-moving or obsolete inventories as our inventories on-hand are primarily catered for the subsequent months' manufacturing and trading purposes.

(iv) Trade receivables turnover period

Our customers are granted credit periods ranging from 30 to 90 days for both FYEs. For established customers who have maintained good relationship with us, the credit periods may be extended at the discretion of the management. We assess our established customers based on period of business relationship. The credit periods can be extended by additional 30 days, subject to our assessment on the customers' historical track record.

The Group has recorded a higher trade receivables turnover period of 68 days as at 28 February 2019, as compared to 57 days as at 28 February 2018. The increase of trade receivables turnover period is due to more sales generated towards year end. Nevertheless, the trade receivables turnover period still falls within the manageable credit periods granted to our customers.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

	FPE 31 August 2019 RM'000
Not past due (Credit period granted 30 – 90 days)	2,831
<u>Past due:</u>	
1 to 30 days	159
31 to 60 days	79
61 to 90 days	62
More than 90 days	91
	3,222
Subsequent up to the LPD	1,495
Outstanding balance as at the LPD	1,727

As at 31 August 2019, the Group has RM3.22 million of total trade receivables. Out of RM3.22 million of total trade receivables, RM1.12 million of the outstanding trade receivables has been collected. As demonstrated in the ageing analysis, our Group managed to keep 87.86% of the trade receivables within the credit period and is neither past due nor impaired. The management will reassess the recoverable amount for the trade receivable that has been past due for more than a year. If the trade receivables that the Group expects to receive are less than the total trade receivables that are due to the Group, the management would consider the need of impairment based on the objective evidence. The management would write off the trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

(v) Trade payables turnover period

The credit terms granted to our Group by our suppliers ranged from 30 to 90 days for both FYEs. Our trade payables turnover period has decreased slightly from 54 days as at 28 February 2018 to 53 days as at 28 February 2019, indicating the promptness in payments to our suppliers.

	FPE 31 August 2019 RM'000
Not past due (Credit period granted 30 to 90 days)	1,288
<u>Past due:</u>	
1 to 30 days	-
31 to 60 days	-
61 to 90 days	-
More than 90 days	-
	1,288
Subsequent up to the LPD	1,082
Outstanding balance as at the LPD	206

As at 31 August 2019, the Group has a total of RM1.29 million of trade payables. As demonstrated in the ageing analysis, as at 31 August 2019, 100% of the trade payables are within the credit period granted by our suppliers and are not past due. Our promptness in payments has been our strengths in maintaining good business relationship with the key suppliers.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS**5.2.9 Finance Cost**

The following table sets out the breakdown of our Group's finance cost for the FYEs 28 February 2018 and 2019, and 6-month FPEs 31 August 2018 and 2019:

	FYE		FYE		FPE		FPE	
	28 February 2018	28 February 2019	28 February 2018	28 February 2019	31 August 2018	31 August 2018	31 August 2019	31 August 2019
	RM	%	RM	%	RM	%	RM	%
Hire purchase interest	1,013	67.18	-	-	-	-	-	-
Term loan interest	495	32.82	39,029	100.00	26,000	100.00	26,000	100.00
Total	1,508	100.00	39,029	100.00	26,000	100.00	26,000	100.00

Comparison between the FYE 28 February 2018 and the FYE 28 February 2019

Our finance cost increased by RM0.04 million in the FYE 28 February 2019. The increase was mainly attributable to the increase in term loan interest due to new loan drawdown for the acquisition of the Kepong Factory No. 100. The term loan is repayable within a period of 243 months at rates 4.0% per annum. Our Group does not incur any borrowings for working capital requirements. Therefore, the Group's working capital is deemed sufficient for a period of 12 months from the LPD as we have positive net cash flow.

Comparison between the FPE 31 August 2018 and the FPE 31 August 2019

Our finance cost was attributable to the term loan interest due to the new loan drawdown for the acquisition of the Kepong Factory No. 100.

5.2.10 Cash Flows

The following table sets out ASTRA's cash flow position for the FYEs 28 February 2018 and 2019, and 6-month FPEs 31 August 2018 and 2019:

	Audited FYE 28 February 2018 RM'000	Audited FYE 28 February 2019 RM'000	Unaudited FPE 31 August 2018 RM'000	Unaudited FPE 31 August 2019 RM'000
Net cash generated from operating activities	3,775	3,547	1,453	1,204
Net cash (used in)/generated from investing activities	(3,610)	1,359	(2,999)	(8,498)
Net cash (used in)/generated from financing activities	(24)	(4,766)	1,269	6,340
Net changes in cash and cash equivalents	142	140	(277)	(954)
Cash and cash equivalents at the beginning of the financial year/period	921	1,062	1,062	1,236

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

	Audited FYE 28 February 2018 RM'000	Audited FYE 28 February 2019 RM'000	Unaudited FPE 31 August 2018 RM'000	Unaudited FPE 31 August 2019 RM'000
Effects of exchange rate fluctuation	(1)	34	-	-
Cash and cash equivalents at the end of the financial year/period	1,061	1,236	785	282

Net cash generated from operating activities

For the FYE 28 February 2018, our Group recorded net cash inflows from operating activities amounted to approximately RM3.78 million, upon adjustments from the following key items:

- (i) cash inflows for working capital of approximately RM0.25 million;
- (ii) RM1.10 million in payment of tax; and
- (iii) RM0.34 million of net gain on financial assets.

For the FYE 28 February 2019, our Group recorded net cash inflows from operating activities amounted to approximately RM3.55 million, upon adjustments from the following key items:

- (i) cash outflows for working capital of approximately RM0.42 million; and
- (ii) RM1.20 million in payment of tax.

For the FPE 31 August 2018, our Group recorded net cash inflows from operating activities amounted to approximately RM1.45 million, upon adjustments from the following key items:

- (i) cash inflows from operations amounted to RM1.32 million; and
- (ii) tax paid of RM0.45 million.

For the FPE 31 August 2019, our Group recorded net cash inflows from operating activities amounted to approximately RM1.20 million, upon adjustments from the following key items:

- (i) cash inflows from operations amounted to RM1.00 million; and
- (ii) tax paid of RM0.46 million.

Net cash (used in)/generated from investing activities

For the FYE 28 February 2018, our Group recorded net cash used in investing activities of approximately RM3.61 million mainly due to subscription of short-term investments of RM4.32 million and acquisition of property, plant and equipment of RM1.64 million.

For the FYE 28 February 2019, our Group recorded net cash generated from investing activities of approximately RM1.36 million for investing activities attributable to the following:

- (i) Proceeds from disposal of short-term investments of approximately RM28.98 million;

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) Dividend received of approximately RM0.09 million; and
- (iii) Proceeds from disposal of property, plant and equipment of approximately RM0.05 million.

The net cash generated from investing activities is offset by the subscription of a new short-term investment plan of approximately RM27.51 million and the acquisition of property, plant and equipment of approximately RM0.25 million.

For the FPE 31 August 2018, our Group recorded net cash used in investing activities of approximately RM3.00 million, mainly due to the following:

- (i) Subscription of short-term investments amounted to RM2.80 million; and
- (ii) Acquisition of property, plant and equipment amounted to RM0.24 million;

which is offset with the dividend received amounted to RM0.04 million.

For the FPE 31 August 2019, our Group recorded net cash used in investing activities of approximately RM8.50 million mainly due to the following:

- (i) Subscription of short-term investments amounted to RM14.36 million; and
- (ii) Acquisition of property, plant and equipment amounted to RM0.01 million;

which is offset by the following:

- (i) Proceeds from disposal of short-term investments amounted to RM5.79 million; and
- (ii) Dividend received equipment amounted to RM0.08 million.

Net cash (used in)/generated from financing activities

For the FYE 28 February 2018, our Group recorded net cash used in financing activities of approximately RM0.02 million, mainly due to repayment of hire purchase of RM0.02 million.

For the FYE 28 February 2019, our Group recorded net cash used in financing activities of approximately RM4.77 million, attributable to the dividends paid amounting to RM6 million and interest paid on term loan of RM0.04 million; which is offset by net drawdown for term loan of RM1.27 million.

For the FPE 31 August 2018, our Group recorded net cash generated from financing activities of approximately RM1.27 million, mainly due to the drawdown of bank borrowings of RM1.23 million.

For the FPE 31 August 2019, our Group recorded net cash generated from financing activities of approximately RM6.34 million, mainly due to the proceeds from issuance of shares of RM6.44 million.

5.2.11 Recent Developments

In order to remain competitive for the Group in this challenging market environment, the Group has focused on continuous improvement in the Group's production planning, implementation of stringent quality control on the manufacturing of seasoning products and investment in the advanced and modern equipment and machineries. As at the LPD, the Group had acquired on the Sendayan TechValley Land for the purpose of future capacity expansion.

5. HISTORICAL FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

The acquisition of the Sendayan TechValley Land is in line with our plans to expand our local and international customer base.

5.2.12 Significant Factors Affecting Our Financial Position and Results of Operation

Section 7 of this Information Memorandum details out a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our revenue and financial performance. Sophisticated Investors should refer to the risk factors set out therein.

5.3 Dividend Policy

We do not have any formal dividend policy presently. It is our intention to pay dividends to shareholders in the future while retaining adequate reserves for our future growth. However, such payments will depend upon the Company's income and dividends from our subsidiaries. The payment of dividends by our subsidiaries will depend on their distributable profits, operating results, financial conditions, capital expenditure plans and other factors that their respective boards of directors deem relevant.

Our ability to pay future dividend to our shareholders is subject to various factors, including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditures plans. Actual dividend proposed and declared may vary depending on our financial performance and cash flow and may be waived if the payment of dividends would adversely affect our cash flow for operations.

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6. INDEPENDENT MARKET RESEARCH REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
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T: +603 7625 1769

31 October 2019

The Board of Directors
ASTRAMINA GROUP BERHAD
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur

Dear Sirs,

Industry Overview on the Seasonings and Food Ingredients Industries in Malaysia and Asia Pacific in conjunction with the Listing of ASTRAMINA GROUP BERHAD on the LEAP Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“PROVIDENCE”) has prepared an Industry Overview Report on the Seasonings and Food Ingredients Industries in Malaysia and Asia Pacific for inclusion in the Information Memorandum of ASTRAMINA GROUP BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries and market(s) in which ASTRAMINA GROUP BERHAD and its subsidiaries (collectively referred to as “ASTRAMINA GROUP”) operates in, within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this Industry Overview presents a balance view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive.

For and on behalf of PROVIDENCE:

ELIZABETH DHOOS
EXECUTIVE DIRECTOR

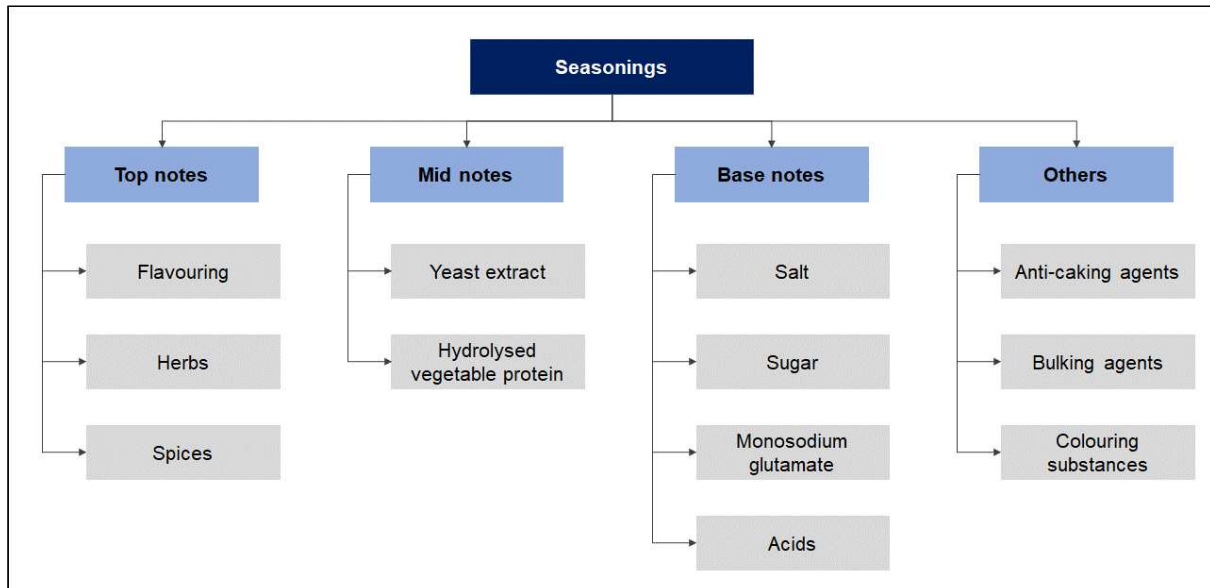
1 SEASONINGS INDUSTRY IN MALAYSIA AND ASIA PACIFIC

DEFINITION AND SEGMENTATION

Seasoning consists of base notes, mid notes, top notes as well as other ingredients such as colouring, bulking agents, and anti-caking agent. Top notes refer to flavouring, herbs, and spices; while mid notes refer to yeast extract and hydrolysed vegetable protein; and base notes refer to salt, sugar, monosodium glutamate. Herbs and spices are a key component in seasoning products, where herbs are mostly grown in temperate to hot regions, while spices are mostly grown in subtropical or tropical climates. As such, Malaysia is a suitable location for the growth of herbs and spices.

Seasoning products are added to food to improve or enhance its flavour, as well as add aroma to the food. Seasoning products are added in multiple food products such as seafood, meat and poultry products, snacks and convenience food, soups, sauces and dressings, bakery and confectionery products, and frozen products.

Seasonings industry segmentation by product



Notes:

¹ Others refer to food ingredients which are added to seasoning products, including but not limited to, anti-caking agents, colouring substances, flavour enhancers, starches, and sugar

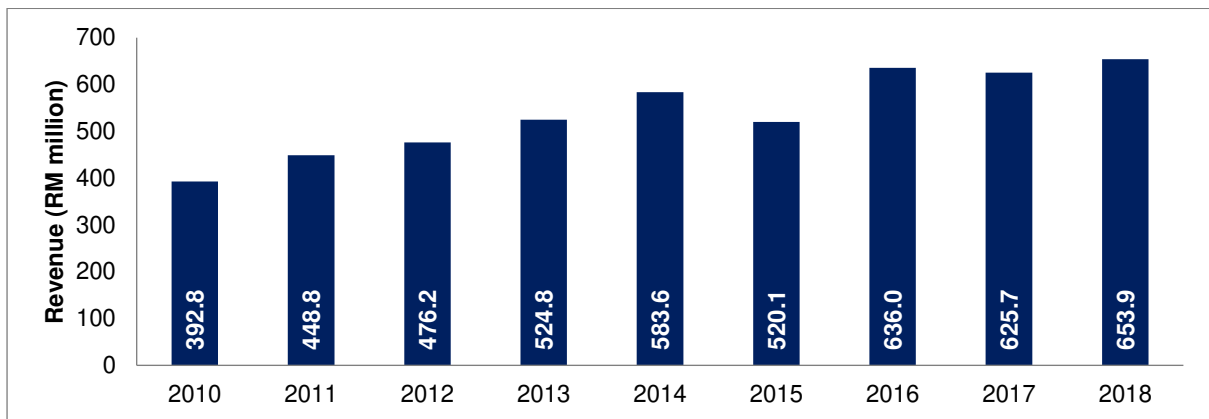
² The examples above are not exhaustive

INDUSTRY SIZE AND GROWTH POTENTIAL

Malaysia

The seasonings industry in Malaysia, based on the revenue of local industry players which are involved in the manufacture of seasoning products, increased from RM508.9 million in 2010 to an estimated RM653.9 million in 2018 at a compound annual growth rate (“CAGR”) of 3.2%. Seasoning products may be manufactured for the retail and / or industrial sectors. Over the same period, the revenue of local industry players which are involved in the manufacture of seasoning products for the industrial sector, grew at a rate of 6.9% from RM392.8 million in 2010 to an estimated RM653.9 million in 2018.

Industrial seasonings industry size in Malaysia



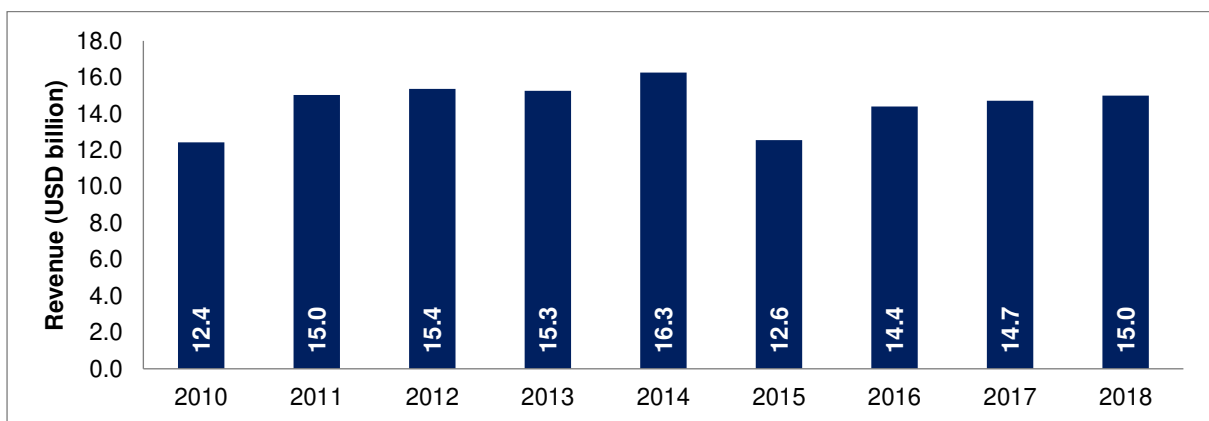
Source: Companies Commission of Malaysia, PROVIDENCE analysis

The seasonings industry in Malaysia, specific to the manufacture of seasoning products for industrial use, is expected to grow from RM653.9 million in 2018 to RM754.8 million in 2021 at a rate of 4.9% on the back of the growing demand from end-user markets such as the processed food and beverages including ready-to-eat meals, the increasing popularity of international cuisines, and the growth of the halal food and beverages industry.

Asia Pacific

The seasonings industry in Asia Pacific, based on revenue, grew from USD12.4 billion in 2010 to an estimated USD15.0 billion in 2018 at a CAGR of 2.4%. This is projected to further increase to USD17.4 in 2021 at a rate of 5.1%.

Seasonings industry size in Asia Pacific



Source: PROVIDENCE analysis

Traditionally, consumers in India, Sri Lanka, and China consume high amounts of spices in their cuisines. As such, Asia Pacific's seasoning industry is driven by factors such as the high consumption of seasonings in South Asian countries, growing spice consumption in the Far East, and growth in the seasoning and spice production in the Asian countries.

However, it is not just the demand for conventionally used spices that is driving the seasonings industry in Asia Pacific. The large population base in the region as well as the growing wealth of the population

that has brought about a change to consumers' food habits have also contributed to the consumption of seasonings in Asia Pacific.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Malaysia and Asia Pacific

Growth of demand from end-user industries will boost the seasonings industry

Seasonings can be used in multiple industries, such as the processed food manufacturing industry, as well as in bakery and confectionery businesses. The processed food manufacturing industry in Malaysia, based on manufacturing sales value, increased from RM18.5 billion in 2010 to RM34.5 billion in 2018 at a CAGR of 8.1%. Over the same period, the processed food manufacturing industry in Asia Pacific increased from USD474.3 billion to USD613.5 billion at a CAGR of 3.7%. In 2018, the bakery and confectionery products manufactured in Malaysia accounted for approximately 42.0% of the country's processed food manufacturing industry, while bakery and confectionery businesses in Asia Pacific accounted for approximately 13.0% of the region's processed food manufacturing industry.

Other than its industrial uses, seasoning products can also be sold to individual consumers either through store-based retailing channels such as hypermarkets and supermarkets or through non-store retailing channels, which includes internet retailers such as e-commerce platforms. A wider variety of seasoning products and wider range of distribution channels will contribute to the growth of seasoning products as it provides consumers with more choices and accessibility.

The growth of demand from these end-user industries is expected to boost the seasonings industry in Malaysia.

The growing popularity of convenience foods will boost the seasonings industry

Processed food refers to food which has been deliberately changed prior to consumption. This includes freezing, canning or drying food to preserve nutrients and freshness. Examples of processed food include canned and frozen fruit and vegetables, cereal, bread, savoury snacks, meat products, ready-to-eat meals, cakes, and biscuits.

Some processed foods offer greater convenience to individuals, where this includes ready-to-eat meals, snacks, and bakery products. The manufacture of bakery products and snacks in Malaysia, measured by the sales value, increased from RM2.1 billion in 2010 to RM6.9 billion in 2018 at a CAGR of 16.0%. Convenience foods are expected to grow in popularity as individuals opt to save time during their food preparation process. The growing popularity of convenience foods will have a positive effect on the seasonings industry.

Some processed foods offer greater convenience to individuals. Asia Pacific's sales volume of these convenience foods, comprising ready-to-eat meals, snacks, cereals, and bakery products, increased from 144.3 million tonnes in 2010 to 197.6 million tonnes in 2018 at a CAGR of 4.0%. Ready-to-eat meals are also expected to increase in popularity as there are a wide variety of ready-to-eat meals that are available through multiple distribution channels. The extended shelf life of ready-to-eat meals will also encourage consumers to keep these meals at home and purchase more during price promotions. Thus, the growing popularity of convenience foods, including ready-to-eat meals, will boost the seasonings industry.

Malaysia

Growth of the halal food industry will create opportunities for halal seasonings

Malaysia is a progressive Islamic country which aspires to become a global hub for the production and trade of halal products and services, as outlined in the 2006 Third Industrial Master Plan. Typically, awareness and observance of halal has been highest within food and beverage, making halal compliance in this area of great importance. Halal food and beverages refer to food and beverages which have been prepared as prescribed by the Islamic law. Halal food and beverages require that halal requirements are complied with at all stages of the production and supply chain, including procurement of raw materials and ingredients, logistics and transportation, as well as packaging and labelling.

Based on the Global Islamic Economy Indicator, Malaysia was ranked first in 2017, supported by its Islamic finance and halal food ecosystems. In the global halal food category of the Global Islamic Economy Indicator, Malaysia was also ranked first in 2017, primarily due to a substantial increase in its awareness score, driven by a doubling in the number of articles discussing halal food, and a total of six halal food events.

In 2017, the global Muslim population spent an estimated USD1.3 trillion in 2017 on food, and this is expected to reach USD1.9 trillion by 2023. Halal food is also becoming popular in countries with a minority Muslim population, notably in China, which has been rocked by numerous food scandals in recent years, because it is perceived as being trustworthy.

With the increase in global expenditure by the Muslim population as well as the growing popularity of halal food, many countries are taking initiatives to capitalise on this growth potential. Malaysia, as a Muslim country, is well positioned to be the centre for the promotion, distribution and production of halal food. As the Malaysian government is focused on increased food production as well as making Malaysia an international halal hub, food processing companies in Malaysia are able to leverage on the country's strength in halal certification and the government's promotional efforts to capture the halal market abroad. The growth of the halal food and beverages industry will have a positive effect on the seasonings industry in Malaysia, especially as seasoning manufacturers in Malaysia are able to leverage on Malaysia's strength in halal certification and become halal certified.

The growing importance of halal food products will create opportunities for halal seasonings.

Increased popularity of international cuisines will have a positive effect on the seasonings industry

Cultural influences lead to the difference in the habitual consumption of certain foods and in traditions of preparation, and in certain cases can lead to restrictions such as exclusion of meat and milk from the diet. However, cultural influences are amenable to change, where for example, individuals moving to a new country often adopt particular food habits of the local culture. In addition, the increased social media and television coverage has expanded consumer awareness about the different types of cultures and food, thus encouraging individuals to be more adventurous and experimental with their food choices. This has led to an increasing popularity of local and international cuisines such as Indian, Italian, and Korean cuisines, which will result in an increased demand for seasoning products, thus positively affecting the seasonings industry.

Asia Pacific

Implementation of the ASEAN Economic Community signifies growth opportunities for Asia Pacific's seasonings industry

Initiatives towards the establishment of the ASEAN Economic Community ("AEC") can be traced back to as early as 1992 when ASEAN leaders mandated the creation of the ASEAN Free Trade Area. The AEC aims to establish ASEAN as a single market and production base as well as a competitive economic region with equitable economic development that is fully integrated into the global economy. ASEAN has signed several agreements to support the AEC realisation, and these agreements aim to facilitate the movement of goods, services, investments, capital, and skills; increase trade of goods and services as well as investment among the ASEAN countries; promote and expand regional production sharing and network; and promote a higher level of transparency and predictability. Four key agreements concluded in relation to the AEC are:

- **ASEAN Trade in Goods Agreement**

The ASEAN Trade in Goods Agreements aims to achieve free flow of goods in the ASEAN region which will result in less trade barriers and deeper economic linkages among the ASEAN countries, lower business costs, increase trade, and provide a larger market and economies of scales for businesses. Through the ASEAN Trade in Goods Agreement, Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand have eliminated intra-ASEAN import duties on approximately 99.7% of their tariff lines, while Cambodia, Laos, Myanmar, and Vietnam have reduced their import duties to a range of 0% to 5% on approximately 98.9% of their tariff lines.

- **ASEAN Framework Agreement on Services**

The ASEAN Framework Agreement on Services targets to eliminate restrictions to trade in services among the ASEAN countries in order to improve the efficiency and competitiveness of ASEAN services suppliers. Measures to achieve this include eliminating all existing discriminatory measures and market access limitations amongst the ASEAN countries, prohibiting new or more discriminatory measures and market access limitations, commit to, and recognising the education, licenses, certifications, or experience obtained or granted in another ASEAN country if it is for the purpose of licensing or certification of service suppliers.

- **ASEAN Comprehensive Investment Agreement**

The ASEAN Comprehensive Investment Agreement was signed on 26 February 2009 and entered into force on 29 March 2012. It aims to create a liberal, facilitative, transparent and competitive investment environment in the ASEAN region. The agreement applies to the manufacturing, agriculture, fishery, forestry, mining and quarrying sectors, and other sectors which has been agreed upon by all the ASEAN countries.

- **ASEAN Agreement on the Movement of Natural Persons**

The ASEAN Agreement on the Movement of Natural Persons provides transparency and streamlines the procedures for immigration applications for the entry of natural persons. The terms "natural persons" refers to business persons, intra-corporate transferees, contractual service suppliers, and other categories of natural persons as specified by the ASEAN countries.

The implementation of these agreements, as well as the AEC will help establish the ASEAN as a single market and production base and result in increased investments and trade. This will help facilitate the growth of the seasonings industry in Asia Pacific due to the increased trade from these agreements.

COMPETITIVE LANDSCAPE

Seasoning industry players in Malaysia can be broadly divided into the following categories:

- **Seasoning product manufacturers**

The manufacture of seasoning products may be carried out by either brand owners or contract manufacturers.

- **Seasoning product distributors**

The distribution of seasoning products may be carried out by brand owners and / or third party distributors. Seasoning products may be distributed via a business to business (“B2B”) basis and / or business to consumer (“B2C”) basis.

Astramina Group Berhad is principally involved in the manufacturing and selling of food ingredients, as well as the trading of food ingredients through its subsidiaries, Seasonings Specialities Sdn Bhd and Astramina Sdn Bhd. The food seasonings produced by Seasonings Specialities Sdn Bhd is solely for the industrial sector, and as such, is distributed on a B2B basis.

Performance of selected industry players in Malaysia

Industry player	Nature of business			Target market		Brands manufactured / distributed	Latest available financial year ended	Revenue (RM)
	Brand owner	Manufacturer	Distributor	B2B	B2C			
Ajinomoto (Malaysia) Berhad	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> ▪ Aji-Aroma ▪ Ajimate ▪ Seri-Aji ▪ Tumix 	31 March 2019	119,217,921 ^a
Amplio Ingredients Sdn Bhd		✓		✓			30 September 2018	7,833,866
Cosmo Ingredients (M) Sdn Bhd ^b		✓		✓			30 June 2018	1,687,357
Formosa Spice Sdn Bhd		✓		✓			31 July 2018	7,763,916
Gaban Spice Manufacturing (M) Sdn Bhd ^{c, d}	✓	✓				<ul style="list-style-type: none"> ▪ GABAN 	31 March 2019	79,986,928
Givaudan Flavours & Fragrances Malaysia Sdn Bhd	✓		✓	✓		<ul style="list-style-type: none"> ▪ Givaudan 	31 December 2018	25,961,264
Hexa Food Sdn Bhd	✓	✓	✓		✓	<ul style="list-style-type: none"> ▪ AI-HEXA 	31 July 2018	13,396,869

Industry player	Nature of business			Target market		Brands manufactured / distributed	Latest available financial year ended	Revenue (RM)
	Brand owner	Manufacturer	Distributor	B2B	B2C			
Horeca Foods (M) Sdn Bhd			✓		✓	<ul style="list-style-type: none"> ▪ HEXA ▪ Ballantyne ▪ Synergy 	30 June 2018	9,471,700
T Hasegawa Flavours (Kuala Lumpur) Sdn Bhd ^{e, f}		✓		✓		<ul style="list-style-type: none"> ▪ Peresscol 	31 December 2018	30,861,136
Seasonings Specialities Sdn Bhd	✓	✓	✓	✓		<ul style="list-style-type: none"> ▪ Seasonings Specialities ▪ Givaudan ▪ Synthite 	28 February 2019	9,524,363
Spices & Seasonings Specialities Sdn Bhd	✓	✓		✓		<ul style="list-style-type: none"> ▪ Miyachi ▪ Telly 	31 December 2018	89,586,840
Symrise Sdn Bhd	✓		✓	✓		<ul style="list-style-type: none"> ▪ Symrise 	31 December 2018	51,974,811

Note:

The key identified industry players comprise industry players that were identified by PROVIDENCE based on publicly available sources

Revenues from the industry players may be derived from more than one business segment

^a Segmental revenue for its industrial business segment, which consists of the manufacture and distribution of monosodium glutamate for industry-use, industrial seasonings and related products

^b Manufacturing arm of Horeca Foods (M) Sdn Bhd

^c Jiawan Spice Marketing (M) Sdn Bhd is its sales and marketing company, and has not been included due to it being an exempt private company since 2014

^d Wholly-owned subsidiary of Gaban Co., Ltd.

^e formerly known as Peresscol Sdn Bhd

^f Wholly-owned subsidiary of T. Hasegawa Co., Ltd.

Latest available as at 31 October 2019

Source: Companies Commission of Malaysia, PROVIDENCE analysis

2 FOOD INGREDIENTS INDUSTRY IN MALAYSIA AND ASIA PACIFIC

DEFINITION AND SEGMENTATION

Food processing refers to the method used to turn fresh foods into food products. This can involve washing, chopping, pasteurising, freezing, fermenting, packaging and many more. Food processing also includes adding food ingredients to food. Food ingredients refer to substances which are added to food for specific technical and/or functional purposes during processing, storage or packaging. This includes colouring, emulsification, preservation and nutrition enhancement.

Food ingredients can be broadly divided into direct food ingredients and indirect food ingredients. Direct food ingredients, such as stabilisers and leavening agents, are used in foods to impart specific technological or functional qualities. For example, stabilisers may be intentionally added to milk to help prevent separation of nutrients. On the other hand, indirect food ingredients refer to food additives which are not intentionally added to food but may be present in trace amounts as a result of processing, packaging, shipping or storage.

Food ingredients may originate from a multitude of sources. Certain food additives, such as humectants, may come from mineral sources that contain phosphorus compounds, while other food additives such as thickeners may come from plant sources. In Malaysia, food ingredients can be divided into seven functional classes, namely preservatives, antimicrobial agents, colouring substances, flavouring substances, flavour enhancers, antioxidants, and food conditioners. Food conditioners can be further divided into 11 subcategories, namely emulsifiers, antifoaming agents, stabilisers, thickeners, modified starches, gelling agents, acidity regulators, enzymes, solvents, glazing agents, and anti-caking agents.

There are several types of food ingredients, including but not limited to, preservatives, colour additives, flavourings, flavour enhancers, emulsifiers, stabilisers and thickeners.

Types of food ingredients

Type	Function	Examples	Applications
Preservatives and antimicrobial agents	Prevent food spoilage from bacteria, moulds, fungi, or yeast (antimicrobials); slow or prevent changes in colour, flavour, or texture and maintain freshness	Benzoic acid, sorbic acid, and sulphur dioxide	Jam, fruit juices, and vinegar
Antioxidants	Delay or slow down the oxidation process which will cause food to become rancid	Tocopherol, ascorbic acid, butylated hydroxytoulene	Margarine, butter, peanut butter, coconut cream, chewing gum
Colouring substances	Offset colour loss due to exposure to light, air, temperature extremes, moisture and storage conditions; correct natural variations in colour; enhance colours that occur naturally; provide colour to colourless foods	Allura red, sunset yellow, and anthocyanin	Cake, ice cream, and flavoured drinks
Flavouring substances	Add specific flavours	Spices	Cake, ice cream, and flavoured drinks
Flavour enhancers	Enhance flavours already present in foods (without providing their own separate flavour)	Monosodium glutamate	Sauces and flavoured milk

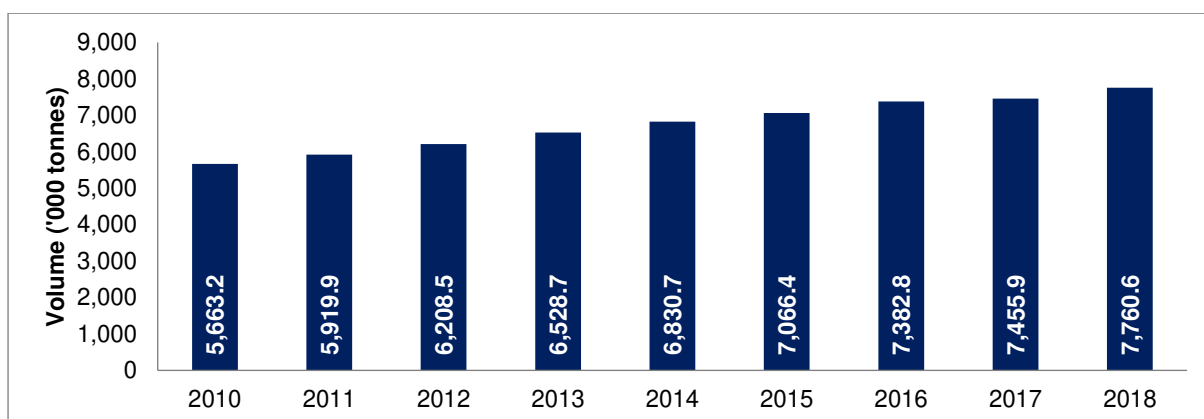
Type	Function	Examples	Applications
Food conditioners <ul style="list-style-type: none"> • Emulsifiers • Antifoaming agents • Stabilisers • Thickeners • Modified starches • Gelling agents • Acidity regulators • Enzymes • Solvents • Glazing agents • Anti-caking agents 	Functions include allowing smooth mixing of ingredients and preventing separation; producing uniform texture; controlling acidity and alkalinity; preventing spoilage; modifying proteins, polysaccharides and fats; keeping powdered foods free-flowing; and preventing moisture absorption	Soy lecithin, mono- and diglycerides, egg yolks, polysorbates, sorbitan monostearate, gelatin, pectin, guar gum, carrageenan, xanthan gum, whey, lactic acid, citric acid, ammonium hydroxide, sodium carbonate, enzymes, lactase, papain, rennet, chymosin, calcium silicate, iron ammonium citrate, and silicon dioxide	Salad dressings, peanut butter, chocolate, margarine, frozen desserts, dairy products, cakes, pudding and gelatin mixes, dressings, jams and jellies, sauces, cheese, meat, baking powder, salt, and confectioner's sugar

INDUSTRY SIZE AND GROWTH POTENTIAL

Malaysia

The food ingredients industry in Malaysia, based on consumption volume, increased from 5.7 million tonnes in 2010 to an estimated 7.8 million tonnes in 2018 at a CAGR of 4.0%, recording a higher growth rate than the global growth rate of 2.2%. Malaysia was ranked the 7th largest food ingredients consumer in Asia Pacific, forming 1.3% of the region's consumption of food ingredients.

Consumption of food ingredients in Malaysia

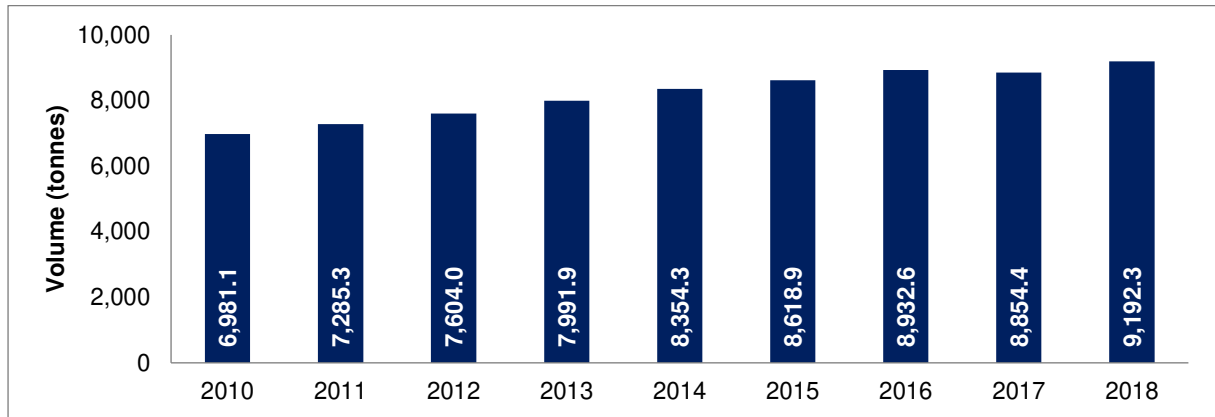


Source: PROVIDENCE analysis

Flavouring substances, flavour enhancers, and colouring substances are a subset of the larger food ingredients industry. The consumption of flavouring substances, flavour enhancers, and colouring substances in Malaysia grew from 7.0 million tonnes in 2010 to 9.2 million tonnes in 2018, at a CAGR of 3.5%. This is expected to further grow from 9.2 million tonnes in 2019 to 9.7 million tonnes in 2021 at a CAGR of 1.7%, on the back of continued growth in Malaysia's food industry, particularly with the increased popularity of international cuisines.

In 2018, Malaysia's consumption of flavouring substances, flavour enhancers, and colouring substances accounted for approximately 0.1% of the country's total food ingredients consumption. Of these three types of food ingredients, Malaysia consumes a higher volume of flavouring substances and flavour enhancers, while the consumption volume of colouring substances in the country is lower. In 2018, Malaysia's consumption volume of flavouring substances, flavour enhancers, and colouring substances stood at 3,476.8 tonnes, 3,923.8 tonnes, and 1,791.7 tonnes respectively.

Consumption of flavouring substances, flavour enhancers, and colouring substances in Malaysia

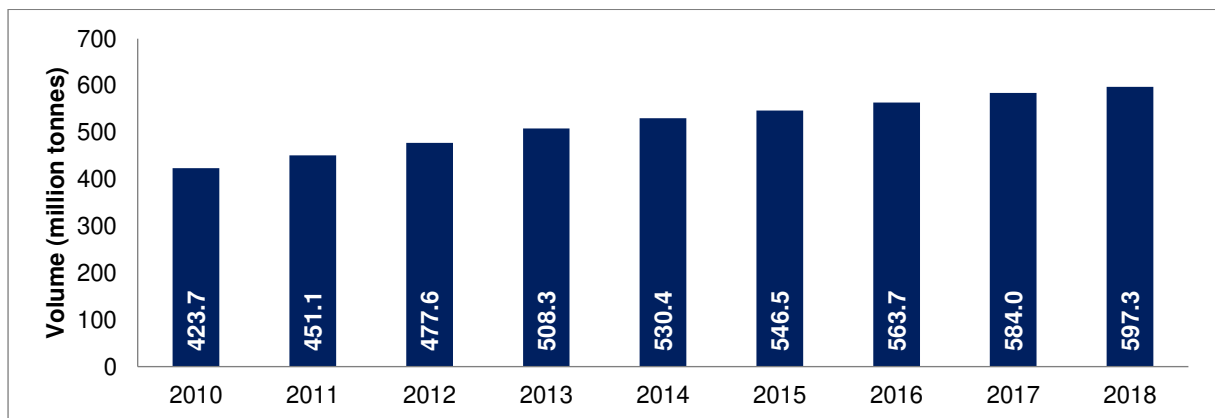


Source: PROVIDENCE analysis

Asia Pacific

The food ingredients industry in Asia Pacific, measured by consumption volume, increased from 423.7 million tonnes in 2010 to 597.3 million tonnes in 2018 at a CAGR of 4.4%, recording a higher growth rate than the global growth rate of 2.2%. The consumption of food ingredients in the Asia Pacific accounted for almost a third of global consumption of food ingredients in 2018, at 31.0%.

Consumption of food ingredients in Asia Pacific



Source: PROVIDENCE analysis

China was the largest consumer of food ingredients in Asia Pacific in 2018, forming approximately 45.0% of the region's consumption of food ingredients. This was followed by India with 13.4%, and Japan with 10.7%.

Flavouring substances, flavour enhancers, and colouring substances are a subset of the larger food ingredients industry. The consumption of flavouring substances, flavour enhancers, and colouring substances in Asia Pacific grew from 2.3 million tonnes in 2010 to 2.5 million tonnes in 2018, registering a CAGR of 1.0%. The consumption of flavouring substances, flavour enhancers, and colouring substances in Asia Pacific formed more than half of the global consumption of these food ingredients in 2017.

In 2018, China was the largest consumer in the Asia Pacific for flavouring substances, flavour enhancers, and colouring substances, comprising almost half of the region's consumption of these food ingredients, with 48.7%. This was followed by Indonesia with 21.1%, and Japan with 8.2%.

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Growth of the pharmaceutical industry will propel the food ingredients industry

Food ingredients can be used across a wide range of industries, such as the food and beverages industry as well as the pharmaceutical industry. Food ingredients used in the pharmaceutical industry include but is not limited to, antioxidants, anti-caking agents, acidity regulators and emulsifiers, flavouring, and colouring. These ingredients are used in the manufacture of pharmaceutical products, which can be broadly divided into pharmaceutical drugs and nutraceuticals. Between 2010 and 2018, the pharmaceutical industry in Malaysia, based on pharmaceutical sales of prescription and over the counter drugs, increased from RM5.0 billion to RM9.8 billion, recording a CAGR of 8.8%. The pharmaceutical industry in Asia Pacific, measured by retail sales value of pharmaceutical products, grew from USD77.5 billion in 2010 to USD113.1 billion in 2018 at a CAGR of 4.8%.

Pharmaceutical products manufactured in Malaysia and the Asia Pacific may be consumed or used locally or exported to other countries. Between 2010 and 2018, Malaysia's export of pharmaceutical products increased from USD147.9 million to USD235.4 million at a CAGR of 6.0%, while Asia Pacific's exports of pharmaceutical products grew from USD18.7 billion to USD30.2 billion at a CAGR of 6.2%.

The increase in consumption of locally manufactured pharmaceutical products, whether consumed domestically or exported for foreign consumption, will propel the food ingredients industry in Malaysia and Asia Pacific.

Growth of the halal pharmaceutical industry will positively affect the food ingredients industry

Malaysia is a progressive Islamic country which has aspirations to become a global hub for the production and trade of halal products and services, as outlined in the 2006 Third Industrial Master Plan. Based on the Global Islamic Economy Indicator, Malaysia was ranked first in 2017, supported by its Islamic finance and halal food ecosystems. In the global halal pharmaceuticals and cosmetics category of the Global Islamic Economy Indicator, Malaysia was ranked third in 2017, driven by sustained higher governance, awareness and social scores.

With Muslims increasingly concerned about what they consume, a number of companies, both Muslim and non-Muslim, are providing halal-certified nutraceutical products that are free from animal sources and use only the best ingredients. Multinationals have also entered the segment, whether providing halal ingredients or providing halal certified vitamins and supplements. Nutraceuticals are considered the major growth segment within halal pharmaceuticals, but more pharmaceuticals are being halal-certified, including prescription drugs. While not all pharmaceutical products can yet be halal-certified until certain research and development issues are overcome, especially in relation to certain ingredients and chemicals, innovation is occurring in vaccines.

In 2017, the global Muslim population spent an estimated USD87.0 billion on pharmaceuticals, and this is expected to increase to USD131.0 billion by 2023. Muslims have generally struggled to adopt a halal-

centric approach to preventative as well as reactive medicine due to the lack of an all-encompassing halal ecosystem, thus contributing to major healthcare challenges in much of the Muslim world, evidenced in the growing phenomena of inoculation refusals over concerns about the halal status of vaccines.

As a country with a large Muslim population, Malaysia recognises the importance of the production of halal pharmaceuticals. The country's certification body, the Department of Islamic Development Malaysia ("JAKIM"), has been particularly active, publishing the world's first halal pharmaceuticals standard according to ISO guidelines – the MS2424: 2012 Halal Pharmaceuticals General Guidelines. Malaysia had also established a separate halal certification scheme for pharmaceutical products due to the specialized requirements of the industry. Knowing what halal pharmaceuticals to prescribe is a further necessary addition, with Malaysia's Halal Industry Development Corporation currently compiling the first halal pharmacopoeia, while JAKIM is to introduce halal certification for medical devices, including liquids for dialysis machines.

The growth of the halal pharmaceuticals industry will have a positive effect on the food ingredients industry in Malaysia, especially as food ingredients manufacturers in Malaysia are able to leverage on Malaysia's strength in halal certification and become halal certified.

The demand drivers that affect the seasonings industry in Malaysia and Asia Pacific also similarly affect the food ingredients industry in Malaysia and Asia Pacific. For details on these additional demand drivers, please refer to **Chapter 2, Demand Conditions: Key Growth Drivers**.

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3 PROSPECTS AND OUTLOOK FOR ASTRAMINA GROUP BERHAD

The seasonings industry in Malaysia, based on the revenue of local industry players which are involved in the manufacture of seasoning products, increased from RM508.9 million in 2010 to an estimated RM653.9 million in 2018 at a CAGR of 3.2%. Seasoning products may be manufactured for the retail and / or industrial sectors. Over the same period, the revenue of local industry players which are involved in the manufacture of seasoning products for the industrial sector, grew at a rate of 6.9% from RM392.8 million in 2010 to an estimated RM653.9 million in 2018. The seasonings industry in Malaysia, specific to the manufacture of seasoning products for industrial use, is expected to grow from RM653.9 million in 2018 to RM754.8 million in 2021 at a rate of 4.9% on the back of the growing demand from end-user markets such as the processed food and beverages including ready-to-eat meals, the increasing popularity of international cuisines, and the growth of the halal food and beverages industry.

The seasonings industry in Asia Pacific, based on revenue, grew from USD12.4 billion in 2010 to an estimated USD15.0 billion in 2018 at a CAGR of 2.4%. This is projected to further increase to USD17.4 billion in 2021 at a rate of 5.1%. Traditionally, consumers in India, Sri Lanka, and China consume high amounts of spices in their cuisines. As such, Asia Pacific's seasoning industry is driven by factors such as the high consumption of seasonings in South Asian countries, growing spice consumption in the Far East, and growth in the seasoning and spice production in the Asian countries. However, it is not just the demand for conventionally used spices that is driving the seasonings industry in Asia Pacific. The large population base in the region as well as the growing wealth of the population that has brought about a change to consumers' food habits have also contributed to the consumption of seasonings in Asia Pacific.

The food ingredients industry in Malaysia, based on consumption volume, increased from 5.7 million tonnes in 2010 to an estimated 7.8 million tonnes in 2018 at a CAGR of 4.0%, recording a higher growth rate than the global growth rate of 2.2%. Malaysia was ranked the 7th largest food ingredients consumer in Asia Pacific, forming 1.3% of the region's consumption of food ingredients. The growth of the halal pharmaceuticals industry will have a positive effect on the food ingredients industry in Malaysia, especially as food ingredients manufacturers in Malaysia are able to leverage on Malaysia's strength in halal certification and become halal certified

The food ingredients industry in Asia Pacific, measured by consumption volume, increased from 423.7 million tonnes in 2010 to 597.3 million tonnes in 2018 at a CAGR of 4.4%, recording a higher growth rate than the global growth rate of 2.2%. The consumption of food ingredients in the Asia Pacific accounted for almost a third of global consumption of food ingredients in 2018, at 31.0%.

Astramina Group Berhad is principally involved in the manufacturing and selling of food seasonings, as well as the trading of food ingredients through its subsidiaries, Seasonings Specialities Sdn Bhd and Astramina Sdn Bhd. The seasonings industry in Malaysia is projected to grow from RM653.9 million in 2018 to RM754.8 million in 2021 at a rate of 4.9%. In light of this, PROVIDENCE believes that the prospects of Astramina Group Berhad will be supported by the:

- **growing demand from end-user markets such as processed food and beverages including ready-to-eat meals**

The processed food manufacturing industry in Malaysia, based on manufacturing sales value, increased from RM18.5 billion in 2010 to RM34.5 billion in 2018 at a CAGR of 8.1%. In 2018, the bakery and confectionery products manufactured in Malaysia accounted for approximately 42.0% of the country's processed food manufacturing industry. The manufacture of bakery products and snacks in Malaysia, measured by the sales value, increased from RM2.1 billion in 2010 to RM6.9 billion in 2018 at a CAGR of 16.0%. Convenience foods are expected to grow in popularity as individuals opt to save time during their food preparation process. The growing popularity of convenience foods will have a positive effect on the seasonings industry. Ready-to-eat meals are

also expected to increase in popularity as there are a wide variety of ready-to-eat meals that are available through multiple distribution channels. The extended shelf life of ready-to-eat meals will also encourage consumers to keep these meals at home and purchase more during price promotions. Thus, the growing popularity of convenience foods, including ready-to-eat meals, will boost the seasonings industry.

- **increasing popularity of international cuisines**

The increased social media and television coverage has expanded consumer awareness about the different types of cultures and food, thus encouraging individuals to be more adventurous and experimental with their food choices. This has led to an increasing popularity of local and international cuisines which will result in an increased demand for seasoning products, thus positively affecting the seasonings industry.

- **growth of halal food and beverages**

In 2017, the global Muslim population spent an estimated USD1.3 trillion in 2017 on food, and this is expected to reach USD1.9 trillion by 2023. Halal food is also becoming popular in countries with a minority Muslim population, notably in China, which has been rocked by numerous food scandals in recent years, because it is perceived as being trustworthy.

With the increase in global expenditure by the Muslim population as well as the growing popularity of halal food, many countries are taking initiatives to capitalise on this growth potential. Malaysia, as a Muslim country, is well positioned to be the centre for the promotion, distribution and production of halal food. As the Malaysian government is focused on increased food production as well as making Malaysia an international halal hub, food processing companies in Malaysia are able to leverage on the country's strength in halal certification and the government's promotional efforts to capture the halal market abroad. The growing importance of halal food products will create opportunities for halal seasonings.

- **growth of pharmaceutical industries**

Between 2010 and 2018, the pharmaceutical industry in Malaysia, based on pharmaceutical sales of prescription and over the counter drugs, increased from RM5.0 billion to RM9.8 billion, recording a CAGR of 8.8%. Between 2010 and 2018, Malaysia's export of pharmaceutical products increased from USD147.9 million to USD235.4 million at a CAGR of 6.0%. The increase in consumption of locally manufactured pharmaceutical products, whether consumed domestically or exported for foreign consumption, will propel the food ingredients industry in Malaysia.

A number of companies are providing halal-certified nutraceutical products that are free from animal sources and use only the best ingredients. Multinationals have also entered the segment, whether providing halal ingredients or providing halal certified vitamins and supplements. Nutraceuticals are considered the major growth segment within halal pharmaceuticals, but more pharmaceuticals are being halal-certified, including prescription drugs.

In 2017, the global Muslim population spent an estimated USD87.0 billion on pharmaceuticals, and this is expected to increase to USD131.0 billion by 2023. The growth of the halal pharmaceuticals industry will have a positive effect on the food ingredients industry in Malaysia, especially as food ingredients manufacturers in Malaysia are able to leverage on Malaysia's strength in halal certification and become halal certified.

7. RISKS

Any investment in our Shares may be subject to a number of risks. Before making any investment decisions, Sophisticated Investors should carefully consider the risk factors together with all other information in this Information Memorandum, in particular the risks and investment considerations described below. The information below does not purport to be complete nor exhaustive, as additional risks and uncertainties not presently known to our Group, or that our Group currently deems as not material, may have an adverse effect on our business.

If any of the following risks were to materialise, our Group's business, financial condition, results or future operations could be materially adversely affected. In such an event, the market price of our Shares could decline, and investors may lose part or all of their investments.

7.1 Business, Operating and Industry Risks

(i) Dependency on experienced management and key personnel

Our Board believes that our future success depends to a significant extent upon the continued efforts, abilities, experience and networking of our experienced management and key personnel. The termination of the services of any of our key management personnel may have an adverse effect on the Group operation.

We recognise the importance of human capital in the Group. By attracting and retaining our directors and key management through rewarding our performing personnel, we are able to build a healthy relationship with the key management personnel of our Group. Further, we train and groom the younger employees to gradually take on more responsibilities from time to time. We also strive to provide a good working environment to promote productivity and loyalty.

Whilst we have taken steps to limit dependency on key management personnel, through the efforts abovementioned, there is no assurance that we are able to retain the key management personnel and that any change in the key management personnel structure will not have an adverse effect on our Group's future operating performance.

(ii) Competition from other industry players

Our Group faces competition from other seasoning products manufacturers and food ingredients traders. There are existing competitors or new entrants seeking to penetrate into the market of seasoning products that our Group is established in. There can be no assurance that our Group's performance will not be affected by the competition and that we will be able to compete successfully against existing or new competitors in the future. Increased competition may result in lower profit as well as reduced profit margins, loss of market share and/or increased difficulty in market penetration. All of these could adversely affect our Group's operations and financial results.

Notwithstanding the above, our management believes that our competitive strengths, marketing strategies and experienced key management team will enable us to remain competitive in the future.

(iii) Seasonality of our business

Our business depends on seasonal demands. During major festivals, industry players will usually experience higher sales as compared to the other periods of the year. The seasonality of our business may have an adverse effect on the sales and purchase of our seasoning products as we might experience lower sales volume during the ordinary business days.

Nonetheless, our Group will continue to monitor and appropriately estimate the market demand of our seasoning products taking into account the seasonality of our business.

7. RISKS**(iv) Foreign currency fluctuation risk**

As specified in Section 2.4 of this Information Memorandum, our in-house seasoning products are distributed to 8 overseas countries. Apart from the sales distributions, our Group also liaises with suppliers who are based in foreign countries such as Switzerland and India. Thus, some of our sales and purchases of seasoning products and food ingredients are transacted in foreign currencies.

	FYE 28 February 2018 As % of total	FYE 28 February 2019 As % of total	FPE 31 August 2019 As % of total
Revenue in foreign currencies	12.21	13.83	22.10
Cost of sales in foreign currencies	72.07	73.52	76.01

For the FYE 28 February 2018, FYE 28 February 2019 and FPE 31 August 2019, some of our Group's sales and purchases are denominated in foreign currencies, namely in the USD and CHF. There is a risk that adverse fluctuations in foreign exchange rates may have an adverse effect on our financial results. A strengthening or weakening of RM against the foreign currencies could directly increase or decrease our Group's earnings.

To mitigate the risk arising from fluctuating foreign currencies, our Group has entered into foreign exchange spot contracts with a financial institution to protect against the unfavourable exchange rate movements. By entering into the foreign exchange transaction, our Group is able to remove the uncertainty of exchange rate fluctuations for days or months prior to the transactions by locking in a fixed spot exchange rate. In addition, we constantly monitor the fluctuations in the exchange rates in order to resort to reduce the effect of fluctuations on our Group's financial performance.

(v) Dependency on major suppliers

The purchases from our top 5 suppliers accounted for 74.94%, 74.08% and 74.93% of the total purchases for the FYE 28 February 2018, FYE 28 February 2019 and FPE 31 August 2019, respectively, for the purpose of manufacturing our seasoning products as well as our trading businesses. We have established business relationship with these suppliers for a range of 3 years to 19 years.

As at the LPD, we have a total of 52 food ingredients suppliers to meet our diversified range of products. In the nature of food business, it is our practice to continue to source the food ingredients from the suppliers to ensure the consistency of the taste and quality of the food ingredients. Furthermore, there is no assurance that other suppliers will be able to meet the quality requirement of our flavours.

(vi) Fluctuations or increase in price of food ingredients from our major suppliers

Approximately 74.94%, 74.08% and 74.93% of the total purchases made by our Group in the FYE 28 February 2018, FYE 28 February 2019 and FPE 31 August 2019, respectively, comprises the purchase of food ingredients from our top 5 suppliers. Any material increase in the prices of these food ingredients may have an adverse impact on the financial performance and financial condition of our Company.

Generally, we are able to pass on the price fluctuations in the cost of the food ingredients to our customers, with constant price monitoring and management of our food ingredients purchases. To mitigate the risk of the increase of price in the food ingredients, we also work closely with our customers to ascertain the amount and timing of the respective purchase orders, so that we may

7. RISKS

determine a more accurate supply forecast and plan our purchases accordingly. Nevertheless, a prolonged material increase in the prices of food ingredients coupled with any inability to pass on such increase will ultimately affect our profit margin, business and the industry as a whole.

(vii) Unexpected disruption in manufacturing process

While we conduct periodic maintenance and servicing on all our equipment and machinery, our Group may be subject to unforeseen events such as, machine malfunction, equipment breakdown and labor shortage which may disrupt our manufacturing operations. Our business relies on the equipment, machineries and labour in the process of manufacturing of seasoning products, particularly the mixer machine, metal detector and vibro separator. Any breakdown in equipment, machineries or shortage of labour will adversely affect the manufacturing process and will lead to delay in delivery schedules, which may negatively impact our sales volume and financial performance.

To mitigate the risk of disruption in manufacturing process, we conduct frequent checking on the conditions of the machines and equipment. Our technical team is equipped with technical skills to familiarise themselves with the machine operations to ensure they are in good working order. We always maintain a scheduled maintenance for our machineries, in order to ensure that our machines are always properly maintained and in good condition.

(viii) Failure to maintain or renew the major licences, permits and approvals

Our business in Malaysia is subject to various laws, rules and regulations. As such, we have obtained the necessary major licences, permits and approvals from the relevant government or regulatory authority for our business, as detailed in Section 2.19 of this Information Memorandum.

These major licences, permits and approvals are subject to compliance with relevant conditions, laws and regulations under which they were issued. In the event of non-compliance, our major licences, permits and approvals may be revoked or may not be renewed upon expiry. Further, the relevant government or regulatory authority may take action against us for any breach or non-compliance of any applicable laws, rules, regulations or conditions such as issuing warnings, imposing penalties, suspending the licences or permits, reducing the term, imposing additional restrictions and/or revoking the licences or permits. Any failure to obtain, maintain or renew any of the licences or permits may adversely effect on our business activities and profitability.

To date, our Group has not received any reprimands, fines, penalty payments and there has not been any prior termination of licences or non-issuance of permits to carry out our business.

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7. RISKS

7.2 Risk Relating to the Industry in which Our Group Operates

(i) Failure to customise our seasoning products in accordance with customers' preference

Being established in the market for more than 20 years, we perceive the ever-changing taste preferences of the market. Through our interactions with our customers, we understand that the preferences of customers vary from one another and it is not possible to satisfy all customers with a single product. We are thus exposed to the risk where we are unable to understand the preferences of our customers and fail to customise our seasoning products in accordance with what is required during the manufacturing process.

We realise that it is imperative to understand the needs of customers at the preliminary stage. For that, we have established a department to study and perform tests using different kind of food ingredients in order to produce the customised seasoning products. Over the years, we pride ourselves in our ability to innovate and formulate new seasoning products during the product development while keeping our cost of food ingredients at an optimal level. To further improve our understanding on the taste preferences, we follow up and conduct necessary aftersales feedbacks with our existing customers on their satisfactions with the customised seasoning products.

(ii) Increase in the prices of food ingredients

The manufacturing of our seasoning products depends on a variety of food ingredients obtained from our suppliers. The food ingredients that are mostly used in producing the seasoning products are salt, sugar, palm oil, spices, flavourings and oleoresin. Due to the customisation of the seasoning products, our manufacturing process would involve the mixture of different kind of food ingredients and the amount of food ingredients might differ for each purchase order. This leads us to the risk of our increased cost of sales due to the possible increase in the price of food ingredients that we use to produce the seasoning products, which may have negative impact on the profit margin and overall financial performance.

To mitigate this, prior to the purchase of food ingredients, we would ascertain our cost and profit margin for the particular purchase order to ensure our pricing is well established. Subject to the availability of our food ingredients in stocks, we would first use the existing stocks in hand. However, if there is need to order food ingredients within short notice, we would consider passing any increase in prices of food ingredients to the end seasoning products customers in order to ensure our profit margin is within the target range. Further to that, to prevent the increase in price of food ingredients, we would construct a budget of estimated use of food ingredients with their respective shelf life. Typically, our average shelf life of food ingredients used to manufacture the seasoning products is 1 to 2 years. This helps to mitigate the risks of purchasing the food ingredients when the price is high.

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7. RISKS

7.3 Risks of Investing in Our Shares

(i) Proposed Listing may be delayed or not eventuate

Bursa Securities may not grant an approval-in-principle for our Proposed Listing or if granted, we may not be able to proceed with or may experience a delay in our Proposed Listing due to any unforeseen circumstances beyond our control before our Proposed Listing.

Nevertheless, we will endeavour to ensure compliance with the Listing Requirements for our successful listing on the LEAP Market of Bursa Securities.

(ii) No prior trading market for our Shares

There was no public trading market for our Shares. Hence, there is no assurance that upon our Proposed Listing, an active market for our Shares will develop, or if developed, that such a market can be sustained. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares. The Listing Reference Price was determined after taking into consideration various factors and we believe that a variety of factors could cause our Share price to fluctuate which may adversely affect the market price of our Shares.

(iii) Volatility in our share price and trading volume

Upon completion of our Proposed Listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Group or the industry in which our Group is operating in. These factors include, but are not limited to, the variations in the results of our Group's operations due to changes in general market conditions and broad market fluctuations.

In addition, the performance of securities listed on the regional and global equity market could be affected by external factors such as the performance of the regional and global bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of securities listed on Bursa Securities.

Furthermore, the LEAP Market is limited to Sophisticated Investors only, which in turn limits the potential liquidity level in the market. It may be more difficult for our shareholders to realise their investment on the LEAP Market than to realise an investment in a company whose shares are quoted on the Main Market or ACE Market of Bursa Securities.

(iv) Disclosure regarding forward looking statements

Certain statements in this Information Memorandum are forward-looking in nature and are subject to uncertainty and contingencies. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will materialise.

The inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by our Company, DWA Advisory or any other advisers that the plans and objectives of our Company will be achieved.

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

8.1 Related Party Transactions

Under the Listing Requirements, a 'related party transaction' is a transaction entered between the listed corporation or its subsidiaries and a related party, other than a transaction of a revenue nature in the ordinary course of business. A 'related party' of a listed issuer is:

- (i) a director having the same meaning given in Section 2(1) of the CMSA; or
- (ii) a major shareholder who has an interest of 10.0% or more of the total number of voting shares in a corporation; or
- (iii) a person connected with such director or major shareholder.

8.2 Existing and Proposed Related Party Transactions

Save as disclosed below, there is no other related party transaction, existing or proposed, entered or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the FYE 28 February 2018, FYE 28 February 2019 and for the subsequent period up to the LPD:

Transacting parties	Related party and nature of relationship	Nature of transaction	Actual transaction value		
			FYE 28 February 2018	FYE 28 February 2019	Subsequent period up to the LPD
			RM	RM	RM
(i) ASB and Astramina Advisory	<ul style="list-style-type: none"> • Tan Sri Dato' Wong See Wah and Datin Wong Muh Rong are directors of Astramina Advisory; and • Dato' Foo Chi Ching and Datin Wong Muh Rong are shareholders of Astramina Advisory. 	<p>Management/Administrative fees under the Management Services Agreement dated 2 May 2019 ("Management Services Agreement").</p> <ul style="list-style-type: none"> • ASB will provide the services under the Management Services Agreement to Astramina Advisory. • The services are bookkeeping and accounting services⁽ⁱⁱ⁾. • The transaction is expected to be a recurrent related party transaction ("RRPT"). 	-	-	3,300 ⁽ⁱ⁾

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

	Transacting parties	Related party and nature of relationship	Nature of transaction	Actual transaction value		
				FYE 28	FYE 28	Subsequent
				February 2018	February 2019	period up to the LPD
				RM	RM	RM
(ii)	ASB and Astramina Capital	Dato' Foo Chi Ching and Datin Wong Muh Rong are directors and shareholders of Astramina Capital.	<p>Management/Administrative fees under the Management Services Agreement</p> <ul style="list-style-type: none"> ASB will provide the services under the Management Services Agreement to Astramina Capital. The services are bookkeeping and accounting services⁽ⁱⁱ⁾. The transaction is expected to be a RRPT. 	-	-	3,300 ⁽ⁱ⁾
(iii)	ASB and Astramina Asset	Dato' Foo Chi Ching and Datin Wong Muh Rong are directors and shareholders of Astramina Asset.	<p>Administrative fees under the Management Services Agreement</p> <ul style="list-style-type: none"> ASB will provide the services under the Management Services Agreement to Astramina Asset. The services are bookkeeping and accounting services⁽ⁱⁱ⁾. The transaction is expected to be a RRPT. 	-	-	440 ⁽ⁱⁱⁱ⁾
(iv)	ASB and Absolute Ace	Dato' Foo Chi Ching and Datin Wong Muh Rong are directors and shareholders of Absolute Ace.	<p>Management/Administrative fees under the Management Services Agreement</p> <ul style="list-style-type: none"> ASB will provide the services under the Management Services Agreement to Absolute Ace. The services are bookkeeping and accounting services⁽ⁱⁱ⁾. The transaction is expected to be a RRPT. 	-	-	440 ⁽ⁱⁱⁱ⁾

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

	Transacting parties	Related party and nature of relationship	Nature of transaction	Actual transaction value		
				FYE 28	FYE 28	Subsequent
				February 2018	February 2019	period up to the LPD
				RM	RM	RM
(v)	ASB and Embun Muda	Dato' Foo Chi Ching and Datin Wong Muh Rong are directors and shareholders of Embun Muda.	<p>Management/Administrative fees under the Management Services Agreement</p> <ul style="list-style-type: none"> ASB will provide the services under the Management Services Agreement to Embun Muda. The services are bookkeeping and accounting services⁽ⁱⁱⁱ⁾. The transaction is expected to be a RRPT. 	-	-	440 ⁽ⁱⁱⁱ⁾
(vi)	ASB and Savory Specialities	<ul style="list-style-type: none"> Tan Sri Dato' Wong See Wah, Dato' Foo Chi Ching and Datin Wong Muh Rong are directors of Savory Specialities; and Tan Sri Dato' Wong See Wah and Datin Wong Muh Rong are shareholders of Savory Specialities. 	<p>Administrative fees under the Management Services Agreement</p> <ul style="list-style-type: none"> ASB will provide the services under the Management Services Agreement to Savory Specialities. The services are bookkeeping and accounting services⁽ⁱⁱⁱ⁾. The transaction is expected to be a RRPT. 	-	-	440 ⁽ⁱⁱⁱ⁾
(vii)	SSSB and Savory Specialities	<ul style="list-style-type: none"> Tan Sri Dato' Wong See Wah, Dato' Foo Chi Ching and Datin Wong Muh Rong are directors of Savory Specialities; and Tan Sri Dato' Wong See Wah and Datin Wong Muh Rong are shareholders of Savory Specialities. 	Acquisition of assets by SSSB.	-	128,068	-

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

	Transacting parties	Related party and nature of relationship	Nature of transaction	Actual transaction value		
				FYE 28	FYE 28	Subsequent
				February 2018	February 2019	period up to the LPD
				RM	RM	RM
(viii)	SSSB and Savory Specialities	<ul style="list-style-type: none"> Tan Sri Dato' Wong See Wah, Dato' Foo Chi Ching and Datin Wong Muh Rong are directors of Savory Specialities; and Tan Sri Dato' Wong See Wah and Datin Wong Muh Rong are shareholders of Savory Specialities. 	Purchase of food ingredients (i.e. chicken fats) <ul style="list-style-type: none"> SSSB purchases the food ingredients from Savory Specialities. The transaction is not a RRPT as Savory Specialities is a dormant company since July 2018 and will not be undertaking any business activities. 	5,000	-	-
(ix)	ASB and Astramina Advisory	<ul style="list-style-type: none"> Tan Sri Dato' Wong See Wah and Datin Wong Muh Rong are directors of Astramina Advisory; and Dato' Foo Chi Ching and Datin Wong Muh Rong are shareholders of Astramina Advisory. 	Engagement of Astramina Advisory as the Financial Adviser for the Proposed Listing ^(iv)	-	25,000	-
(x)	SSSB and Astramina Advisory	<ul style="list-style-type: none"> Tan Sri Dato' Wong See Wah and Datin Wong Muh Rong are directors of Astramina Advisory; and Dato' Foo Chi Ching and Datin Wong Muh Rong are shareholders of Astramina Advisory. 	Engagement of Astramina Advisory as the Financial Adviser for the Proposed Listing ^(iv)	-	25,000	-

Notes:

(i) Fees of RM600 per month payable on a quarterly basis.

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

- (ii) *The bookkeeping and accounting services provided by ASB comprise of:*
 - a. *Provision and maintenance of general ledger in the company's accounting software system;*
 - b. *Data entries on a monthly basis;*
 - c. *Preparation of accounts; and*
 - d. *Generation of accounting reports.*
- (iii) *Fees of RM960 per year payable on a yearly basis.*
- (iv) *The total transaction fees for the engagement of Astramina Advisory as the Financial Adviser in relation to the Proposed Listing is RM150,000. The remaining fees shall be paid by the Group to Astramina Advisory on a milestone basis, which will be completed upon successful listing of ASTRA on the LEAP Market.*

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis as the transactions are entered upon normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

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8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

8.3 Transactions that are Unusual in their Nature or Conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or our subsidiaries was a party in respect of the FYE 28 February 2018, FYE 28 February 2019 and the subsequent period up to the LPD.

8.4 Outstanding Loans Made by Our Company or Our Subsidiary for the Benefit of Related Parties

There are no other outstanding loans (including guarantees of any kind) made by our Company or our subsidiaries, to or for the benefit of any related party in respect of the FYE 28 February 2018, FYE 28 February 2019 and the subsequent period up to the LPD.

There is no financial assistance provided for the benefit of a related party, which including the Pre-Listing Investors, for the FYE 28 February 2018, FYE 28 February 2019 and the subsequent period up to the LPD.

8.5 Interests in Similar Businesses and other Conflict of Interest Situations

As at the LPD, none of our Directors or substantial shareholders has any direct or indirect interest in any entity which is carrying on a similar business as our Group or is a customer or supplier of our Group.

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9. ADDITIONAL INFORMATION

9.1 Directors' Responsibility Statement

This Information Memorandum has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information and statements contained in this Information Memorandum. After having made all reasonable enquiries, and to the best of their knowledge, information and belief, they confirm that there are no false or misleading statements or other material facts, which, if omitted, would make any statement in this Information Memorandum false or misleading.

9.2 Consents

The written consents of the Approved Adviser, Continuing Adviser, Financial Adviser, Company Secretaries, Independent Market Researcher, Independent Internal Control Consultant, Auditor, Solicitor and Share Registrar to the inclusion in this Information Memorandum of their names in the form and context in which such names appear have been given before the issue of this Information Memorandum and have not subsequently been withdrawn.

9.3 Declarations of Conflict of Interest by Our Advisers

(i) Declaration by DWA Advisory

DWA Advisory has given its written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in its capacity as the Approved Adviser and Continuing Adviser for our Proposed Listing.

(ii) Declaration by Astramina Advisory

There are common shareholders and directors in both Astramina Advisory and ASTRA. The promoters of ASTRA, namely Tan Sri Dato' Wong See Wah, Dato' Foo Chi Ching and Datin Wong Muh Rong are the director, shareholder and Managing Director cum shareholder respectively in Astramina Advisory.

The salient terms of engagement and scope of work of Astramina Advisory in the Proposed Listing are, among others, as follows:

- (a) in consultation with the Approved Adviser, advising on the structure, terms and conditions, pricing, financial aspects and timing of the Proposed Listing;
- (b) in consultation with the Approved Adviser, advising on the potential financial and market implications on the Proposed Listing in respective of the immediate, mid and long-term goal and objectives;
- (c) assisting the Company in the identification, formulation and conceptualisation of the overall implementation strategy for the Proposed Listing in conjunction with the Approved Adviser;
- (d) assisting the Company to review and comment on all the relevant transaction documents including Information Memorandum, applications, agreements, reports, announcements and any other applicable documents in conjunction with the Approved Adviser and other advisers; and
- (e) participating in the due diligence exercise as a due diligence working group member to attend the kick-off meeting, progress meetings, due diligence meetings and verification meetings with the other advisers.

9. ADDITIONAL INFORMATION

The above common shareholdings and common directorship between Astramina Advisory and ASTRA will give rise to a potential conflict of interest to Astramina Advisory in its capacity as the Financial Adviser for the Proposed Listing, however any such conflict of interest is mitigated by the following:

- (a) the scope of work of Astramina Advisory, being the Financial Adviser for the Proposed Listing, is carried out in its ordinary course of business. The responsibilities assumed by Astramina Advisory in the Proposed Listing are limited by its standing as the Financial Adviser. The other major matters such as the Group's compliance in relation to the corporate governance, minority interests and sustainability of the Company will be advised by the Approved Adviser who is bound by the Listing Requirements;
- (b) there are other appointed professionals in advising ASTRA on the Proposed Listing, including, among others, Approved Adviser, Solicitor, Auditor, Independent Market Researcher and Company Secretaries; and
- (c) save as disclosed in Section 8.2 of this Information Memorandum, there are no other related party transactions between the Promoters of ASTRA and Astramina Advisory.

(iii) Declaration by Messrs. Chooi & Company + Cheang & Ariff

Messrs. Chooi & Company + Cheang & Ariff has given its written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in its capacity as the Solicitor for our Proposed Listing.

(iv) Declaration by Mazars PLT

Mazars PLT has given its written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in its capacity as Auditor for our Proposed Listing.

(v) Declaration by Providence Strategic Partners Sdn Bhd

Providence Strategic Partners Sdn Bhd has given its written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher to our Company for our Proposed Listing.

(vi) Declaration by NGL Tricor Governance Sdn Bhd

NGL Tricor Governance Sdn Bhd has given its written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in its capacity as the Independent Internal Control Consultant to our Company for our Proposed Listing.

(vii) Declaration by the Company Secretaries

Rebecca Kong Say Tsui and Wong Yoke Fun have given their written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in their capacity as the Company Secretaries to our Company for our Proposed Listing

(viii) Declaration by Tricor Investor & Issuing House Services Sdn Bhd

Tricor Investor & Issuing House Services Sdn Bhd has given their written confirmation that, as at the date of this Information Memorandum, there is no existing or potential conflict of interest in their capacity as the Share Registrar to our Company for our Proposed Listing.

9. ADDITIONAL INFORMATION

9.4 Material Litigation and Contingent Liabilities

As at the LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Board does not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business.

As at the LPD, there is no contingent liability which, upon becoming enforceable, may have material impact on our financial position or business.

9.5 Material Contracts

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries companies within the past 2 years immediately preceding the date of this Information Memorandum:

- (i) Sale and purchase agreement dated 3 May 2019 between Menteri Besar Negeri Sembilan (PEMERBADANAN) (as landowner), BSS Development Sdn Bhd (as vendor) and SSSB (as purchaser) for the sale and purchase of the Sendayan TechValley Land for a total cash consideration of RM6,251,302.39.

9.6 Documents Available for Inspection

Copies of the following documents are available for inspection at our Registered Office, free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for at least 1 month after the listing of the Company on the LEAP Market:

- (i) the Information Memorandum;
- (ii) the Constitution of our Company;
- (iii) the material contracts as referred to in Section 9.5 of this Information Memorandum;
- (iv) the Independent Market Research Report dated 31 October 2019;
- (v) the declarations of conflict of interest and letters of consent as referred to in Section 9.3 of this Information Memorandum; and
- (vi) audited combined financial statements of ASTRA Group for the FYE 28 February 2018 and FYE 28 February 2019.

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Company No.: 201901002673 (1311999-P)

APPENDIX I

**AUDITED COMBINED FINANCIAL STATEMENTS OF ASTRAMINA GROUP BERHAD FOR THE FYE 28
FEBRUARY 2018 AND FYE 28 FEBRUARY 2019**

ASTRAMINA GROUP BERHAD
Company No.: 201901002673 (1311999-P)
(Incorporated in Malaysia)

COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED
28 FEBRUARY 2018 AND 2019

21 October 2019

**The Board of Directors
Astramina Group Berhad
Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur**

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Astramina Group Berhad (the “Company”) which comprise the combined statements of financial position as at 28 February 2018 and 2019, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for each of the financial years ended 28 February 2018 and 2019, and a summary of significant accounting policies and other explanatory information, as set out in pages 6 to 44.

Astramina Sdn Bhd (“Astramina”) and Seasonings Specialities Sdn Bhd (“Seasonings”) become the subsidiaries of the Company subsequent to 28 February 2019. The Company, Astramina and Seasonings are collectively referred to as the “Group”. The accompanying combined financial statements present the financial position, financial performance and cash flows of the entities now comprising the Group.

In our opinion, the combined financial statements give a true and fair view of the financial position of the Group as at 28 February 2018 and 2019 and of their financial performance and their cash flows for each of the financial years ended 28 February 2018 and 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 of our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants* (“By-Laws”) and the International Standards Ethics 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.

Responsibilities of the Directors for the Combined Financial Statements

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

In preparing the combined financial statements of the Group, the directors are responsible for assessing the Group’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 to cease operations, or have no realistic alternative but to do so.

Reporting Accountant’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 the combined 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 combined financial statements of the Group, 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the combined financial statements of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

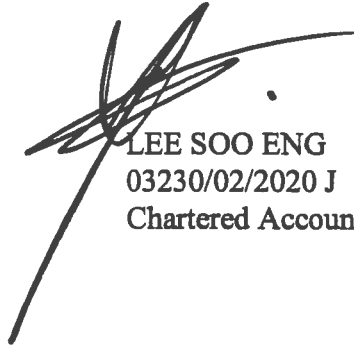
Other Matter

The combined financial statements have been prepared for inclusion in the information memorandum of the Company in connection with the proposed listing by way of introduction of the entire issued share capital of the Company on the LEAP Market of Bursa Malaysia Securities Berhad (the "Information Memorandum").

This report is made solely to the board of directors of the Company for inclusion in the Information Memorandum; and should not be used or relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.



MAZARS PLT
LLP0010622-LCA
AF 001954
Chartered Accountants



LEE SOO ENG
03230/02/2020 J
Chartered Accountant

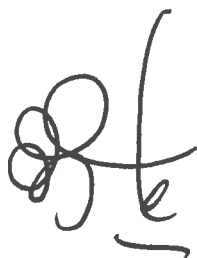
Kuala Lumpur

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Tan Sri Dato' Wong See Wah and Dato' Foo Chi Ching, being two of the directors of Astramina Group Berhad, do hereby state that, in the opinion of the directors, the combined financial statements set out on pages 6 to 44 are drawn up so as to give a true and fair view of the financial position of the Group (as defined in the combined financial statements) as at 28 February 2018 and 2019 and of their financial performance and their cash flows for each of the financial years ended 28 February 2018 and 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Signed on behalf of the board of directors on 21 October 2019.



TAN SRI DATO' WONG SEE WAH
Director



DATO' FOO CHI CHING
Director

Kuala Lumpur

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018 AND 2019

	Note	2019 RM	2018 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,376,969	4,298,984
Deferred tax asset	6	-	42,474
		-----	-----
		4,376,969	4,341,458
		-----	-----
CURRENT ASSETS			
Inventories	7	1,922,148	1,733,691
Trade and other receivables	8	3,124,740	2,753,814
Short term investments	9	14,937,119	16,359,247
Fixed deposits		-	53,196
Cash and bank balances		1,235,665	1,008,480
		-----	-----
		21,219,672	21,908,428
		-----	-----
TOTAL ASSETS		25,596,641	26,249,886
		=====	=====
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	3,000,100	3,000,000
Retained earnings		19,274,150	21,274,011
		-----	-----
		22,274,250	24,274,011
		-----	-----
NON-CURRENT LIABILITIES			
Bank borrowings	11	1,233,644	2,728
Deferred tax liability	6	100,490	-
		-----	-----
		1,334,134	2,728
		-----	-----

	Note	2019 RM	2018 RM
CURRENT LIABILITIES			
Contract liabilities	12	96,919	-
Trade and other payables	13	1,724,364	1,701,581
Current tax liability		122,446	269,517
Bank borrowings	11	44,528	2,049
		<u>1,988,257</u>	<u>1,973,147</u>
TOTAL LIABILITIES		<u>3,322,391</u>	<u>1,975,875</u>
TOTAL EQUITY AND LIABILITIES		<u><u>25,596,641</u></u>	<u><u>26,249,886</u></u>

The accompanying notes form an integral part of the combined financial statements

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2018 AND 2019**

	Note	2019 RM	2018 RM
Revenue	14	16,228,899	14,966,340
Cost of sales		(8,383,625)	(8,106,185)
Gross profit		<u>7,845,274</u>	<u>6,860,155</u>
Other income and gains		282,251	417,756
Administrative and general expenses		(2,896,168)	(2,463,556)
Finance cost		(39,029)	(1,508)
Profit before tax	15	<u>5,192,328</u>	<u>4,812,847</u>
Tax expense	16	(1,192,189)	(1,002,375)
Profit for the financial year and total comprehensive income for the financial year		<u><u>4,000,139</u></u>	<u><u>3,810,472</u></u>
Earnings per share - basic and diluted (RM)	20	<u><u>1.33</u></u>	<u><u>1.27</u></u>

The accompanying notes form an integral part of the combined financial statements

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2018 AND 2019

	Note	Share capital RM	Retained earnings RM	Total equity RM
At 1 March 2017		3,000,000	17,463,539	20,463,539
Profit for the financial year and total comprehensive income for the financial year		-	3,810,472	3,810,472
At 28 February 2018		3,000,000	21,274,011	24,274,011
Issuance during the financial year	10	100	-	100
Profit for the financial year and total comprehensive income for the financial year		-	4,000,139	4,000,139
Dividends	19	-	(6,000,000)	(6,000,000)
At 28 February 2019		3,000,100	19,274,150	22,274,250

The accompanying notes form an integral part of the combined financial statements

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2018 AND 2019

	2019 RM	2018 RM
OPERATING ACTIVITIES		
Profit before tax	5,192,328	4,812,847
Adjustments for:		
Depreciation of property, plant and equipment	169,688	153,967
Dividend income	(89,760)	(22,379)
Gain on disposal of property, plant and equipment	(50,000)	-
Interest expense	39,029	1,508
Interest income	(902)	(1,036)
Net gain on financial assets at fair value through profit or loss mandatorily	(44,711)	(332,674)
Net unrealised (gain)/loss on foreign exchange	(48,763)	2,621
	-----	-----
Operating profit before working capital changes	5,166,909	4,614,854
Changes in inventories	(188,457)	(143,852)
Changes in receivables	(373,265)	821,091
Changes in payables	137,270	(429,781)
	-----	-----
Cash generated from operations	4,742,457	4,862,312
Interest received	902	1,036
Tax paid	(1,196,296)	(1,088,509)
	-----	-----
Net cash generated from operating activities	3,547,063	3,774,839
	-----	-----
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(247,673)	(1,644,148)
Dividend received	89,760	22,379
Proceeds from disposal of property, plant and equipment	50,000	-
Proceeds from disposal of short term investments	28,979,760	2,330,910
Subscription of short term investments	(27,512,921)	(4,318,907)
	-----	-----
Net cash generated from/(used in) investing activities	1,358,926	(3,609,766)
	-----	-----

	2019 RM	2018 RM
FINANCING ACTIVITIES		
Dividend paid	(6,000,000)	-
Drawdown from/(Repayment of) bank borrowings	1,273,395	(1,773)
Interest paid	(39,029)	(1,508)
Proceeds from issuance of shares	100	-
Repayment of hire purchase	-	(20,000)
	-----	-----
Net cash used in financing activities	(4,765,534)	(23,281)
	-----	-----
NET CHANGES IN CASH AND CASH EQUIVALENTS	140,455	141,792
EFFECTS OF EXCHANGE RATE FLUCTUATION	33,534	(987)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,061,676	920,871
	-----	-----
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,235,665	1,061,676
	=====	=====
Represented by:		
FIXED DEPOSITS	-	53,196
CASH AND BANK BALANCES	1,235,665	1,008,480
	-----	-----
	1,235,665	1,061,676
	=====	=====

The accompanying notes form an integral part of the combined financial statements

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 28 FEBRUARY 2018 AND 2019

1. GENERAL INFORMATION

Astramina Group Berhad (the “Company”) was incorporated in Malaysia under the Companies Act 2016 as a private limited company on 22 January 2019. The Company is domiciled in Malaysia. On 17 July 2019, the Company was converted into a public limited company and assumed its present name.

The Company is an investment holding company.

The addresses of the registered office and principal place of business of the Company are Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur and No. 102, Jalan Metro Perdana Barat 13, Sri Edaran Industrial Park Off Jalan Kepong, 52100 Kuala Lumpur respectively.

The Company and the following entities are collectively referred to as the “Group”.

Name of entity	Paid-up share capital as at 28.2.2019	Country of incorporation	Principal activities
Astramina Sdn Bhd (“Astramina”)	RM2,000,000	Malaysia	Trading of food ingredients
Seasonings Specialities Sdn Bhd (“Seasonings”)	RM1,000,000	Malaysia	Manufacturing and selling of food ingredients

Throughout the periods presented in the combined financial statements, and as at the approval date of the combined financial statements, in the opinion of the directors of the Company, the ultimate controlling party of the Group is Dato’ Foo Chi Ching.

The Internal Reorganisation

In connection with the proposed listing by way of introduction of the entire issued share capital of the Company on the LEAP Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Company undertook an internal group reorganisation (the “Internal Reorganisation”) as set out below:

- (a) On 28 January 2019, the Company entered into a conditional share sale agreement with the then shareholders of Astramina for the acquisition of the entire issued share capital of Astramina for a consideration of RM12,915,001 satisfied by way of issuance of 129,150,010 new ordinary shares in the Company at an issue price of RM0.10 per share; and
- (b) On 28 January 2019, the Company entered into a conditional share sale agreement with the then shareholders of Seasonings for the acquisition of the entire issued share capital of Seasonings for a consideration of RM11,501,230 satisfied by way of issuance of 115,012,300 new ordinary shares in the Company at an issue price of RM0.10 per share.

The acquisition of these subsidiaries was completed on 15 May 2019. Thereafter, Astramina and Seasonings become the wholly-owned subsidiaries of the Company.

2. BASIS OF PREPARATION

The combined financial statements have been prepared for inclusion in the Information Memorandum of the Company in connection with the proposed listing by way of introduction of the entire issued share capital of the Company on the LEAP Market of Bursa Malaysia, and for no other purpose.

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) issued by the Malaysian Accounting Standards Board (“MASB”) and International Financial Reporting Standards.

The combined financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the significant accounting policies set out in note 3.

The combined financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

Combined Financial Statements

Immediately prior to and after the Internal Reorganisation, the Company and the entities now comprising the Group are ultimately controlled by Dato’ Foo Chi Ching. Because the Internal Reorganisation did not result in any change in the ultimate control over the Group’s businesses, the Group is regarded as a continuing entity and therefore, the Internal Reorganisation is considered as a business combination under common control.

Accordingly, the combined financial statements have been prepared on a combined basis under merger accounting principles, as further explained in note 3(a) below, which present the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the Group as if the combination had occurred from the date when the combining entities or businesses first came under common control of Dato' Foo Chi Ching.

Application of New Standards, Amendments and Interpretation

In the preparation of the combined financial statements, the directors have applied consistently throughout the two financial years ended 28 February 2019, a number of new standards, amendments and interpretation that became effective mandatorily for the financial periods beginning on or after 1 January 2018.

New Standards, Amendments and Interpretation Issued that are Not Yet Effective

The Group has not applied the following new standards, amendments and interpretation that have been issued by the MASB, which may be relevant to the Group, but are not yet effective:

		<i>Effective Date</i>
MFRS 16	Leases	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

The adoption of the above new standards, amendments and interpretation is not expected to have significant impact on the combined financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of combination

The entities or businesses under common control are accounted for in accordance with merger accounting.

The combined financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of Dato' Foo Chi Ching.

The combined financial statements have prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on combination and the combined financial statements reflect external transactions only.

The net assets of the combining entities or businesses are combined using the existing carrying amounts from Dato' Foo Chi Ching's perspective. No amount is recognised in respect of goodwill or excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost at the time of common control combination. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded, arising from common control combination, have been recognised directly in equity as part of the capital reserve.

The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

(b) Property, plant and equipment

(i) *Measurement Basis*

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

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as profit or loss when incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) *Depreciation*

Depreciation is calculated to write off the depreciable amount of property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

The principal annual rates are as follows:

Leasehold land and buildings	Lease period
Building improvement	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	25%
Plant and machinery	25%

The depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

(c) *Impairment of non-financial assets*

Tangible assets are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(e) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities 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.

Subsequent Measurement

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

- at amortised cost (debt instruments);
- at fair value through other comprehensive income (“FVTOCI”), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss (“FVTPL”).

Financial Assets at Amortised Cost

Debt instruments that meet the following conditions are subsequently measured 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 on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

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

Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated as at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with 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 assets.

Impairment of Financial Assets

Loss allowance is recognised for expected credit losses (“ECL”) for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI, receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets is estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within twelve months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

Derecognition of Financial Assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset are expired; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues 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 financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Financial Liabilities and Equity Instruments

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.

Financial Liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost.

Financial Liabilities at Amortised Cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability by allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, to the amortised cost of a financial liability.

Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

Equity Instrument

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

(g) Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting date, taking into account the risks and uncertainties surrounding the obligation.

(h) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sales are in progress and the expenditures and borrowing costs are incurred and ceases when the asset is completed or during extended periods when active development is interrupted.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Revenue recognition

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the total consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Sales of Goods

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to a customer, generally upon delivery of goods.

In measuring the revenue for the sales of goods, the effects of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer, etc. are taken into consideration.

Contract Balances Arising from Revenue Recognition

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

Other Income is Recognised as Follows:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

(j) Government grant

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that: (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

(k) Foreign currencies

Transactions and Balances in Foreign Currencies

Transactions in currencies other than the functional currency (“foreign currencies”) are recognised at the prevailing exchange rate on the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rate on that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the prevailing exchange rate on the date of the transaction. Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the prevailing exchange rate on the date when the fair values were determined.

Exchange differences are recognised in profit or loss, except for:

- Exchange differences on borrowings denominated in foreign currency relating to an asset under construction, which are included in the cost of that asset when the exchange difference is regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on amounts receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (i.e. form part of the net investment in that foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(1) Income tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current Tax

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted for using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantially enacted at the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

(m) Employee benefits

(i) *Short Term Employee Benefits*

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) *Post-employment Benefits*

The Group pays monthly contributions to the Employees Provident Fund (“EPF”) which is a defined contribution plan.

The legal or constructive obligation of the Group is limited to the amount that agrees to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

(n) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Operating Lease

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.

(o) Fair value

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.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).

Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of combined financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities (if any) at the end of the reporting period, and reported amounts of income and expenses during the financial years.

Although these estimates are based on management's best knowledge of current events and actions, historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately 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 and in any future periods affected.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

(i) Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives and residual values of the property, plant and equipment.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

The carrying amount of the property, plant and equipment as at the end of each reporting period is disclosed in note 5.

(ii) Inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less the estimated costs necessary to make the sale.

Inventories are reviewed on a regular basis and the Group will write down excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group products, the Group might be required to reduce the value of its inventories.

The carrying amount of the inventories as at the end of each reporting period is disclosed in note 7.

(iii) Trade Receivables

Management assesses the ECL for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the Group and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 *Financial Instruments* in assessing the impairment of trade receivables.

In determining the ECL, management uses its historical credit loss experience for trade receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

The ECL on trade receivables as at the respective reporting date is mainly based upon the historical credit loss experience.

The carrying amount of the trade receivables as at the end of each reporting period is disclosed in note 8.

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold land and buildings RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Motor vehicles RM	Building improvement RM	Total RM
At 1 March 2018	4,200,000	376,162	533,908	503,138	231,100	5,844,308
Additions	-	13,564	39,149	-	194,960	247,673
Disposals	-	-	-	(147,758)	-	(147,758)
Write-off	-	(10,386)	(173,573)	-	-	(183,959)
At 28 February 2019	4,200,000	379,340	399,484	355,380	426,060	5,760,264
Accumulated depreciation						
At 1 March 2018	151,990	336,860	523,321	403,995	129,158	1,545,324
Charge for the financial year	58,474	19,333	13,390	33,048	45,443	169,688
Disposals	-	-	-	(147,758)	-	(147,758)
Write-off	-	(10,386)	(173,573)	-	-	(183,959)
At 28 February 2019	210,464	345,807	363,138	289,285	174,601	1,383,295
Carrying amount						
At 28 February 2019	3,989,536	33,533	36,346	66,095	251,459	4,376,969

Cost	Leasehold land and buildings RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Motor vehicles RM	Building improvement RM	Total RM
At 1 March 2017	2,600,000	345,979	519,943	503,138	231,100	4,200,160
Additions	1,600,000	30,183	13,965	-	-	1,644,148
At 28 February 2018	4,200,000	376,162	533,908	503,138	231,100	5,844,308
Accumulated depreciation						
At 1 March 2017	106,850	315,526	495,322	370,946	102,713	1,391,357
Charge for the financial year	45,140	21,334	27,999	33,049	26,445	153,967
At 28 February 2018	151,990	336,860	523,321	403,995	129,158	1,545,324
Carrying amount						
At 28 February 2018	4,048,010	39,302	10,587	99,143	101,942	4,298,984

As at 28 February 2018, leasehold land and buildings with carrying amount of RM1,228,767 have been charged to a licensed bank for banking facilities granted to the Group as disclosed in note 11.

6. DEFERRED TAX (LIABILITY)/ASSET

	2019 RM	2018 RM
At the beginning of the financial year	42,474	31,429
Recognised in profit or loss	(142,964)	11,045
	-----	-----
At the end of the financial year	<u>(100,490)</u>	<u>42,474</u>
The deferred tax (liability)/asset arose from:		
Taxable temporary differences between carrying amount and tax written down value of property, plant and equipment		
	(161,924)	(2,438)
Other temporary differences	61,434	44,912
	-----	-----
	<u>(100,490)</u>	<u>42,474</u>

7. INVENTORIES

	2019 RM	2018 RM
Raw materials	1,257,284	1,065,755
Packaging materials	34,535	32,737
Finished goods	109,430	54,793
Trading goods	372,368	172,236
Goods-in-transit	148,531	408,170
	-----	-----
	<u>1,922,148</u>	<u>1,733,691</u>

8. TRADE AND OTHER RECEIVABLES

	2019 RM	2018 RM
Receivables from contracts with customers (a)	3,043,505	2,357,114
Other receivables	-	1,405
Prepayments	23,690	-
Sundry deposits	14,880	14,880
Goods and Services Tax (“GST”) recoverable	42,665	59,115
Amount owing by a related party (b)	-	222,500
Amount owing by a director (c)	-	98,800
	81,235	396,700
	3,124,740	2,753,814

- (a) Customers are granted credit periods ranged from 30 to 90 days. For major established customers, the credit periods may be extended based on the discretion of the management.
- (b) The amount owing by a related party in which a director of the Company has substantial interest is unsecured, interest-free and receivable on demand.
- (c) The amount owing by a director is unsecured, interest-free and receivable on demand.

Management applies simplified approach (i.e. lifetime expected credit losses) in measuring the loss allowance for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the trade receivables and an analysis of the trade receivables’ current financial position, adjusted for factors that are specific to the trade receivables, general economic conditions of the industry in which the trade receivables operate and an assessment of both the current as well as the forecast direction of conditions as at the reporting date.

Management 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, i.e. when the trade receivable has been placed under liquidation or has entered into bankruptcy proceedings.

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

The risk profile and aging analysis of trade receivables are as follows:

2019	RM
Not past due	2,575,600
1 to 30 days past due	242,870
31 and 60 days past due	96,785
More than 60 days past due	128,250

	<u>3,043,505</u>
2018	
Not past due	1,918,214
1 to 30 days past due	279,968
31 and 60 days past due	75,325
More than 60 days past due	83,607

	<u>2,357,114</u>

9. SHORT TERM INVESTMENTS

	2019	2018
	RM	RM
Unit trust funds	14,934,869	16,356,927
Quoted shares	2,250	2,320
	-----	-----
	<u>14,937,119</u>	<u>16,359,247</u>

10. SHARE CAPITAL

Issued and fully paid ordinary shares:

	Number of shares	RM
<u>2018</u>		
At the beginning/end of the financial year		
- Astramina	2,000,000	2,000,000
- Seasonings	1,000,000	1,000,000

		3,000,000
		=====
<u>2019</u>		
At the beginning of the financial year		
- Astramina	2,000,000	2,000,000
- Seasonings	1,000,000	1,000,000

		3,000,000

Issuance during the financial year		
- the Company	1,000	100

At the end of the financial year		
- Astramina	2,000,000	2,000,000
- Seasonings	1,000,000	1,000,000
- the Company	1,000	100

		3,000,100
		=====

11. BANK BORROWINGS

	2019 RM	2018 RM
<u>Non-current</u>		
Term loans	1,233,644	2,728
<u>Current</u>		
Term loans	44,528	2,049
	-----	-----
	1,278,172	4,777
	=====	=====

As at 28 February 2018, the term loan is secured by the leasehold land and buildings as disclosed in note 5. The term loan bears effective interest rate at 4.70% per annum.

As at 28 February 2019, the term loan is guaranteed by the directors of the Company. The term loan bears effective interest rate at 4.00% per annum.

Changes in bank borrowings arising from financing activities pertain to drawdowns and repayments presented in the combined statements of cash flows.

12. CONTRACT LIABILITIES

	2019 RM	2018 RM
Consideration received in advance	96,919	-
	<u>96,919</u>	<u>-</u>

13. TRADE AND OTHER PAYABLES

	2019 RM	2018 RM
Trade payables (a)	1,223,345	1,202,734
Other payables	192,548	218,383
Accruals	308,471	275,223
GST payables	-	5,241
	<u>1,724,364</u>	<u>1,701,581</u>

(a) The credit terms granted to the Group ranged from 30 to 90 days.

14. REVENUE

Revenue from contracts with customers represents sales of goods which were recognised when the customers obtained control of those goods (i.e. at a point in time).

15. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	2019 RM	2018 RM
Cost of inventories recognised as an expense	8,117,173	7,366,945
Depreciation of property, plant and equipment	169,688	153,967
Dividend income	(89,760)	(22,379)
Gain on disposal of property, plant and equipment	(50,000)	-
Government grant	-	(15,880)
Interest expense on bank borrowings	39,029	495
Interest expense on hire purchase	-	1,013
Interest income on fixed deposits	(902)	(1,036)
Net gain on financial assets at fair value through profit or loss mandatorily	(44,711)	(332,674)
Net realised gain on foreign exchange	(28,625)	(30,428)
Net unrealised (gain)/loss on foreign exchange	(48,763)	2,621
Rental of premises	-	35,200
	<u> </u>	<u> </u>

16. TAX EXPENSE

	2019 RM	2018 RM
Current tax		
- current year	1,108,631	1,090,486
- prior year	(59,406)	(77,066)
	<u> </u>	<u> </u>
	1,049,225	1,013,420
	<u> </u>	<u> </u>
Deferred tax		
- current year	16,899	(11,045)
- prior year	126,065	-
	<u> </u>	<u> </u>
	142,964	(11,045)
	<u> </u>	<u> </u>
	1,192,189	1,002,375
	<u> </u>	<u> </u>

The difference between tax expense and the amount of tax determined by multiplying the profit before tax to the applicable tax rate, is analysed as follows:

	2019 RM	2018 RM
Profit before tax	5,192,328	4,812,847
	-----	-----
Taxation at statutory rate		
- of 17%	85,000	-
- of 18%	-	90,000
- of 24%	1,126,159	1,035,083
Non-deductible expenses	12,457	25,494
Non-taxable income	(98,086)	(71,136)
Adjustment for prior year	66,659	(77,066)
	-----	-----
	<u>1,192,189</u>	<u>1,002,375</u>

17. EMPLOYEE BENEFITS EXPENSES

	2019 RM	2018 RM
Salaries, wages and other benefits	1,518,011	1,378,970
EPF	182,679	151,342
	-----	-----
	<u>1,700,690</u>	<u>1,530,312</u>

18. RELATED PARTY DISCLOSURES

In addition to the related party disclosed elsewhere in the combined financial statements, the significant related party transactions during the financial year were as follows:

(a) *Guarantee*

Banking facility of Seasonings is secured by the guarantees provided by the directors.

(b) Key Management Personnel Compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel comprise the directors (whether executive or otherwise) of the Group.

	2019 RM	2018 RM
<i>Directors</i>		
Short term benefit	372,800	471,400
EPF	66,500	57,000
	-----	-----
	<u>439,300</u>	<u>528,400</u>

(c) Transaction with Related Companies

	2019 RM	2018 RM
Advisor fee	50,000	-
Purchases	-	5,000
Purchase of property, plant and equipment	128,068	-
	-----	-----
	<u>178,068</u>	<u>5,000</u>

19. DIVIDENDS

	2019 RM	2018 RM
<i>In respect of the financial year ended 28 February 2019:</i>		
<u>Astramina</u>		
First interim single tier dividend of approximately RM1.50 per share	3,000,000	-
<u>Seasonings</u>		
First interim single tier dividend of approximately RM3.00 per share	3,000,000	-
	-----	-----
	<u>6,000,000</u>	<u>-</u>
<u>The Company</u>		

No dividend is declared or paid by the Company since its incorporation.

20. EARNINGS PER SHARE

Earnings per share (“EPS”) is calculated by dividing profit for the financial years by weighted average number of ordinary shares issued.

For the purpose of the combined financial statements, the number of ordinary shares for the financial years ended 28 February 2018 and 2019 respectively represents the weighted average aggregate ordinary shares issued of the Group.

	2019	2018
Earnings used in the calculation of basic EPS (RM)	4,000,139	3,810,472
Number of ordinary shares for the purpose of basic EPS	3,001,000	3,000,000
Basic EPS (RM)	<u>1.33</u>	<u>1.27</u>

The basic and diluted EPS are equal as the Group has no potential dilutive ordinary shares at the end of each financial year.

For illustrative purpose, assuming the ordinary shares of the Company as at 15 May 2019 have been in issue throughout the financial years presented below:

	2019	2018
Earnings used in the calculation of basic EPS (RM)	4,000,139	3,810,472
Number of ordinary shares for the purpose of basic EPS	244,163,310	244,163,310
Basic EPS (RM)	<u>0.02</u>	<u>0.02</u>

21. FINANCIAL INSTRUMENTS

(a) Classifications of financial instruments

	2019 RM	2018 RM
Financial assets		
Amortised cost:		
Trade and other receivables	3,058,385	2,694,699
Fixed deposits	-	53,196
Cash and bank balances	1,235,665	1,008,480
	<u>4,294,050</u>	<u>3,756,375</u>
Fair value through profit or loss:		
Short term investments	<u>14,937,119</u>	<u>16,359,247</u>

	2019	2018
	RM	RM
Financial liabilities		
Amortised cost:		
Trade and other payables	1,724,364	1,696,340
Bank borrowings	1,278,172	4,777
	-----	-----
	<u>3,002,536</u>	<u>1,701,117</u>

(b) Fair value of financial instruments

Financial assets measured at fair value on recurring basis

Fair value of short term investments are determined by reference to their quoted closing prices at the reporting date.

The fair value of short term investments is categorised as Level 1 of the fair value hierarchy.

Financial assets and financial liabilities that are not measured at fair value on a recurring basis

Fair value of non-derivatives is determined using discounted cash flow method.

The carrying amounts of these financial instruments as at the end of the reporting period approximate or are at their fair value due to the short term or interest-bearing nature of these financial instruments.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks.

The Group monitors its financial position closely with an objective to minimise potential adverse effects on its financial performance. There is no significant change to the Group's exposure to financial risks or the manner in which these risks are managed. The Group's policies for managing each of these risks are summarised below:

(a) Credit risk

Credit risk is the risk of loss that may arise from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group has a gain position.

The management has a credit policy in place to ensure that transactions are conducted with creditworthy counterparties.

Exposure to credit risk arising from sales made on credit terms is managed through the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collaterals from counterparties as a means of mitigating losses in the event of default.

The Group seeks to invest its cash safely by depositing them or investing with licensed financial institutions.

As at the reporting date, the Group did not have any significant exposure to any individual customer or counterparty or any major concentration of credit risk related to any financial assets.

As at the reporting date, the maximum exposure to credit risk arising from financial assets is represented by the carrying amounts in the combined statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on contractual undiscounted repayment obligations:

	One demand or within one year RM	One to five years RM	More than five years RM	Total RM
2019				
Trade and other payables	1,724,364	-	-	1,724,364
Bank borrowings	95,656	382,625	1,387,017	1,865,298
	<u>1,820,020</u>	<u>382,625</u>	<u>1,387,017</u>	<u>3,589,662</u>

2018	One demand or within one year RM	One to five years RM	More than five years RM	Total RM
Trade and other payables	1,696,340	-	-	1,696,340
Bank borrowings	2,538	3,195	-	5,733
	-----	-----	-----	-----
	1,698,878	3,195	-	1,702,073
	=====	=====	=====	=====

(c) Foreign currency risk

The Group is exposed to foreign currency risk on cash and bank balances, sales and purchases that are denominated in a currency other than RM. The currencies giving rise to this risk are Swiss Franc ("CHF") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date, is as follows:

In RM	Denominated in	
	CHF	USD
2019		
Trade receivables	-	49,275
Cash and bank balances	-	257,062
Contract liabilities	-	(23,810)
Trade payables	(272,276)	(604,672)
	-----	-----
Net exposure	(272,276)	(322,145)
	=====	=====
2018		
Trade receivables	-	168,517
Cash and bank balances	-	303,160
Trade payables	(74,293)	(899,407)
	-----	-----
Net exposure	(74,293)	(427,730)
	=====	=====

Sensitivity analysis for foreign currency risk

A 10% strengthening or weakening of RM against the foreign currencies as at 28 February 2019 and 2018 would increase or decrease profit before tax by RM59,000 and RM50,000 respectively, with all other variables remaining constant.

The sensitivity analysis is unrepresentative of the inherent foreign currency risk as the financial year end exposure does not reflect the exposure during the financial years.

(d) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's fair value or future cash flows will fluctuate as a result of changes in market interest rates.

Exposure to interest rate risk is primarily related to the Group's interest-bearing borrowings.

The Group's exposure to interest rate risk is not significant.

23. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern while maximising shareholders' returns.

The management actively and regularly reviews and manages its capital structure and when necessary, obtains borrowings to ensure optimal capital structure and shareholders' returns. The overall strategy of the Group remains unchanged throughout the financial years.

The capital structure of the Group comprises equity, i.e. issued capital and retained earnings and bank borrowings.

The Group is not subject to any externally imposed capital requirement.

24. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The board of directors is the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

Segment revenue represents revenue derived from (i) manufacturing and selling of food ingredients ("Manufacturing") and (ii) trading of food ingredients ("Trading").

Segment results include items directly attributable to each segment, and those items that can be allocated to each segment on a reasonable basis.

No analysis of Group's assets and liabilities by operating segments is presented as it is not regularly provided to the chief operating decision-maker.

2019	Manufacturing RM	Trading RM	Total RM
Revenue	9,524,363	6,704,536	16,228,899
Segment results	6,510,411	1,334,863	7,845,274
Unallocated income and expenses			(2,652,946)
Profit before tax			5,192,328
Tax expense			(1,192,189)
Profit for the financial year			4,000,139
2018			
Revenue	8,784,862	6,181,478	14,966,340
Segment results	5,997,737	862,418	6,860,155
Unallocated income and expenses			(2,047,308)
Profit before tax			4,812,847
Tax expense			(1,002,375)
Profit for the financial year			3,810,472

Geographical segments

Revenue from external customers attributed to Malaysia and other geographical areas, i.e. the location of the customers from which the Group derived revenue:

	2019 RM	2018 RM
Malaysia	13,984,544	13,138,934
Others	2,244,355	1,827,406
	16,228,899	14,966,340

No geographical information for non-current assets is disclosed, as the Group operates predominantly in Malaysia.

25. SUBSEQUENT EVENTS

- (i) On 28 January 2019, the Company entered into a conditional share sale agreement with the then shareholders of Astramina for the acquisition of the entire issued share capital of Astramina for a consideration of RM12,915,001 satisfied by way of issuance of 129,150,010 new ordinary shares in the Company at an issue price of RM0.10 per share. The acquisition of this subsidiary was completed on 15 May 2019. Thereafter, Astramina becomes a wholly-owned subsidiary of the Company.
- (ii) On 28 January 2019, the Company entered into a conditional share sale agreement with the then shareholders of Seasonings for the acquisition of the entire issued share capital of Seasonings for a consideration of RM11,501,230 satisfied by way of issuance of 115,012,300 new ordinary shares in the Company at an issue price of RM0.10 per share. The acquisition of this subsidiary was completed on 15 May 2019. Thereafter, Seasonings becomes a wholly-owned subsidiary of the Company.
- (iii) Sale and purchase agreement dated 3 May 2019 between Menteri Besar Negeri Sembilan (PEMERBADANAN) (as landowner) and BSS Development Sdn Bhd (as vendor) and Seasonings (as purchaser) for the sale and purchase of 2 pieces of freehold industrial lots in Sendayan TechValley held under HS(D) 215219 PT 11655 and HS(D) 215220 PT 11656 both in Bandar Sri Sendayan, District of Seremban, State of Negeri Sembilan measuring a total area of approximately 14,165 square metres for a total cash consideration of RM6,251,302.
- (iv) On 2 July 2019, the Company issued and allotted 28,000,000 ordinary shares in the capital of the Company ranking pari passu in all respects with the existing ordinary shares of the Company, for cash consideration at an issue price of RM0.23 each.

26. APPROVAL OF THE COMBINED FINANCIAL STATEMENTS

The combined financial statements are approved by the board of directors of the Company on 21 October 2019.

Company No.: 201901002673 (1311999-P)

APPENDIX II

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF ASTRAMINA GROUP
BERHAD FOR THE 6 MONTHS FPE 31 AUGUST 2019**

ASTRAMINA GROUP BERHAD
Company No.: 201901002673 (1311999-P)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED
31 AUGUST 2019

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019**

	31.8.2019	28.2.2019
	RM	RM
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	4,306,677	4,376,969
	-----	-----
CURRENT ASSETS		
Inventories	1,924,788	1,922,148
Trade and other receivables	3,904,286	3,124,740
Short term investments	23,807,105	14,937,119
Cash and bank balances	281,727	1,235,665
	-----	-----
	29,917,906	21,219,672
	-----	-----
TOTAL ASSETS	34,224,583	25,596,641
	=====	=====
EQUITY AND LIABILITIES		
EQUITY		
Share capital	30,856,331	3,000,100
Merger reserve	(21,416,231)	-
Retained earnings	21,504,631	19,274,150
	-----	-----
	30,944,731	22,274,250
	-----	-----
NON-CURRENT LIABILITIES		
Bank borrowings	1,181,577	1,233,644
Deferred tax liability	96,848	100,490
	-----	-----
	1,278,425	1,334,134
	-----	-----

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

	31.8.2019	28.2.2019
	RM	RM
CURRENT LIABILITIES		
Contract liabilities	-	96,919
Trade and other payables	1,603,674	1,724,364
Current tax liability	375,052	122,446
Bank borrowings	22,701	44,528
	-----	-----
	2,001,427	1,988,257
	-----	-----
TOTAL LIABILITIES	3,279,852	3,322,391
	-----	-----
TOTAL EQUITY AND LIABILITIES	34,224,583	25,596,641
	=====	=====

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6-MONTH FINANCIAL PERIOD 31 AUGUST 2019

	31.8.2019	31.8.2018
	RM	RM
Revenue	8,365,046	8,961,896
Cost of sales	(4,384,939)	(4,532,977)
Gross profit	3,980,107	4,428,919
Other income and gains	412,751	192,338
Administrative and general expenses	(1,431,982)	(1,362,918)
Finance cost	(26,033)	(26,033)
Profit before tax	2,934,843	3,232,306
Tax expense	(704,362)	(533,025)
Profit for the financial period and total comprehensive income for the financial period	2,230,481	2,699,281
Earnings per share		
- basic and diluted (RM)	0.07	0.90

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH FINANCIAL PERIOD 31 AUGUST 2019**

	Share capital RM	Merger reserve RM	Retained earnings RM	Total equity RM
At 22 January 2019 (date of incorporation)	100	-	-	100
Profit for the financial period and total comprehensive income for the financial period	-	-	25,274,150	25,274,150
Dividends	-	-	(6,000,000)	(6,000,000)

At 28 February 2019	100	-	19,274,150	19,274,250
Issuance of shares pursuant to the acquisition of subsidiaries	24,416,231	-	-	24,416,231
Effect on merger of subsidiaries	-	(21,416,231)	-	(21,416,231)
Issuance of shares	6,440,000	-	-	6,440,000
Profit for the financial period and total comprehensive income for the financial period	-	-	2,230,481	2,230,481

At 31 August 2019	30,856,331	(21,416,231)	21,504,631	30,944,731
	=====			

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD 31 AUGUST 2019**

	31.8.2019	31.8.2018
	RM	RM
OPERATING ACTIVITIES		
Profit before tax	2,934,843	3,232,306
Adjustments for:		
Depreciation of property, plant and equipment	85,160	93,546
Dividend income	(81,507)	(41,970)
Interest expense	26,033	26,033
Net gain on financial assets at fair value through profit or loss mandatorily	(304,509)	(85,571)
	-----	-----
Operating profit before working capital changes	2,660,020	3,224,344
Changes in inventories	(2,640)	(269,682)
Changes in receivables	(779,546)	(946,850)
Changes in payables	(217,609)	(105,108)
	-----	-----
Cash generated from operations	1,660,225	1,902,704
Tax paid	(455,398)	(450,046)
	-----	-----
Net cash generated from operating activities	1,204,827	1,452,658
	-----	-----
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(14,868)	(238,675)
Dividend received	81,507	41,970
Proceeds from disposal of short term investments	5,793,148	-
Subscription of short term investments	(14,358,625)	(2,801,770)
	-----	-----
Net cash used in investing activities	(8,498,838)	(2,998,475)
	-----	-----

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE 6-MONTH FINANCIAL PERIOD 31 AUGUST 2019

	31.8.2019	31.8.2018
	RM	RM
FINANCING ACTIVITIES		
Interest paid	(26,033)	(26,033)
Proceeds from issuance of shares	6,440,000	-
(Repayment of)/Drawdown from bank borrowings	(73,894)	1,295,223
	-----	-----
Net cash generated from financing activities	6,340,073	1,269,190
	-----	-----
NET CHANGES IN CASH AND CASH EQUIVALENTS	(953,938)	(276,627)
CASH AND CASH EQUIVALENTS		
BROUGHT FORWARD	1,235,665	1,061,676
	-----	-----
CASH AND CASH EQUIVALENTS		
CARRIED FORWARD	281,727	785,049
	=====	=====
 Represented by:		
FIXED DEPOSITS	-	53,965
CASH AND BANK BALANCES	281,727	731,084
	-----	-----
	281,727	785,049
	=====	=====

ASTRAMINA GROUP BERHAD
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 6-MONTH FINANCIAL PERIOD ENDED 31 AUGUST 2019**

A1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”).

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited combined financial statements for the financial year ended 28 February 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The Group has not applied the following new standards, Issues Committee (“IC”) interpretation and amendments that have been issued by the MASB but are not yet effective:

		<i>Effective Date</i>
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019

Effective Date

		<i>Effective Date</i>
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

The adoption of the above new standards, IC interpretation and amendments is not expected to have significant impact on the unaudited condensed consolidated financial statements.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases - Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the impact on the financial statements upon adopting MFRS 16.

A3. SEASONALITY OR CYCLICALITY OF OPERATION

Our business is subject to seasonal demand. The demand for our seasoning products and food ingredients are generally higher during festive seasons such as Hari Raya, Christmas, New Year and Chinese New Year.

A4. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the 6-month financial period ended 31 August 2019.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts that have a material impact on the unaudited condensed consolidated financial statements for the 6-month financial period ended 31 August 2019.

A6. DEBTS AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the 6-month financial period ended 31 August 2019 except for the following:

	No. of Ordinary Shares	Amount (RM)
At 1 March 2019	1,000	100
Issuance of shares pursuant to the acquisition of subsidiaries		
- <i>Astramina Sdn Bhd</i>	129,150,010	12,915,001
- <i>Seasoning Specialities Sdn Bhd</i>	115,012,300	11,501,230
Issuance of shares for cash	28,000,000	6,440,000
	-----	-----
At 31 August 2019	272,163,310	30,856,331
	=====	=====

A7. DIVIDEND

The board of directors did not recommend any payment of dividend during the 6-month financial period ended 31 August 2019.

A8. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no significant events subsequent to the end of the financial period.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

Please refer to Section 1.2 of the Information Memorandum for the changes in the composition of the Group.

A10. CHANGES IN MATERIAL LITIGATION AND CONTINGENT LIABILITIES

There is no litigation or arbitration, which has a material impact on the unaudited condensed consolidated financial statements for the 6-month financial period ended 31 August 2019, and the board of directors is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

A11. CAPITAL COMMITMENTS

There were no contractual capital commitments subsequent to the end of the financial period ended 31 August 2019.

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS

Please refer to Section 8.2 of the Information Memorandum for the significant related party transactions.

A13. SEGMENT INFORMATION

Astramina Group Berhad is an investment holding company. The principal activities of the subsidiaries are as follows:

- (i) Seasonings Specialities Sdn Bhd is principally involved in the manufacturing and selling of food ingredients; and
- (ii) Astramina Sdn Bhd is principally involved in the trading of food ingredients.

Please refer to Section 5.2 of the Information Memorandum for details of the Group's segmental information during the 6-month financial period ended 31 August 2019.

A14. ANALYSIS OF PERFORMANCE

Please refer to Section 5.2 of the Information Memorandum for management discussion and analysis on our Group's financial conditions and results of operations in respect of the 6-month financial period ended 31 August 2019.

A15. PROSPECTS

The board of directors is optimistic about our Group's future prospects, backed by the future plans and supported by our final performance as set out in Section 2.21 of the Information Memorandum.

Please refer to Section 6 of the Information Memorandum for further details on industry overview and outlook.

A16. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	6-month financial period ended	
	2019	2018
	RM	RM
Depreciation of property, plant and equipment	85,160	93,546
Dividend income	(81,507)	(41,970)
Interest expense	26,033	26,033
Net gain on financial assets at fair value through profit or loss mandatorily	(304,509)	(85,571)