ASTRAL ASIA
BERHAD

ANNUAL REPORT

2019

ASTRAL ASIA BERHAD

Reg. No. 199601002254 (374600-X)

www.AstralAsia.com

TABLE OF CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' LIM KANG POH
Deputy Executive Chairman

MR LIM GUAN SHIUN
Managing Director

TUAN HAJI MD ADANAN BIN ABDUL MANAP
Deputy Managing Director

MR TAN EN CHONG
Senior Independent Non-Executive Director

MR NG KIM KEONG
Independent Non-Executive Director

TUAN HAJI KHALIT BIN KASMOIN
Independent Non-Executive Director

DATO' SUHAIMI BIN MOHD YUNUS
Non-Independent Non-Executive Director
(Appointed on 8 August 2019)

COMPANY SECRETARIES

MR HOON HUI KIT (MIA)
MS CHUA HOON PING (ACIS)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 12, Menara TSR
No. 12, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan.
Tel No : 603-7717 5588
Fax No : 603-7717 5599

WEBSITE

www.astralasia.com

SHARE REGISTRAR

SECTRARS MANAGEMENT SDN BHD
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad
Brickfields, 50470 Kuala Lumpur.
Tel No : 603-2276 6138
Fax No : 603-2276 6131

AUDITORS

GRANT THORNTON MALAYSIA PLT
(Member of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur.
Tel No : 603-2692 4022
Fax No : 603-2691 5229

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
PUBLIC BANK BERHAD
CIMB BANK BERHAD
RHB BANK BERHAD

STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD
Main Market of Bursa Malaysia Securities Berhad
Stock Name : AASIA
Stock Code : 7054
Stock Sector : Plantation

GROUP CORPORATE STRUCTURE

ASTRAL ASIA BERHAD

PLANTATION

65%
ASTRAL ASIA PLANTATION SDN BHD
Reg. No. 197801004717 (41665-H)

CONSTRUCTION

100%
TASJA SDN BHD
Reg. No. 199001018185 (209854-H)

PROPERTY DEVELOPMENT

100%
TASJA DEVELOPMENT SDN BHD
Reg. No. 199501029631 (358837-U)

OTHER INVESTMENTS

100%
TASJA PROPERTIES SDN BHD
Reg. No. 200801007115 (808399-W)

100%
WOODLAND WATER SDN BHD
Reg. No. 199501031947 (361153-W)

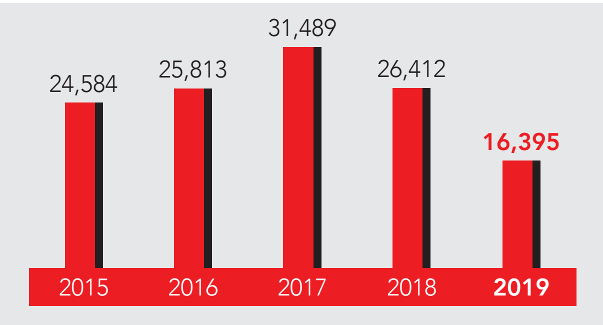
100%
PTJ CONCRETE PRODUCTS SDN BHD
Reg. No. 199501014958 (344159-U)

49%
JOHOR CONCRETE PRODUCTS SDN BHD
Reg. No. 199701021193 (436690-T)

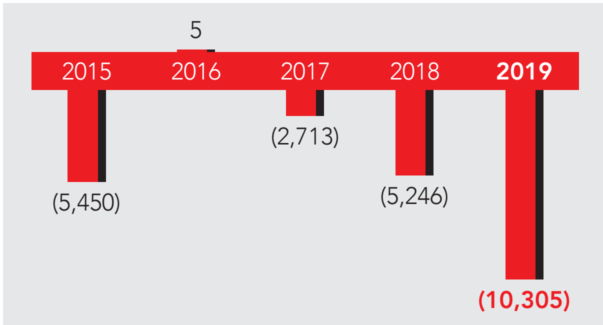
5-YEAR FINANCIAL HIGHLIGHTS

		2015	2016	2017	2018	2019
Revenue	RM'000	24,584	25,813	31,489	26,412	**16,395**
Profit / (Loss) Before Taxation	RM'000	(2,931)	2,065	2,625	(5,370)	**(11,842)**
Net Profit / (Loss) attributable to Owners of the Parent	RM'000	(5,450)	5	(2,713)	(5,246)	**(10,305)**
Paid-up Capital	RM'000	23,999	131,997	131,997	131,997	**131,997**
Shareholders' Funds	RM'000	203,687	204,962	202,250	197,004	**185,915**
Total number of shares in issue	'000	119,997	659,984	659,984	659,984	**659,984**
Earnings Per Share *	SEN	(0.83)	0.00	(0.41)	(0.79)	**(1.56)**
Net Assets Per Share *	RM	0.31	0.31	0 .31	0 .30	**0 .28**
Fresh Fruit Bunches ("FFB") Production	Tonne	46,020	37,239	43,492	40,872	**38,651**
Prices of Crude Palm Oil realised	RM	2,149	2,643	2,761	2,248	**2,071**

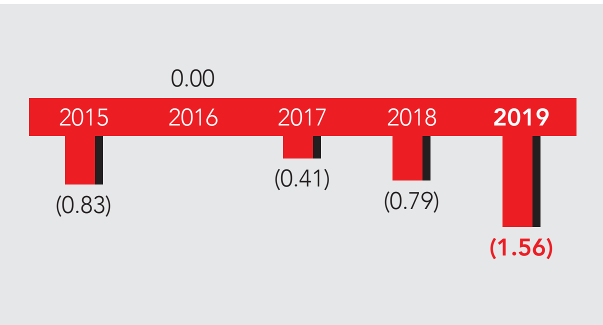
Revenue
(RM'000)



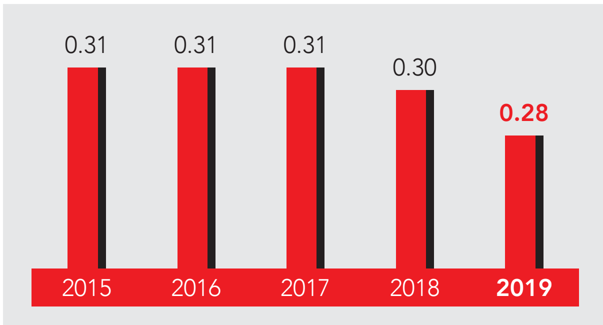
Net Profit / (Loss) attributable to Owners of the Parent
(RM'000)



Earnings Per Share *
(SEN)



Net Assets Per Share*
(RM)



* The preceding years earnings per share and net assets per share were restated arising from the bonus issue.

DIRECTORS' PROFILE

DATO' LIM KANG POH
Deputy Executive Chairman
Aged 63, Male, Malaysian

Dato' Lim Kang Poh was appointed to the Board on 8 December 1995. He was subsequently re-designated as Managing Director of Astral Asia Berhad on 27 October 1997 and Deputy Executive Chairman on 1 December 2003. He is the Chairman of the Risk Management Committee.

Dato' Lim is one of the founder members of Tasja Sdn Bhd and was appointed to the Board on 8 December 1995. He started his career in the construction industry in 1976. He has been appointed as Managing Director of Astral Asia Plantation Sdn Bhd since April 2005. He is a director of several other private limited companies. His experience in the construction and plantation industries has strengthened the management of the Group.

Currently, Dato' Lim is a Non-Independent Non-Executive Director of PLS Plantations Berhad.

Dato' Lim has a direct shareholdings of 179,104,578 representing 27.14% of the ordinary shares in the Company. His son, Mr Lim Guan Shiun is also a member of the Board. Save as disclosed, Dato' Lim does not have any family relationship with any director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Dato' Lim attended four (4) of the five (5) Board meetings held in the financial year ended 31 December 2019.

MR LIM GUAN SHIUN
Managing Director
Aged 33, Male, Malaysian

Mr Lim Guan Shiun was appointed to the Board as Executive Director on 15 April 2013 and re-designated as Managing Director on 2 November 2016.

Mr Lim graduated with a Bachelor of Engineering (Hons) in Civil Engineering and Master of Science in Management of Projects from University of Manchester. He is currently an Executive Director of Astral Asia Plantation Sdn Bhd, a position he has held since 2011. He is also the General Manager of Tasja Development Sdn Bhd.

Currently, Mr Lim is an Alternate Director to Dato' Lim Kang Poh at PLS Plantations Berhad.

Mr Lim has no direct or indirect shareholdings in the Company. His father, Dato' Lim Kang Poh, is the Deputy Executive Chairman and a major shareholder of the Company. Save as disclosed, he does not have any family relationship with any other Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He does not hold any directorship in other public companies. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Mr Lim attended four (4) of the five (5) Board meetings held in the financial year ended 31 December 2019.

DIRECTORS' PROFILE

TUAN HAJI MD ADANAN BIN ABDUL MANAP

Deputy Managing Director
Aged 77, Male, Malaysian

Tuan Haji Md Adanan Bin Abdul Manap was appointed to the Board of Astral Asia Berhad on 3 November 1997. He was re-designated as Executive Director on 3 September 2002 and as Deputy Managing Director on 2 November 2016.

Tuan Haji Md Adanan started his career as an Officer in the Accountant General office in 1970. In 1974, he was transferred to the Ministry of International Trade and Industry and was subsequently promoted to Higher Executive Officer in the Public Services Department in 1976. In 1984, he was transferred to the Ministry of Finance and served as Senior Executive Officer. In 1993 he joined the Ministry of Public Enterprise and retired optionally from service in 1996.

He does not hold any directorship in other public companies. He has no direct or indirect shareholdings in the Company nor having any family relationship with any other director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Tuan Haji Md Adanan attended four (4) of the five (5) Board meetings in the financial year ended 31 December 2019.

DATO' SUHAIMI BIN MOHD YUNUS

Non-Independent Non-Executive Director
Aged 54, Male, Malaysian

Dato' Suhaimi Bin Mohd Yunus was appointed to the Board as Non-Independent Non-Executive Director on 8 August 2019.

Dato' Suhaimi graduated with a Master of Science in Land Administration and Development from University Technology of Malaysia.

He started his career in 1995 as Administration and Diplomatic Officer in Transport Ministry. Later, he moved to Public Service Department. In 1997, he was transferred back to Transport Ministry as Assistant Secretary and in 1999 he assumed the post as Assistant District Officer of Rompin, Pahang. Dato' Suhaimi was promoted as Chief Assistant Secretary in 2003 and he served in a few Ministries i.e. Agriculture and Natural Resources and Environment till 2005. He was appointed as Director of Pahang Sport Council until 2010 and later was promoted as Division Secretary and had served the Economy Planning Unit and Pahang State Secretary Office. In 2012 to 2014 he was appointed as a Secretary Division of Human Resources of Pahang State Secretary Office. In 2014, he was appointed as Deputy State Secretary (Development) of Pahang State Secretary Office till May 2019. Effective from 10 May 2019, he was appointed as a Chief Executive Officer of Perbadanan Kemajuan Pertanian Negeri Pahang.

Currently, Dato' Suhaimi is also a Non-Independent Non-Executive Director of Far East Holdings Berhad and Tanah Makmur Berhad.

Dato' Suhaimi does not hold any directorship in other public companies. He has no direct or indirect shareholdings in the Company nor having any family relationship with any other director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Dato' Suhaimi attended one (1) of the two (2) Board meetings held in the financial year ended 31 December 2019.

DIRECTORS' PROFILE

MR TAN EN CHONG

Senior Independent Non-Executive Director
Aged 70, Male, Malaysian

Mr Tan En Chong was appointed to the Board of Directors on 1 July 2001 and was re-designated as Senior Independent Non-Executive Director on 1 March 2018. He serves as the Chairman of Remuneration Committee. He is also a member of Audit Committee and Nomination Committee.

Mr Tan graduated with a Bachelor of Science (Hons) from Royal Holloway College, University of London. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. Upon graduation, he joined CHUBB Fire Security (UK) as Financial Assistant in 1976. He had served in various positions in construction, manufacturing, trading and property development companies. He is also a director of several other private limited companies.

Currently, Mr Tan is also an Independent Non-Executive Director of TSR Capital Berhad.

Mr Tan has no direct or indirect shareholdings in the Company. He does not have any family relationship with any other director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Mr Tan attended all the five (5) Board meetings held in the financial year ended 31 December 2019.

MR NG KIM KEONG

Independent Non-Executive Director
Aged 47, Male, Malaysian

Mr Ng Kim Keong was appointed to the Board as Independent Non-Executive Director on 30 March 2015. He serves as the Chairman of Audit Committee and Nomination Committee. He is also a member of Remuneration Committee.

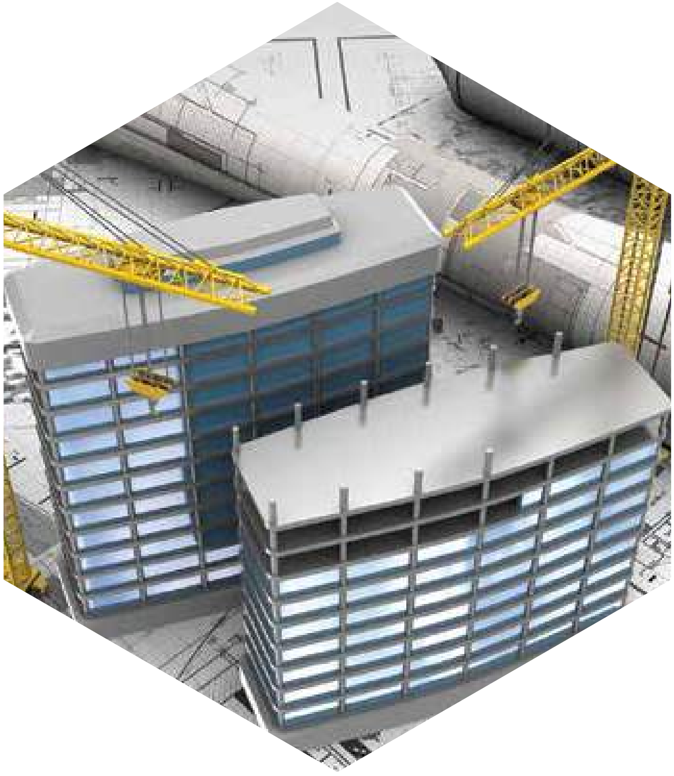
Mr Ng holds a Master of Business Administration in Financial Studies from the University of Nottingham and a Degree in Bachelor of Accounting from University Malaya. He is a member of the Malaysian Institute of Accountants. Upon graduation, he joined KPMG Malaysia as external auditor for 3 years. He had more than 15 years working experience in the financial and accounting division of private and public companies in Malaysia.

Currently, Mr Ng is also a Chief Financial Officer of TSR Capital Berhad and a Director of certain subsidiaries of TSR Capital Berhad.

Mr Ng does not hold any directorship in other public companies. He has no direct or indirect shareholdings in the Company nor having any family relationship with any other director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Mr Ng attended all the five (5) of the Board meetings held in the financial year ended 31 December 2019.

DIRECTORS' PROFILE



TUAN HAJI KHALIT BIN KASMOIN

Independent Non-Executive Director
Aged 62, Male, Malaysian

Tuan Haji Khalit Kasmoin was appointed to the Board as Independent Non-Executive Director on 1 March 2018. He is as a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Tuan Haji Khalit graduated with a Bachelor of Social Science, majoring in Anthropology and Sociology from University Science of Malaysia in 1992. Master in Sociology Industry from Universiti Kebangsaan Malaysia in 2000 and Master of Philosophy Anthropology Sociology Economy from Universiti Kebangsaan Malaysia in 2004.

He started his career as an Administrative Officer in 1993 at Pusat Khidmat Kontraktor (PKK). From 1997 to 2008 he was involved in policy making at Ministry of Entrepreneur Development and Cooperative. In 2009 he was appointed as Diplomatic Administrative Officer (PTD) in the Ministry of Agriculture with a title of Head of Assistant Secretary until his retirement on 12 January 2018. He has a wide range of experience in developing and administrating the entrepreneurs and also the government policy maker.

Tuan Haji Khalit does not hold any directorship in other public companies. He has no direct or indirect shareholdings in the Company nor having any family relationship with any other director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Tuan Haji Khalit attended all the five (5) of the Board meetings held in the financial year ended 31 December 2019.

KEY SENIOR MANAGEMENT

MR LIM GUAN SHIUN

Managing Director
Aged 33, Male, Malaysian

For details of Mr Lim Guan Shiun's profile, please refer to page 5 of the Annual Report.

DATO' IR HOW POOI GEN

Project Director, Construction and Properties Development Segments
Aged 58, Male, Malaysian

Dato' Ir How Pooi Gen joined Astral Asia Berhad Group in 1995 as a General Manager, Construction.

Dato' Ir How graduated from University of Auckland, New Zealand with a Bachelor of Engineering (1st Class Hons) in 1985 and was subsequently admitted as a member of the Institution of Engineers in New Zealand and Malaysia. He is also a Professional Engineer registered with the Board of Engineers Malaysia. After graduation, he served for a year as Project Engineer in Ang Yoke Lin Construction Sdn Bhd. In 1987, he went to New Zealand and worked there for 4 years. He started as a Structural Engineer in a consulting firm for a year and later joined Auckland City Council from 1988 to 1991 where he was subsequently promoted to Project Manager. He returned to Malaysia in 1991 and joined Kiara Development Sdn Bhd as a Resident Manager cum Assistant Project Manager. In 1994 he joined Pembinaan Limbongan Setia Sdn Bhd, a civil engineering and construction company as Senior Manager prior to joining Astral Asia Berhad Group in 1995. He was an Executive Director of Astral Asia Plantation Sdn Bhd from 2005 to 2008.

He is currently the Project Director of Astral Asia Berhad Group overseeing the Construction and Properties Development Segments.

Dato' Ir How has no direct or indirect shareholdings in the Company. He does not have any family relationship with any Directors and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He does not hold any directorship in other public companies. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.

MR LEONARD HOON HUI KIT

Chief Financial Officer
Aged 59, Male, Malaysian

Mr Leonard Hoon joined Astral Asia Berhad Group in 2005 as a Senior Manager, Corporate Finance.

In 1982, Mr Hoon started his accounting career as a trainee auditor with KPMG in Kuala Lumpur. He was an articled student with the Malaysian Institute of Certified Public Accountants (CPA) and obtained his CPA qualification in 1990. Mr Hoon has over 7 years of auditing experience gained from servicing clients involved in banking, construction, oil palm plantation, manufacturing and property development.

Mr Hoon pursued his accounting career in commercial sector in the second half of 1990. Over a span of 15 years, he held several finance positions in various companies and continued to acquire diverse knowledge and experience in accounting, finance and debt restructuring. In the course of works, Mr Hoon had been actively involved in a number of commercial litigation. Prior to joining AAB Group, he served as an Associate Director, Corporate Finance of Seloga Holdings Berhad, a construction and engineering group.

Mr Hoon is currently the Chief Financial Officer and Joint Company Secretary of Astral Asia Berhad and Group. Apart from his normal finance functions, he is also taking charge of the legal affairs of AAB Group. He is a member of the Malaysian Institute of Accountants and a member of the ASEAN Chartered Professional Accountant.

Mr Hoon has a direct shareholdings of 11,000 ordinary shares in the Company. He does not have any family relationship with any other Directors and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He does not hold any directorship in other public companies. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.

DEPUTY CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Astral Asia Berhad,

I am pleased to present the Annual Report and Audited Financial Statements of Astral Asia Berhad and its subsidiaries (hereinafter referred to as "the Group") for the financial year ended 31 December 2019.

Operating Results

For the financial year under review, the Group recorded a 37.9 % decrease in revenue from RM26.4 million in the previous financial year to RM16.4 million in this financial year, a decrease of RM10.0 million. The decrease in the Group's total revenue was mainly due to lower contribution from the plantation segment.

At the operations level, the Group incurred a loss after tax of RM13.3 million for the current financial year compared to a loss after tax of RM 6.8 million in the previous financial year. This was mainly due to the lower crude palm oil commodity prices coupled with lower fresh fruit bunches production during the financial year under review.

The financial performance and prospects of the Group are further explained in the Management Discussion and Analysis section.

Dividend

The Board of Directors does not recommend any dividend payment in respect of the current financial year.

Corporate Development

There are no corporate proposals that are pending completion as of the date of this report.

Acknowledgements

I would like to express my deep appreciation to the management and staffs, business associates and shareholders of Astral Asia Berhad for their utmost commitment, contribution and support to the Group.

Last but not least, I also would like to take this opportunity to welcome Dato' Suhaimi Bin Mohd Yunus, who has been appointed as our Non-Independent and Non-Executive Director on 8 August 2019, to the Group.

Dato' Lim Kang Poh
Deputy Chairman

MANAGEMENT DISCUSSION & ANALYSIS

FFB Production, Performance and Area Statement

	2012	2013	2014	2015	2016	2017	2018	2019
Fresh Fruit Bunches ("FFB") Production (m/t)	52,415	57,698	49,918	46,020	37,238	43,491	40,872	38,651
Average mature area harvested (hectare)	3,274	3,274	3,274	3,274	3,127	3,314	3,647	3,152
Average yield m/t per hectare	16.0	17.6	15.2	14.1	11.9	13.1	11.2	12.3
Average prices of Crude Palm Oil realised RM per m/t	2,777	2,375	2,406	2,149	2,643	2,761	2,248	2,071
Average prices of Palm Kernel Oil realised RM per m/t	1,553	1,343	1,718	1,580	2,573	2,444	1,791	1,223
Plantation revenue RM'000	33,294	30,895	28,199	23,171	23,924	29,903	19,285	15,724
Plantation profit / (loss) before tax RM'000	18,650	13,272	10,798	3,511	6,478	11,452	(3,746)	(7,283)

Estate	Planted area as at 31.12.2019			FFB Production (m/t)				
	Immature (ha)	Mature (ha)	Total (ha)	2015	2016	2017	2018	2019
Bukit Kuin 1 (BK 1)	125	601	726	3,417	3,777	5,514	7,777	9,011
Bukit Kuin 2 (BK 2)	-	191	191	4,320	4,023	4,308	4,278	4,931
Kertau	400	1,217	1,617	20,300	16,093	17,929	15,509	12,433
Pejing	-	1,143	1,143	17,983	13,345	15,741	13,308	12,276
	525	3,152	3,677					
Buildings, roads and others			342					
Total area (in hectare)			4,019					
Total FFB Production				46,020	37,238	43,491	40,872	38,651

Age profile of oil palm as at 31.12.2019		
Palm Age (Yrs)	Percentage	Area (Ha)
Immature	14.3%	525
Young & Prime (4-20 yrs)	21.5%	792
Old (21 yrs & above)	64.2%	2,360
	100.0%	3,677

MANAGEMENT DISCUSSION & ANALYSIS

Plantation Segment

The plantation arm of the Group is Astral Asia Plantation Sdn Bhd (previously known as Syarikat Ladang LKPP Sdn Bhd, hereinafter referred to as "AAP"). AAP started the business of oil palm cultivation since 1981 and currently owns and manages 4,019 hectares of oil palm plantation located in the state of Pahang Darul Makmur.

For the financial year under review, the harvested fresh fruit bunches ("FFB") production of 38,651 m/t was 5.4 % lower compared with the harvested FFB in the previous financial year (2018: 40,872 m/t). The decrease in FFB production was mainly due to the replanting of 400 hectares of oil palm at the Kertau Estate and also the ageing oil palm at both the Kertau and Pejing estates. BK 1 estate continued to register 15.8 % higher FFB harvest totaling 9,011 m/t (2018:7,777 m/t) as oil palm attained further maturity during the financial year. It is again encouraging to note that during the financial year, BK 2 estate had achieved the highest ever annual average FFB yield of 25.8 m/t per hectare (2018 : 22.4 m/t per hectare).

Malaysia's average FFB yield had improved marginally by 0.2 % to 17.19 m/t per hectare (2018:17.16 m/t per hectare). For the state of Pahang Darul Makmur, Malaysian Palm Oil Board had reported a 6.6 % higher annual average yield of 18.03 m/t per hectare in 2019 (2018:16.92 m/t per hectare).

At present, the Group's FFB sales are conducted through appointed agents and palm oil millers. The realised Crude Palm Oil ("CPO") and Palm Kernel Oil ("PK") prices are based on the Malaysian Palm Oil Board monthly average prices. The Group has yet to engage in the trading of commodity future but may do so in the near future in view of the high volatility of prices of the commodities.

For the financial year under review, the Group's realised CPO was 7.9 % lower at an average price of RM 2,071 per m/t (2018: RM 2,248 per m/t). The average realised price of PK decreased by 31.7 % to RM 1,223 per m/t (2018: RM 1,791 per m/t).

The plantation segment had registered a loss after tax of RM 8.7 million during the financial year under review compared to a loss after tax of RM 4.5 million in the previous financial year. This was mainly attributed to the following factors:

Pahang, Malaysia

A. Bukit Kuin Estates
B. Kertau / Pejing Estates

a) Lower harvested FFB totaling 38,651 m/t (2018: 40,872 m/t) ;
b) Lower commodity prices of CPO and PK realised during the financial year; and
c) The bearer plants written off amounting to RM4.7 million due to the replanting of 400 hectares of oil palm at the Kertau Estate.

The Management will continue to monitor and manage all risks inherent to oil palm operations. The Management will also continue to complete the replanting of the remaining 2,360 hectares of old oil palm at both the Kertau and Pejing estates. Towards this end, the Management has mobilised the tender process for the replanting works and has also secured adequate financing for the same.

To enhance best agriculture practices and environmental protection, the Group has been supportive of the Malaysian Sustainable Palm Oil (MSPO) standard since its inception and the Group obtained the MSPO certification in September 2019. Our specific contribution to the United Nation's sustainable development goals are as set out in our Sustainabililty Report.

MANAGEMENT DISCUSSION & ANALYSIS

Construction Segment

The construction arm of the Group is Tasja Sdn Bhd (hereinafter referred to as "Tasja"). Tasja was established in 1990 and registered with the Construction and Development Board as a Grade G7 contractor. It is also a registered "Class A" contractor with the Malaysian Government Contractor Services Centre ("Pusat Khidmat Kontraktor Malaysia").

In view of strong competition in the already weak local construction market during the financial year, the construction segment had not been successful to secure any new jobs. Nevertheless, Tasja will continue to look for new construction work opportunities in the near future.

Property Segment

Kuantan Hi-Tech Park

The Management team will continue its efforts to implement and promote Kuantan Hi-Tech Park amidst the on-going local economic uncertainty and weak industrial property climate. The Group is also exploring other innovative development concepts that may be suitable for this property. In the meantime, this property with an area of 2,434 acres is planted with oil palm and it is known as Bukit Kuin 1 estate and Bukit Kuin 2 estate.

Bangsar Land

The Group has started the construction of a three-storey commercial building with a basement carpark and as of the date of this report, the estimated percentage of completion is five. The estimated construction cost of the proposed building is RM5.4 million and the Group has obtained a construction loan of RM4.0 million for this development.

Prospects

The outbreak of the Coronavirus Disease 2019 ("COVID-19") which started in December 2019 has now been declared as a pandemic by World Health Organization on 11 March 2020. The pandemic will materially affect the world economy in 2020 due mainly to international borders lockdown and Malaysia is not excluded from this health crisis. The various Movement Control Orders implemented by the Malaysian Government from 18 March 2020 to 31 August 2020 will have substantial impact on most economic activities in Malaysia. As of today, we are uncertain as to when the pandemic will come to an end.

The CPO prices have been traded mostly below RM2,000/mt during the first nine months of 2019. However, since October 2019 the prices of CPO had been on an upward trend and they rallied to RM3,025/mt at the end of December 2019.The prices of CPO peaked at RM3,111/mt in January 2020 and thereafter had fallen to RM2,050/mt by mid of May 2020. As of the date of this report, CPO prices are sustaining marginally above RM2,300/mt. The demand for palm oil is likely to decline due to the anticipated weaker world economy ahead. The trading of CPO commodity prices is expected to remain volatile in 2020 and in tandem with the prices of soya bean oil and crude oil.

In view of the oil palm replanting programme at the Kertau estate, the unstable commodities prices in 2020 and the absence of positive contributions from the Group's other business segments, the Group's operating results in 2020 is expected to decline.

SUSTAINABILITY REPORT

At Astral Asia Berhad Group (AAB Group), we are committed in practising sustainable management and creating the right conditions to ensure Economically viable, Environmentally sound and Socially acceptable (EES) values in the management of our oil palm plantations.

We will strategically carry out our Group's establishment rationale to raise the bar and be relevant as we continue to follow best practices and our objective:

"To Enable the Best in Oil Palm, Properties Development and Construction in Malaysia"

ABOUT THIS REPORT

Scope: This report mainly covers the core business activity, in oil palm plantation business of Astral Asia Berhad (AAB), of which AAB has direct control and holds a majority stake in Astral Asia Plantation Sdn. Bhd. (AAP).

Reporting Period: The reporting period spans from 01 January 2019 to 31 December 2019. Historical data from previous years were included to provide comparison and trend.

Reporting Cycle: Annual

Reporting Guideline: Bursa Malaysia Sustainability Reporting Guide, 2nd Edition

Feedback: For comments or suggestions regarding our Report, please do not hesitate to contact us at: sustainability@astralasia.com

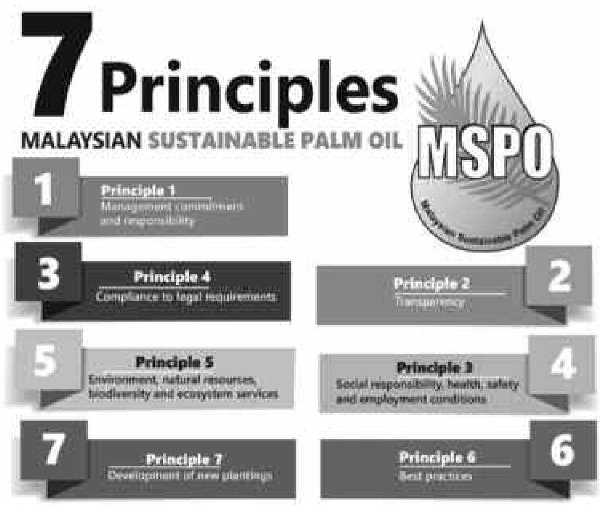
This is our second sustainability report, and we have prepared this report to continuously convey to our stakeholders, transparency as regards our sustainability management and activities.

For this report, we present threshold data and information, which serve as a foundation in introducing sustainability in our business activities and operations.

In September 2019, we achieved MSPO Certification, and in partnership with MSPO, we aim to bring the palm oil industry to a higher level of sustainability by raising the bar and incorporating sustainability and transparency throughout the value chain of palm oil in Malaysia.

Consistent with our MSPO certification, we adopted the seven (7) MSPO principles to create a more sustainable landscape and contribute to the country's agricultural sector's growth.


MALAYSIAN SUSTAINABLE PALM OIL (MSPO)



SUSTAINABILITY REPORT

UNITED NATION'S SUSTAINABILITY DEVELOPMENT GOALS (SDGs)

As the SDGs gains traction across the world, we demonstrate to stakeholders our contributions by incorporating strategies aligned with the SDGs. Our report reflects the UN SDGs, in line with Malaysia's commitment to SDGs Agenda 2030.

Our Contributions

Goal 2. Promote Sustainable Agriculture: Adopted Good Agricultural Practices(GAP).

Goal 5. Achieve gender equality: Upholded equal opportunity to its employees, suppliers and other stakeholders.

Goal 6. Sustainable management of water: Established river buffer zones.

Goal 8. Decent work for all: Increased employment opportunities through local hiring, material procurement and employment and improvement of local contractors. Promoted safe and secure working environments for all.

Goal 10. Reduce inequality within and among countries: Practiced fair treatment in recruitment, housing and repatriation of migrant workers.

Goal 12. Sustainable consumption and production patterns: Practiced environmentally sound waste management.

Goal 13. Action to combat climate change: Certified to MSPO and minimised energy consumption.

Goal 14. Use of oceans, seas and marine resources for sustainable development: Implemented measures to diminish run-off and soil erosion to prevent water pollution.

Goal 15. Halt and reverse land degradation and halt biodiversity loss: Launched activities, such as terracing and the planting of cover crops in erosion-prone areas. Employed Integrated Pest Management (IPM) and responsible safeguarding of wildlife and their habitat.

Goal 16. Provide access to justice for all and build effective, accountable and inclusive institutions at all levels: Engaged in dialogues between the public and private sectors, and Code of Conduct prevents corruption and bribery in all their forms.

SUSTAINABILITY REPORT

Materiality

In 2018, we carried out a materiality analysis assessment to identify the material topics that affect our Group and our stakeholders. This process ensures that we address the issues that are most significant to our Company and our stakeholders. Also, it assures that the content contained in our sustainability report indicates the Group's economic, environmental and social impacts.

Materiality Process

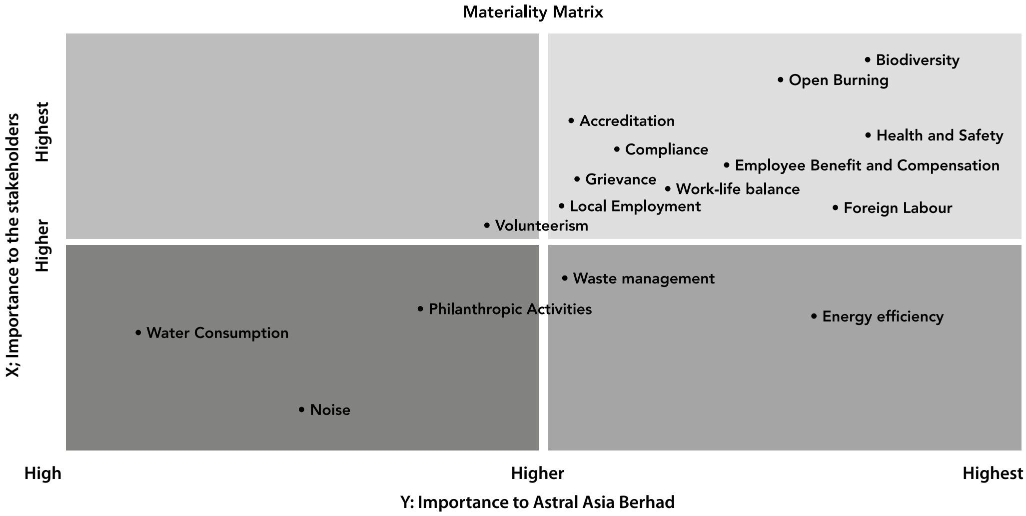
Identify and Categorise	Prioritise	Stakeholder Input	Validate and Approve
• We identified a comprehensive list of stakeholders and material themes which we deemed to directly impact the sustainability of our oil palm estates. • Thereafter, we categorised each theme under EES topics and narrowed them down to avoid redundancy.	• Each topic and stakeholder group were assessed and scored according to their importance and impact.	• To ensure that the stakeholders' voices are incorporated, the identified stakeholder groups were sought and requested to score the themes according to importance.	• The matrix was reviewed by the Management and subsequently validated and approved by the Board of Directors of AAB.

For the financial year under review, together with our heads of departments, we have reviewed our materiality themes. As there is no significant change applied to our scope of business, we are confident that it is unnecessary to revisit our materiality matrix in the current report.

Materiality Matrix

The sustainability matrix shown below presents the result of our assessment. The Y-axis represents the decisions or matters that are important to the stakeholders, whereas the X-axis denotes the EES items and matters that are significant to the Group's core business.

In this report, we present our matrix, which identified fourteen (14) issues that are most material to the Group and the stakeholders. The matters situated on the top right of the matrix are the themes considered to be of the highest significance. The material issues that tie closely with the fundamental nature of our business and activities are Biodiversity, Open Burning, Health and Safety. Hence these ranks high in our priority and that of the stakeholders.



Economic: Local employment, employee benefit and compensation, foreign labour, accreditation

Environment: Biodiversity, open burning, waste management, energy efficiency and water consumption

Social: Health and safety, work-life balance, philanthropic activities, grievance and noise

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

We communicate with our stakeholders throughout the year to ascertain their expectations and respond to their latest concerns. We believe that engaging with our stakeholders and identifying their issues allow us to cater to their needs more effectively and foster better relationships. Additionally, in the process of MSPO certification, on 6th June 2019, we carried out internal and external stakeholders' consultations.

Stakeholders	Issue	Response
Community	Road Access Local Employment Grievance Procedure Local Purchasing	- Granted the community access to Company-built road - Priority recruitment from the local community - Established grievance procedures - Prioritised local purchasing whenever applicable
NGO's	Accreditation & Best Practices	- Achieved MSPO Accreditation and adopted its principles
Investors	Transparent Information and communication	- Provided accurate, timely, consistent and fair disclosure of corporate information
Employees	Health and Safety Remuneration and Benefits Clear Policy	- Complied with OSHA and conduct trainings - Performance review /Compliance with labour laws and regulations - Established policies and communicated them to all employees
Customers	Quality and Traceability of FFB	- Attended training organised by MPOB as regards to ripeness standard - Established traceability SOP, and appointed estate supervisor to implemented and maintained the traceability system.
Government	Biodiversity Compliance	- Engaged with the Department of Wildlife and Natural Parks - Complied with DOE regulations - Updated relevant licences and permits
Suppliers	Payment Pricing Timely Delivery	- Fair payment terms and conditions - Transparent tender management - Delivery schedule management

Sustainability Governance

The Board

Our AAB Board is tasked with the paramount duty of developing a sustainable strategic direction and formulating leadership and corporate strategies for managing our oil palm plantations. The Board regularly reviews our sustainable approaches, makes informed decisions and applies current sustainability trends that may influence our strategic direction.

The Management

The Board of AAB appointed a Managing Director to manage all sustainability matters with the support of the Heads of Departments. The Managing Director is responsible for implementing, addressing, monitoring, and delivering EES growth and progress. He must also ensure that our sustainability strategies are aligned and guarantee that our goals are achieved whilst enhancing stakeholder value. In addition, the Managing Director must keep the Board well-informed of the current position of AAB's sustainability issues.

SUSTAINABILITY REPORT

Ethics and Transparency

Our Code of Conduct upholds the spirit of social responsibility following the relevant legislation, regulation, and guidelines. It also guides our relationships with our various stakeholders, including employees, creditors, shareholder and customers.

Risk Management

Our EES sustainability risk management is compliant with applicable laws, regulation, and employment of foreign workers. Our Management will continue to manage all risks inherent to oil palm operations, strive for continuous sustainable improvement, and design appropriate action plans, as we work towards realising maximum sustainability in oil palm plantations.

Economic

Palm oil is used in most of the products sold in a typical supermarket and also as replacement for fossil fuel. The industry has also contributed significantly to the advancement of the Malaysian economy through tax payments and the downstream business and jobs associated with the production of goods using palm oil.

Direct Impact

- Plantation Area: 4,019 hectares
- Revenue: RM 15.7 million
- Number of Employees: 67

Indirect Impact

The indirect economic impact is produced from our flow-on employment which include jobs generated as a result of plantation employees buying household necessities and demand of goods and services from the plantation. The local community is also benefiting from the internal roads built mainly for the use of the estate.

Climate-Related Economic Risks and Opportunities

Financial risks and opportunities abound in palm oil cultivation. At AAB, we carry out the sustainable production and trade of palm oil by faithfully adhering to Malaysia's agenda of brand sustainable palm oil certification. We believe that being sensitive and responding to emerging regulations, policy changes, buyers' market and consumer behaviour will reduce risks and result in improved economic opportunities.

Supply Chain Management

Traceability

We espouse high social and environmental standards. We build relationships with our suppliers based on professionalism, trust, transparency and fairness. To this end, we subscribe to the MSPO supply chain standard to credibly guarantee our end-users that our FFB originated from a sustainably managed oil palm plantation throughout the supply chain.

SUSTAINABILITY REPORT

Social Consideration

Our Company provides equal opportunities to all suppliers and contractors. As part of our purchasing policy, we direct our suppliers to follow the necessary protocol. A tender process is announced through published advertisements in leading newspapers. Then, interested suppliers are interviewed by the Management. During these meetings, suppliers and contractors are shortlisted, and prices are negotiated. The review and approval of suppliers and contractors are conscientiously performed by AAP's Managing Director, Executive Director and General Manager in Charge.

Environmental Consideration

Pesticides are an essential agricultural tool for crop protection. Nonetheless, we understand that pesticides could pose potential health and environmental risks. Therefore, we guarantee that our purchase of pesticides complies with the Ministry of Agriculture's (MOA) environmental regulations and is in accordance with Malaysia's pesticide legislative framework. We expect our suppliers to comply with the Pesticide Act 1974 as well as other relevant legislation concerning the labelling, importation and sale of controlled pesticides, amongst others.

Supplier Monitoring

We regularly evaluate and monitor our supply chain to ensure compliance with our policies. Monitoring covers cost, pricing, quality and regulatory standards. We ensure that our quality and lead time delivery satisfy the government-mandated criteria. Non-compliant suppliers are given reminders, issued memorandum, invited to discussions and ultimately penalized should they fail to comply with the set criteria.

Environment

As prescribed by the Group's Code of Conduct, we ***"ensure the effective use of natural resources"*** in all of our oil palm activities. We are committed in preventing and reducing the harmful effects of our operations on the ecosystem. Thus, we have established an Environmental Policy to inculcate environmental values amongst our people.

We recognise that our operations may potentially affect biodiversity and the ecosystem. Therefore, we see it as our responsibility to understand, evaluate and minimise the environmental impacts of our operations to foster environmental protection and care.

Good Agricultural Practices (GAP)

To advance sustainable cultivation and plantation practices, we have adopted Buku Panduan Amalan Pertanian Baik MPOB for GAP. The elements of GAP ensure that we are implementing environmentally sound, socially acceptable and profitable practices that do not exert adverse impacts.

No Open Burning Policy

The recurring haze caused by open burning has become a perennial problem and has resulted in diplomatic, economic and health issues. In this light, we have established the Open Burning Prevention Policy and have implemented strict monitoring and preventive measures to ensure that such an incident does not occur in any of the plantations and jurisdictions of AAP.

SUSTAINABILITY REPORT

Soil Management

To address soil erosion, AAP has launched several activities, such as terracing and the planting of cover crops in erosion-prone areas. Contour terraces, roadside camber and platforms were constructed along steeps and slopes to diminish run-off and soil erosion as well as to divert water, thereby preventing surface damage. We plant Leguminous Cover Crops (LCC) in our estates to prevent weed onset and to deter cattle and insects. LCC also increases the fertility of the surface soil, conserve water and hinder soil erosion.

Pest and Pesticide Management

We employ Integrated Pest Management (IPM) for the sustainable management of oil palm pests to minimise the frequency and use of synthetic pesticides. Moreover, we have also installed rat traps and have released barn owls to act as a natural biological rodent control. To ensure that any spill, regardless of amount, is well mitigated and properly managed, we have established an SOP for chemical spraying, mixing, storage and spillage.

Biodiversity and Wildlife Protection

Human fate is closely interlinked with wildlife protection and biodiversity; as such, all land users must consider the effects of their activities on wildlife as well as on flora and fauna. At our estates, we have carried out measures for the responsible safeguarding of wildlife and their habitat.

Buffer Zones and Demarcation Points

We have initiated different programmes, such as establishing a buffer zone and instituting the reserve jungle, to address biodiversity loss and wildlife protection. The buffer zone was created in 2006. It is a 20-metre wide area located near the river with a distance of approximately 13 km from the nearest community. No planting activities are conducted in the buffer zone, and no negative impact on the community and biodiversity have been recorded.

Wild animals occasionally encroach into our plantations. When an animal is spotted by our CCTV cameras or workers within the boundaries of the estates, we immediately coordinate with the Department of Wildlife and National Parks, so that they can translocate the animals back to the forest reserve or the sanctuary.

PERHILITAN

Waste Management

Given that fresh fruit bunch (FFB) production is our primary business activity, we do not produce palm oil mill effluents (POME). Nevertheless, we have identified our waste products and have devised 3R action plans for the management, elimination and reduction of waste.

General Waste

When palm trees reach the end of their lifecycle and are no longer productive, they are felled to make way for new trees to be planted. The short trunks of the palm trees are left to decompose on their own, and the wood chips from the tree trunks are used for composting. We have initiated programmes for recycling empty chemical containers or for reusing them for the same purpose and domestic waste management.

SUSTAINABILITY REPORT

Scheduled Waste

Aligned with the scheduled waste guideline, empty pesticide containers are punctured to discourage reuse, and storage areas are strictly managed. In addition, only DOE-certified waste contractors are allowed to collect the scheduled wastes of the estates. More importantly, chemical handling SOP documents and training procedures are disseminated to instill awareness.

Water Management

Water is a shared resource that must be conserved for our sustainable future. As such, AAP implements monitoring programmes to ensure that our water usage is consistent with the best environmental practices.

Pejing and Bukit Kuin Estates draw water supply from local waterways or surface water, whereas Kertau Estate draws supply from the tube well. We have considerably invested in water treatment facilities that can treat our used water and make it available for reuse. The safety of the treated water is tested and certified by the Ministry of Health. Also, a rain-harvesting equipment was installed for use within our operations.

Water Consumption (m^3)	2017	2018	2019
Kertau Estate – Underground / Tube well and surface water	1,316	1,115	767
Sg Pejing - Underground tube well & surface water	869	580	407
Bukit Kuin Estates - Surface water	400	438	840
Total Water Consumption	2,585	2,133	2,104

Energy Management

Greenhouse gas (GHG) emission is one of the main contributors to climate change and one of the most serious threats faced by society. It requires global action, especially by companies worldwide. For our part, we continually endeavour to reduce our GHG emission in our operations. Apart from keeping a record of our energy consumption and checking for any leakage that could hamper efficiency, we also report to the electrical consultant should any abnormalities occur in our energy use.

ENERGY CONSUMPTION				
ESTATE LOCATION	FY: Size (ha)	Electricity using Generator	Transportation	
		Diesel/Litres (Kertau and Pejing)	Diesel/Litres	Petrol/Litres
KERTAU	2017: 1,622 2018: 1,671 2019: 1,271	86,532 91,381 43,455	80,697 69,130 31,626	9,623 5,745 1,730
PEJING	2017: 1,143 2018: 1,143 2019: 1,143	11,783 9,554 6,547	21,956 27,640 28,024	263 327 311
BUKIT KUIN	2017: 902 2018: 902 2019: 902	82,334 KwH 89,407 KwH 86,153 KwH	32,700 38,550 35,534	3,400 5,470 6,327

The majority of the palm trees in Kertau and Pejing are approaching their end-of-life cycle, and the areas for the newly planted trees cover only 400 hectares. Thus, there is a decrease in energy consumption due to the reduced operation of generators and machines for harvesting. By contrast, there is a rise in petrol consumption because of the increased frequency of management meeting trips.

A utility company supplies the energy used by Bukit Kuin. The unstable energy consumption recorded in the past three (3) years can be attributed to the life cycle of the palm trees and the purchase of a new vehicle.

SUSTAINABILITY REPORT

Instilling Environmental Values

We recognise the importance of cultivating environmental awareness and pro-activeness amongst our employees in all environmental activities and situations. Our workforce is regularly educated through informal trainings, particularly on the subjects related to their job scopes. In this way, our workers are equipped with suitable knowledge and skills needed to accomplish their tasks whilst maintaining proper environmental management.

Our daily environmental awareness reminders consist of the following:

- Wildlife Spotting
- Barn Owl Protection
- Water Management
- Pesticide Handling
- Energy Monitoring
- Waste Management

Compliance

We comply with the relevant environmental regulations, and during the year under review, we had no non-compliance or fine directed to us by the DOE or any regulatory bodies. We strictly abide by the government regulations imposed on the controlled pesticides used in our operations. We guarantee that the relevant government regulatory body has approved all the pesticides and fertilisers that we use.

Community

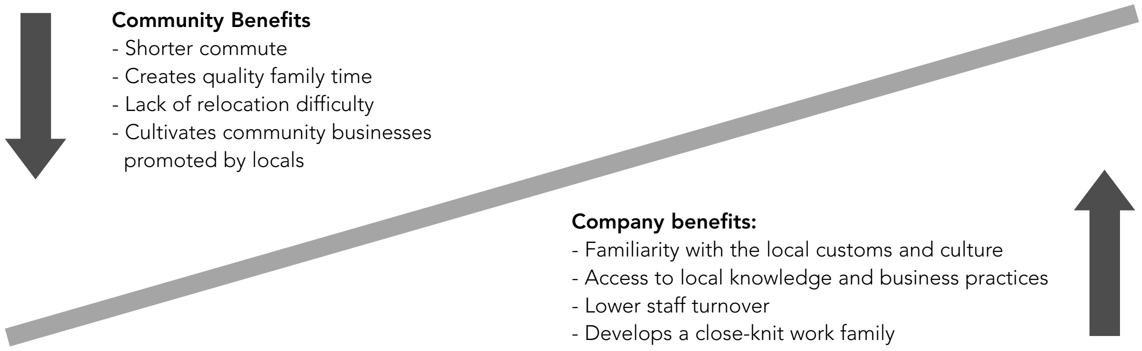
At AAP, we ensure that the activities and operations of the Company do not impair the interests and wellbeing of society as a whole.

Human Rights

We have established the Social Policy and the Social and Humanity Management Policy as preventive measures against forced and child labour as well as sexual harassment. We make sure that the recruitment of all of our foreign workers are conducted properly and ethically, and that recruitment agencies as well as the recruited workers are aware of our implemented policies. More importantly, all of our existing estates and plantation are not encumbered by customary land rights.

Developing Local Potential

"Developing local potential is a mutually advantageous and sustainable partnership."



SUSTAINABILITY REPORT

Local Hiring: We are committed in prioritising local hiring to encourage community involvement. We believe that this initiative is an empowering programme that can concretely address the needs of the community and yield long-term results.

Local Purchasing: We pledge to purchase local goods and services to promote local empowerment. The use of local goods and services leads to advantages such as saved time, reduced cost, and timely delivery of maintenance and equipment. At the same time, we provide the local community with opportunities to stimulate businesses.

Accessibility

Access to Infrastructure: AAP has built roads for transporting the harvested FFB. However, aside from just transferring the harvest, these roads serve as a network for establishing connectivity and mobility as well as for linking communities socially and economically. Moreover, given that parts of the roads have been paved on community-owned land, AAP compensates and shoulders the repair and maintenance costs during the reporting period.

Access to Socio-Cultural Activities: The strong preservation of cultural practices and rights is typical when conducting business in rural areas, and AAP recognises that corporations and communities significantly influence one another. Aside from the Malay, Chinese and Indian communities living near our plantations, minority tribes called the Orang Asli also inhabit the nearby forest reserve. We stand by our promise to sustain and safeguard the Orang Asli's cultural practices and rights to a nomadic existence. We recognise and do not dispute their anthropological notion of culture as a way of life. They are free to fish or hunt in our plantations.

Community Engagement

Community engagement suggests that everyone should have a say in the decision-making regarding matters that have impact on their community. For this reason, the Group maintains open communication with stakeholders, who during these interactions can voice their opinions and consequently influence our decisions on issues that affect the overall sustainability of neighbouring communities and oil palm plantations.

Engagement with MSPO: As a sign of our intent to push forward the Malaysian palm oil industry and promote good agricultural practices and environmental protection, AAP was recognised with the Malaysian Sustainable Palm Oil (MSPO) certification.

Engagement with Nearby Plantations: Information exchange and interactions amongst neighbouring plantations and smallholders are conducted casually. We attend one another's festive celebrations, occasionally meet at public spaces and participate in the same functions. In these gatherings, news and information are shared regarding employees, operational concerns and other general activities in the community. Additionally, shared infrastructure such as road maintenance are discussed with the nearby estates.

Engagement with the Penghulu (Village Headman)

To foster better relationships with the neighbouring communities, we hold monthly meetings with the village headman. In these meetings, we discuss issues that affect the estate and the village as well as exchange ideas and information about the community. These meetings also serve as a platform for the community to voice their concerns, issues and ideas.

Most importantly, members of the community are welcome to approach the plantation manager anytime for any urgent matters which they wish to discuss.

SUSTAINABILITY REPORT

Engagement with Authorities: Our regular engagement with the authorities, such as the Immigration Department, the Pahang Land Office, the Department of Social Welfare and Department of Wildlife and National Parks, keeps up updated with regulations and allows us to collaborate on ideas to enhance our initiatives.

Employee

Employees are a significant component of our organisation. Their knowledge, skills, productivity and performance are critical tools that enable us to successfully achieve our goals and milestones.

Training and Development

"We uphold a policy that promotes professionalism and improves the competencies of the management and the employees by fostering a safe and productive working environment."

Aligned with our policy, we ensure that our people acquire the ideal set of skills, knowledge, attitude and traits necessary for their particular roles. We have designed two types of training programmes, namely, office-based and plantation-based, which are geared towards attaining specific performance and capability targets. In addition, we conduct an employee performance appraisal to assess and acknowledge their accomplishments. Through this strategy, we jointly plan their career path by evaluating their achievements and identifying areas for further growth.

Plantation-Based Training: Capability and competency on job programmes are aimed towards equipping our field workers with the necessary skills and knowledge that would make them adept in accomplishing their tasks within their job scope. The training consists of acquiring plantation-related knowledge, practical skills, SOP and laws and regulatory compliance.

Office-Based Training: Support the management as well as administrative and operational needs of the plantation.

Trainings conducted during FY2019 are shown below.

No.	Training Topics Attendees	Number of Hours	Training
Plantation based Training			
1	Harvesting Ops	28	1
2	Spraying / P&D Ops	28	2
3	Environmental & Biodiversity	28	3
4	Planting Ops	10	0.5
5	Safety & Health Talk Session	65	0.5
Office-Based Training			
1	MSPO Certification Talk Session	20	2
2	SOP for Replanting Ops & Safety	10	2
3	Calibration Technique	4	1

SUSTAINABILITY REPORT

Employee Benefits

Our core set of benefits consists of compulsory and non-compulsory benefits. Compulsory benefits are mandatory employee benefits that employers are legally required to provide, such as Employee's Provident Fund (EPF) and SOCSO. We go beyond the basic coverage by taking care of our employees' immediate needs. Our compulsory benefits include bonuses, medical fees, free hospitalisation and different kinds of leaves (i.e. annual, medical, maternity, paternity, marriage and compassionate leaves).

Work–Life Balance

Work–Life Balance of Field Employees

Given the scarcity of local employees, foreign workers comprise a substantial proportion of our field workforce. As is typical of plantation and manufacturing sectors, foreign workers play a crucial role in our operations. We ensure that all of our foreign workers are effectively managed starting from recruitment and training by offering them clean living conditions, health management and sanitation as well as proper repatriation.

We promote the physical and mental wellness of our foreign workers by providing recreational facilities, such as sepak takraw, volleyball and table tennis, at our plantation sites.

Sports Day

Every year, field employees look forward to the sports day. On this day, all workers from different sites gather together to meet and socialise with one another. They engage in friendly competitions in various sports events.

SUSTAINABILITY REPORT

Diversity

Our Company guarantees equal opportunities for all employees. We value workplace diversity and cultivate a culture of respect for all employees regardless of age, ethnicity, gender and nationality. However, male employees have consistently accounted for a majority of our workforce due to the physically demanding nature of the work involved in the plantation.

Our goal is to find and develop leaders originating from diverse backgrounds who possess a wide array of skills, expertise, knowledge and perspectives. We strongly believe that such individualities will drive the Company' towards innovation and success.

The decrease in employee count is due to the end of work agreement with contractual foreign workers.

Employee Ethnic Composition

Ethnicity	2019
Malay	65
Non-Malay	10
Foreign workers	168
Total	**243**

Number of Women in the Workforce

Year	2017	2018	2019
Male	35	30	35
Female	17	13	4
Total	**52**	**44**	**39**

Employee Turnover (Office based)

Office	2017	2018	2019
Employee Turnover	5	6	2
Number of Newly Hired	11	7	15
Number of Resignations	16	13	17

Total Number of Employees

Location	Office			Plantation		
Year	**2017**	**2018**	**2019**	**2017**	**2018**	**2019**
Number of Employees	52	41	39	257	265	204

Gender Representation in the Management

Position	2017			2018			2019		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Board of Directors	4	1	5	4	1	5	4	1	5
Managers	11	1	12	11	0	11	8	0	8
Executives	18	6	24	17	4	21	11	4	15

Health and Safety

"Ensure adequate safety measures and deliver proper protection to workers and employees at the workplace."

As mandated by our Code of Conduct, commitment to the health and safety of our employees is high in our sustainability issues. At AAP, we observe stringent measures and strictly adhere to the Occupational Safety and Health (OSH) Committee Regulations 1996.

We are committed in reducing our risks and achieving the objectives of the OSH. In this respect, we refer to HIRARC as our basis for occupational safety and health. By applying HIRARC, we can plan, introduce and monitor preventive measures, and we ensure that risks are adequately controlled at all times. However, despite our best efforts, mishaps could still occasionally happen. In the event of an injury, our H&S team investigates the incident and determines the root cause. Appropriate advice and notices are issued to workers, such as suspending operations, if necessary. The assessment process strengthens and improves our safety and health programmes and consequently guarantees the safety of our workers.

SUSTAINABILITY REPORT

Health Identification, Risk Assessment and Risk Control (HIRARC)

Classify Activities → Identify Hazard → Assess the Risk → Control the Risk → Review of Risk Control

H&S Awareness and Training

One of our key strategies in reducing the occurrence of accidents in our operations is to enhance the safety awareness and competency of our employees. For employees to effectively perform their tasks, they undergo both formal trainings, particularly in plantation estates, and informal trainings from their direct supervisors. Our H&S trainings emphasise to our employees the importance of safe work practices in our operations. OSH trainings are conducted during job commencement and are dutifully and consistently held thereafter. At the plantation, ad hoc programmes are also implemented, so that employees can familiarise themselves about their duties as well as all aspects of PPE and amended SOPs.

To inculcate H&S awareness, safety precaution signage posts are placed around the plantation. The H&S Policy is displayed prominently on the employees' memo board, and employees are reminded of this policy during daily morning briefings.

Safety Performance

Lost Work Day	Kertau Estate			Pejing Estate			Bukit Kuin Estates		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**	**2017**	**2018**	**2019**
Number of workers	83	78	70	73	64	62	73	68	72
Number of sick notes	297	197	204	156	83	115	70	54	17
Total working hours	2,376	1,576	1,632	1,248	664	920	560	432	136

Lost Time Injury	Kertau Estate			Pejing Estate			Bukit Kuin Estates		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**	**2017**	**2018**	**2019**
Number of Sick and Hospitalized	57	6	0	22	0	0	0	6	0
Total lost hours	456	48	0	176	0	0	0	48	0

OSHA Rate	Kertau Estate			Pejing Estate			Bukit Kuin Estates		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**	**2017**	**2018**	**2019**
Number of cases	2	0	0	1	0	0	0	0	0
Total	2	0	0	1	0	0	0	0	0

Consistent with our safety performance over the past years, we are pleased to report that no fatalities and no lost time injuries were recorded during the FY 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors supports the objective of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and also acknowledges its role to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of other stakeholders.

The Directors believe that good corporate governance results in quantifiable long-term success and creation of long-term shareholders' value. The Board of Directors of the Company has endeavoured to observe the best practices and guidance by MCCG 2017 and will continue to review its compliance of the same to further strengthen and enhance corporate governance practices within the Group.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board views the importance of sustainable and responsible business practices in developing the corporate strategy of the Group. The Group's businesses are conducted in responsible, trustworthy and ethical manner while accepting accountability for impacts on environment, social and governance.

The Company is led by an experienced and dynamic Board. It has a balanced board composition with effective independent directors. The Board provides leadership and stewardship to the Group's strategic direction and operations and ultimately enhancing shareholders value. To fulfil this role, the Board is responsible for:-

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth and profitability of the Company;
- Overseeing the conduct of the Company's business and to evaluate whether the business is being properly managed;
- Determining the level of risk tolerance and identify, assess and monitor principal risks of the business and ensure implementation of appropriate systems to manage these risks; and
- Reviewing adequacy and effectiveness of the Company's risk management and internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

No individual or group of individuals dominates the Board's decision making processes and the number of independent directors reflects fairly the investment of the minority shareholders. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of stakeholders of the Company.

The Board has established the Board Charter as a source of reference to the Board in the fulfilment of its authority, roles, functions, composition, duties and responsibilities which are in line with the principles of good corporate governance and provide a primary induction literature by providing insights to prospective Board members and Senior Management.

The Board updates the Board Charter from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislation and regulations. The Board reviews the Board Charter periodically. The Board Charter can be accessed at the Company's website at www.astralasia.com.

The Board is led by a Deputy Executive Chairman. The distinction of responsibilities between the roles of the Deputy Executive Chairman and Managing Director which is to ensure the balance of power and authority is also stated in the Board Charter. The Deputy Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the overall operations of the business and the implementation of Board strategy and policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

The Managing Director leads the Management team to ensure a high level of work efficiency and plans towards profitable growth and operation of the Group. Management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations.

All the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. They have the calibre to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as its shareholders, employees and customers.

Although the Board expects commitment of time by its members to the Company's affairs, it does not restrict its members from being appointed as a Director of other companies. All Directors should notify the Chairman of the Board before accepting a new directorship (in a listed or non-listed company) at least one (1) week prior to such appointment.

The Board has formalized a Code of Ethics to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

1. To establish a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted, are held or upheld by any one person; and

2. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

The Code of Ethics can be accessed at the Company's website at www.astralasia.com.

The Board meets at least 5 times a year with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice.

During the financial year ended 31 December 2019, 5 meetings of the Board were held. Details of attendance at Board meetings held in the financial year ended 31 December 2019 are as follows:

Name of Director	No. of Meetings attended
Dato' Lim Kang Poh	4/5
Mr Lim Guan Shiun	4/5
Tuan Haji Md. Adanan Bin Abdul Manap	4/5
Mr Tan En Chong	5/5
Mr Ng Kim Keong	5/5
Tuan Haji Khalit bin Kasmoin	5/5
*Dato' Suhaimi Bin Mohd Yunus	1/2

**Appointed on 8 August 2019*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

The Managing Director of the Company undertakes the responsibility to ensure that the agenda and full set of Board papers (including qualitative information of the Company) for consideration are distributed at least 7 days before each meeting of the Board to ensure that the Directors have sufficient time to study them and be properly prepared for discussion and decision making.

The Board's deliberation of the issues discussed and conclusions reached is duly recorded in the minutes of meetings which will be circulated to Board members and subsequently confirmed by the Chairman in the next meeting. Chairman of the respective Committees informs the Board at its meetings any salient matters raised at the Committee meetings which require the Board's approval.

All Directors of the Company whether in full Board or in their individual capacity, have access to all information within the Company and they could seek independent professional advice where necessary to discharge their duties.

The Board opines that the disclosure of the Senior Management personnel's names, exclude the Executive Directors and the various remuneration components (salaries, bonuses, benefit-in-kind and other emoluments) would not be in the best interest of the Group to safeguard the confidentiality of the compensation among the Senior Management personnel and to avoid the poaching of our executives by competitors.

The Company has appointed two names secretaries who are qualified to act as Company Secretary under Section 139A of the Companies Act 1965 ("CA") for the Company and its subsidiaries. One of them is an Associate member of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and another was a member of Malaysian Institute of Accountant ("MIA"). The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the CG of AAB Group. In this respect, they play an advisory role to the Board, particularly with regard to the Company's constitution, Board policies, procedures and its compliance with regulatory requirements, codes, guidance and legislations. The Company Secretaries also support the Board in managing the Group Governance Model to ensure its relevance and effectiveness.

The Company Secretaries attend all board meetings and ensure that accurate and adequate records of the proceedings of board meetings and decisions made are properly kept. The Board is updated by the Company Secretaries on the follow-up of its decisions and recommendations by the Management.

The Company Secretaries are constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through attendance at relevant conferences and training programmes. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.

Procedures relating to the appointment and re-election of Directors are contained in the Company's Constitution. New appointees will be considered and reviewed by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company ensures that all regulatory obligations are met before any appointment made.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

New Directors are subject to re-election at the Annual General Meeting ("AGM"), following their first appointment. In addition, re-election of Directors shall take place each year and all Directors shall retire from office every three (3) years but shall be eligible for re-election. This has been consistently practised. This also provides an opportunity for shareholders to renew their mandate. The re-election of each retiring Director is voted separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and shareholdings in the Group of each retiring Director standing for re-election are furnished in this Annual Report.

The Board after having evaluated the recommendation of the Nomination Committee decides on the proposed Director's re-election or re-appointment.

The Board has no immediate plans to implement a gender diversity policy or target as it is of the view that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender.

Board Composition

As at the date of this Statement, the Board comprises 7 members, 3 Executive Directors and 4 Non-Executive Directors, 3 of whom are Independent Directors.

During the financial year under review, Dato' Suhaimi Bin Mohd Yunus was appointed as Non-Independent Non-Executive Director on 8 August 2019. The Board which consists of members with a wide range of skills and experiences from financial, business public services background is capable of leading the Group. The Board composition is assessed through the Nomination Committee.

The Board continues to give close consideration to its size, composition and spread of experience and expertise to the Group's plantation, construction and property investment and development businesses.

The Nomination Committee was established on 2 January 2002. The Nomination Committee is responsible for proposing and recommending new nominees to the Board and for assessing the performance of Directors on an on-going basis. The actual decision as to who shall be appointed is the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Nomination Committee reviews the performance of members of the Board and assesses the effectiveness of the Board as a whole and the contribution of each individual director. The Nomination Committee will also review the required mix of skills and experience and other core competencies, which non-executive directors should bring to the Board.

During the financial year under review, the Nomination Committee and the Board, having evaluated the annual assessment of Mr Tan En Chong who has served a cumulative term of more than twelve (12) years on the Board as Independent Non-Executive Director, satisfied that Mr Tan has fulfilled the criteria of Independent Director set by the Company. His long tenure has to this day not created any adverse effect on his independency and has no conflict of interest or undue influence from interested parties. Further, Mr Tan's intellectual honesty, bona fide commitment and vast knowledge in various areas of finance matters warrant his retention as an Independent Non-Executive Director of the Company. Mr Tan does not involve in any operational matters of the Group nor having his own business which is in the same industry as the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

The Board recommends that Mr Tan En Chong who has served in the capacity of an Independent Director for more than twelve (12) years to continue to serve on the Board. In line with the MCCG 2017, shareholders' approval will be sought through a two-tier voting process at the forthcoming 24th AGM for Mr Tan En Chong to continue serving the Company as an Independent Director. Mr Tan En Chong has been re-designated as Senior Independent Non-Executive Director since 1 March 2018.

The Nomination Committee comprises of the following directors:

Chairman : Mr Ng Kim Keong
Members : Mr Tan En Chong
Tuan Haji Khalit Bin Kasmoin

The Nomination Committee deliberated the following matters at its meetings:-

(a) Assessed the effectiveness of the Board, Board Committees and the contributions of each individual Directors through a set of questionnaires;

(b) Reviewed the required mix of skills and experience and other core competencies, which Non-Executive Directors should bring to the Board;

(c) Reviewed the profile of Directors retiring at the 24th AGM and recommended the same for re-election by shareholders; and

(d) Assessed the independence of Independent Directors based on the criteria of independence adopted by the Company.

(e) Reviewed the appointment of Dato' Suhaimi Bin Mohd Yunus.

The Board recognises the importance of having a succession plan and will ensure that appropriate plans are in place, including appointing and training for replacing Board members and Senior Management of the Group.

During the financial year ended 31 December 2019, the training programme attended by the Directors are as follows:-

Members of the Board	Training Attended
Dato' Lim Kang Poh Mr Lim Guan Shiun Tuan Haji Md Adanan Bin Abdul Manap Mr Tan En Chong Tuan Haji Khalit Bin Kasmoin	2020 Budget Highlights
Mr Ng Kim Keong	Audit Oversight Board Conversation with Audit Committee
Dato' Suhaimi Bin Mohd Yunus	Mandatory Accreditation Programme

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration

The Remuneration Committee was established on 2 January 2002. The Remuneration Committee reviews the performance of the Executive Directors and furnishes recommendations to the Board on specific adjustments in remuneration, including reward payments commensurate with the respective contributions of the Executive Directors for the year. In the case of Non-Executive Directors, the Board as a whole will determine the remuneration package. The level of remuneration reflects the level of experience and responsibilities undertaken and the individuals concerned are abstained from discussion and decision making.

In June 2020, the RC had conducted a review of the Board remuneration Policy with the view to determine its competitiveness and sufficiency to attract, retain and motivate individuals to serve on the Board of AAB. In this respect, the Board approved the recommendation by the RC to maintain the existing Board Remuneration Policy which will be put forth to the shareholders for approval at the 24th AGM, in accordance with Section 230 of the CA and Paragraph 7.24 of the MMLR.

The Remuneration Committee comprises of the following directors:

Chairman : Mr Tan En Chong
Members : Mr Ng Kim Keong
Tuan Haji Khalit Bin Kasmoin

In Astral Asia Berhad, the remuneration for Executive Directors is structured so as to link reward to corporate and individual performance. In the case of Non-Executive Directors, the quantum of remuneration reflects the level of experience and responsibilities undertaken by them during the period under review.

Details of the remuneration of the Directors for the financial year ended 31 December 2019 for the Group and the Company are as follows:-

	Group			Company		
	Fees (RM'000)	Salaries & Bonus (RM'000)	Others (RM'000)	Fees (RM'000)	Salaries & Bonus (RM'000)	Others (RM'000)
Executive Directors						
Dato' Lim Kang Poh	30.0	958.0	114.7	30.0	-	-
Mr Lim Guan Shiun	30.0	484.0	57.9	30.0	-	-
Tuan Haji Md Adanan Bin Abdul Manap	48.0	-	-	36.0	-	-
Non-Executive Directors						
Mr Tan En Chong	24.0	-	-	24.0	-	-
Mr Ng Kim Keong	24.0	-	-	24.0	-	-
Tuan Haji Khalit Bin Kasmoin	24.0	-	-	24.0	-	-
*Dato' Suhaimi Bin Mohd Yunus	10.0	-	-	10.0	-	-
**Dato' Haji Wan Bakri Bin Wan Ismail	6.0	-	-	6.0	-	-
Subtotal	196.0	1,442.0	172.6	184.0	-	-
Subsidiary Director	-	180.0	16.9	-	-	-
Total	196.0	1,622.0	189.5	184.0	-	-

* Appointed on 8 August 2019
** Resigned on 1 April 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration (cont'd)

The Board opines that the disclosure of the Senior Management personnel's names, exclude the Executive Directors and the various remuneration components (salaries, bonuses, benefit-in-kind and other emoluments) would not be in the best interest of the Group to safeguard the confidentiality of the compensation among the Senior Management personnel and to avoid the poaching of our executives by competitors.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee comprises three (3) Independent Non-Executive Directors, having explicit authority from the Board to investigate any matter and is given full responsibility within its term of reference and necessary resources which it needs to do so and has full access to information of the Group.

The AC is chaired by an Independent NED, Mr. Ng Kim Keong. It is required under the Terms of Reference of AC for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR.

The composition of the AC was reviewed by the NRC in June 2020 and recommended to the Board for approval to maintain the current membership of the AC. With the view to maintain an independent and effective AC, an Independent NED who is financially literate, possesses the appropriate level of expertise and experience, and has the strong understanding of the Company's business would be considered for membership on AC.

The specific responsibilities of the Audit Committee are set out in its terms of reference and are available at the Company's website at www.astralasia.com.

In presenting the annual financial statements and quarterly announcement of results, the Directors aim to present a balanced, clear and understandable assessment of the Group's financial position and prospects. Each financial report and the information to be disclosed are reviewed by the Audit Committee and approved by the Board prior to its release to Bursa Securities. Timely release of announcements on quarterly and full year financial reports reflects the Board's accountability to its shareholders.

A Statement by Directors on their responsibility in preparing the Financial Statements is set out on page 51 of this Annual Report.

The Company maintains a transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

During the financial year under review, the external auditors were invited to attend 2 meetings of the Audit Committee without the presence of the Executive Directors and Management and were given access to books and records of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee (cont'd)

A summary of the activities of the Audit Committee during the financial year end is set out in the Audit Committee Report of this Annual report.

During the financial year, the amount of non-audit fees paid to the external auditors by the Company and the Group respectively were as follows:-

	Audit Fee (RM)	Non-Audit Fee (RM)
Company	28,000	5,000
Group	98,000	5,000

The Audit Committee is empowered by the Board to review all issues in relation to the appointment and re-appointment, resignation or dismissal of external auditors. During the financial year, the Board, via the Audit Committee, had assessed and affirmed the independence and suitability of the external auditors to continue in office until close of the upcoming Annual General Meeting and the Audit Committee had evaluated the external auditors based on review of performance and written assurances from the external auditors as well as discussion with Management on the independence of the external auditors.

The external auditors had confirmed, at an Audit Committee Meeting, that they are and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements.

Risk Management and Internal Control Framework

The Board has the ultimate responsibility for reviewing the Company's policy, approving the risk management framework policy and overseeing the Company's strategic risk management and internal control framework.

The Risk Management Committee assists the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of risk management of the Company.

The Board has established an independent internal audit function that reports to the Audit Committee. The summary of the work of the internal audit function during the financial year under review is provided in the Audit Committee Report set out in pages 39 & 40.

In addition, the Group's Statement on Risk Management and Internal Control furnished on 42 & 43 of this Annual Report provides an overview on the state of risk management and internal control systems within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Communication with Stakeholders

The Board recognises the importance of keeping the shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual report and the announcements made from time to time. Shareholders may obtain the Company's latest announcements from the Bursa Malaysia website. The Company also maintains its homepage that allows all shareholders and investors access to information about the Group at www.astralasia.com.

All shareholders including private investors have an opportunity to participate in discussion with the Board on matters relating to the Company's operation and performance at the Company's AGM. It is the principal forum for dialogue with shareholders. The Management will take note of the shareholders' suggestions and comments for consideration.

Whilst the Company endeavours to provide as much information as possible to its shareholders, it must also be wary of the legal regulatory framework governing the release of material and price-sensitive information. As such, corporate disclosure will take into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price-sensitive information, such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events.

Conduct of General Meetings

The Directors of the Company together with the Deputy Chairman of the Board Committees participate in the AGM to facilitate discussion on matters such as audit, nomination, remuneration and risk management. The members of Senior Management of the Company were also present to respond to any enquiries from the shareholders.

Notice of AGM has been sent to all shareholders more than recommended practice of 28 days in advance to allow them sufficient time to prepare for the general meeting and raise meaningful questions during the meeting.

All resolutions tabled at general meetings will be carried out by way of poll. To facilitate greater shareholder participation, electronic voting had been used at the 23rd AGM held last year.

Summary of Corporate Governance Practices

The Board is pleased to report that during the financial year ended 31 December 2019, the Company has applied and adopted 27 of the 36 Practices (27 Practices and 1 Step Up) encapsulated in the 3 Principles of MCCG. The breakdown of the status of application by Principle is provided below:

Principle	Practice			Step-up	
	Applied	Departure	Not Applicable	Adopted	Not Adopted
A - Board Leadership and Effectiveness	17	2	-	-	2
B - Effective Audit and Risk Management	8	-	-	1	1
C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	2	3	-	-	-
Total	**27**	**5**	**-**	**1**	**3**:

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The summary of the 5 departed Practices is as follows

Principal	Practice	Gap Summary
A - Board Leadership and Effectiveness	4.1 At least half of the board comprises independent directors.	3 out of 7 directors or 43% of the Board are independent directors. Mr Tan En Chong had been appointed as a Senior Independent Non-Executive Director to ensure that board decisions are made objectively in the best interest of the Company.
	7.2 The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	Due to confidentiality of the remuneration package of Senior Management, it would be in the best interest of the Company not to disclose their remunerations on named basis.
C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	11.2 Large Companies are encouraged to adopt Integrated Reporting based on a globally recognised framework	The Group does not fall under the category of large companies and has yet to adopt Integrated Reporting. The Board and Senior Management will regularly review this practice requirement.
	12.2 All directors attend General Meetings.	All directors endeavour to attend the coming AGM.
	12.3 Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate – - including voting in absentia; and - remote shareholders' participation at General Meetings.	The Board will explore and review the availability, feasibility, cost and benefit of the technology before implementing this practice.

Further information about the Company's corporate governance practices, in the form of the Corporate Governance Report, is available on the Company's website at www.astralasia.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Key Focus Areas and Future Priorities

The Company's key focus during the year was to comprehend the Principles and Practices introduced in the MCCG, for the subsequent application and disclosure in the annual report for the financial year ended 31 December 2019. Consequently, the Group's existing Board Charter, Terms of Reference of the Board Committees and Code of Conduct have been reviewed and revised to be in line with the MCCG.

In 2019, the Group has applied most of the Practices under the MCCG, with the exceptions of 5 Practices. Nevertheless, the Board endeavours to achieve full application and adoption in the future.

This Corporate Governance Overview Statement was approved by the Board of Directors on 11 June 2020.

Compliance Statement

The Board had deliberated, reviewed and approved this Corporate Governance Statement. The Board considered that the CG Statement provides the information necessary to enable shareholders of the Company to evaluate how the principles and best practices as set out in the MCCG have been complied with. The Board shall remain committed in attaining the possible standards through the continuous adoption of the principles and best practise of the MCCG and all other applicable laws and regulations.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of AAB was established on 12 February 1998. The principal objective of the AC is to assist the Board of Directors in discharging its duties and responsibilities in the areas of corporate disclosure and transparency, public accountability of the Company and its subsidiaries. The specific responsibilities of the AC are set out in its terms of reference and are available at the Company's website at www.astralasia.com.

COMPOSITION AND MEETINGS

The AC consists of three Independent Non-Executive Directors. Mr Ng Kim Keong, the Chairman of the AC is a member of the Malaysian Institute of Accountants ("MIA") whilst Mr Tan En Chong is a Fellow of the Association of Chartered Certified Accountants and also a member of the MIA.

During the financial year ended 31 December 2019, the AC held a total of five (5) meetings. The attendance of the AC members is set out below:-

Members	No. of meetings attended
Mr Ng Kim Keong (Chairman) *Independent Non-Executive Director*	5/5
Mr Tan En Chong *Independent Non-Executive Director*	5/5
Tuan Haji Khalit Bin Kasmoin *Independent Non-Executive Director*	5/5

SUMMARY OF WORK OF THE AC

1. Financial Reporting

Reviewed the following Group financial statements and made recommendation to the Board for approval of the same:-

Date of AC Meetings	Quarterly Results / Financial Statements Reviewed
27 February 2019	Unaudited fourth quarter results for the period ended 31 December 2018
12 April 2019	Audited Financial Statements for the financial year ended 31 December 2018
28 May 2019	Unaudited first quarter results for the period ended 31 March 2019
22 August 2019	Unaudited second quarter results for the period ended 30 June 2019
25 November 2019	Unaudited third quarter results for the period ended 30 September 2019

At the meetings held, the AC reviewed the annual financial statements and quarterly interim results of AAB and the Group before submission to the Board for approval, focusing particularly on:-

a. Changes in major accounting policies;
b. Key audit matters;
c. Significant and unusual events;
d. Compliance with approved accounting standards and other legal requirements;
e. Compliance with the Listing Requirements;
f. Significant adjustments and recommendations arising from the audit;
g. Going concern assumption;
h. Major judgmental areas; and
i. Related party transactions and conflict of interest situations.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE AC (CONT'D)

2. External Audit

a. Reviewed the audit scope, plan and report issued by the external auditors and their evaluation of the system of internal controls and followed up on the implementation of recommendation;

b. Evaluated the performance of the external auditors and made recommendation to the Board on their re-appointment and audit fee; and

c. Two private sessions were held with the external auditors without the presence of Management and Executive Directors.

3. Internal Audit

a. Reviewed the internal audit plan issued by the Internal Auditors to ensure adequate scope and coverage on the activities of the Company and the Group;

b. Reviewed and deliberated on the reports of audit conducted by the Internal Auditors; and

c. Appraised the adequacy of actions and remedial measures taken by the Management in solving the audit issues reported and the improvements required.

4. Other Duties

Reviewed the AC Report, Statement on Risk Management and Internal Control and Corporate Governance Statement before submitting the same for the Board's approval and inclusion into the Company's Annual Report 2019.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The internal audit function of the Group is presently outsourced to a firm of Chartered Accountants to provide the Board and the AC with assurance on the adequacy and effectiveness of the system of internal control of the Group. The internal auditors focus their review on significant and high risk areas of the Group's businesses. The internal audit function reports directly to the AC.

During the financial year under review, the Internal Auditors had completed audit cycles with reviews being focused on revenue cycle and inventory management, payroll, corporate governance issues and other operational issues that have come across during their audit. Follow-up reviews were also being carried out to ascertain the extent of compliance with agreed implementation actions.

For the financial year ended 31 December 2019, the total costs incurred for the Internal Audit function were RM19,000.00.

ADDITIONAL COMPLIANCE INFORMATION

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate exercise during the financial year.

Material Contracts

There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interests for the financial year under review.

Contract Relating to Loans

There were no contracts relating to loans entered into by the Company.

Related Parties Transactions

There were no related parties' transactions during the financial year under review except as disclosed in No. 29 to the Financial Statements.

Corporate Social Responsibility

The Company did not carry out specific activities in relation to Corporate Social Responsibility but generally, the Company endorsed only those actions and projects that would benefit the society at large.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. Set out below is the Board of Director's Statement on Risk Management and Internal Control ("Statement") as a Group for the year ended 31 December 2019 in compliance with paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers which is issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia.

THE BOARD'S RESPONSIBILITY

The Board of Directors ("the Board") recognises the importance of maintaining sound internal control systems and risk management practices to ensure good corporate governance. The Board affirms its overall responsibility for reviewing the adequacy and integrity of the Group's system of risk management and internal control. However, as there are inherent limitations in any system of internal controls, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. It follows, therefore, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss to the Group.

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board has implemented a risk management framework to identify, evaluate and manage the significant risks affecting the Group's operations. The Group has also established a Risk Management Committee ("RMC") to ensure communication of the Group's business objectives, operational and financial issues or risks through management meetings at various levels. In addition, the Board is of the opinion that it has experienced Executive Directors and qualified managers with relevant industry experience to run and manage the operations and businesses of the Group.

The RMC meets once a year in addition to the ad-hoc and scheduled meetings both at management and operational levels to deliberate and resolve business, financial and operational risks and/or matters.

In addition, the current system of internal control in the Group has within it, the following key elements:

- The Group maintains a formal organisation structure which defines the reporting lines up to the Board level.

- The Group has documented policies and procedures for all significant processes for its active subsidiaries to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- The Board reviews and adopts the quarterly financial statements on a quarterly basis, in conjunction with the quarterly announcement of results of the Group to Bursa Malaysia.

- The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

- The internal audit function performs an independent assessment of the system of internal control and provides independent review of the risk management areas as well as identifies controls to mitigate these risks.

RMC is tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the Group's system of risk management and internal control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The AC has appointed a firm of Chartered Accountants to provide internal audit services on an outsourced basis.

The internal audit function provides the AC with reports, wherein it highlights observations and recommends to the Management where action plans are necessary to be taken to improve the system of internal control.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia's Main Market Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report. Their review was performed in accordance with the Recommended Practice Guide 5 (RPG 5), Guidance for Auditors on the Review of Directors' Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and the integrity of the system of risk management and internal control for the Group.

THE BOARD'S COMMITMENT

The Board is of the view that the internal control system that has been in place throughout the Group is adequate to safeguard shareholders' investment and the Group's assets. The Board, however, recognises that the Group operates in a dynamic business environment in which the internal control system must be responsive in order to be able to support its business objectives.

Assurance has been received by the Board from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects and there are no major weaknesses at the existing level of operations of the Group. Recognizing that the risk management and internal control system must continuously improve to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's risk management and internal control system.

To this end, the Board remains committed towards maintaining a sound system of risk management and internal control and therefore recognises that the system must continuously develop to support the growth and dynamics of the Group. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary, to further enhance the Group's system of risk management and internal control.

This statement was approved by the Board of Directors on 11 June 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is primarily responsible for ensuring that the audited financial statements of the Group and the Company are drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2019 and of the results and cash flows of the Group and Company for the financial year ended on that date.

In the preparation of the financial statements, the Directors have taken the following steps:

(a) adopted suitable accounting policies and applied them consistently;

(b) made judgments and estimates that are prudent and reasonable;

(c) ensured the adoption of applicable approved accounting standards; and

(d) used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and are kept in accordance with the Companies Act 2016. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year except a subsidiary had been struck off during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	(13,341,565)	(5,877,431)
Attributable to:-		
Owners of the Company	(10,305,220)	
Non-controlling interest	(3,036,345)	
	(13,341,565)	

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

Dato' Lim Kang Poh (Deputy Executive Chairman)
Mr. Lim Guan Shiun (Managing Director)
Tuan Haji Md Adanan Bin Abdul Manap (Deputy Managing Director)
Mr. Tan En Chong (Senior Independent Non-Executive Director)
Mr. Ng Kim Keong (Independent Non-Executive Director)
Tuan Haji Khalit Bin Kasmoin (Independent Non-Executive Director)
Dato' Suhaimi Bin Mohd Yunus (Non-Independent and Non-Executive Director)
(Appointed on 8 August 2019)

The Directors who held office in the subsidiaries of the Company (excluding Directors who are also Directors of the Company) during the financial year and during the period from the end of the financial year to the date of this report are:-

Dato' Sri Haji Shahiruddin Bin Ab. Moin
Ms. Lim Hai
Mr. Lim Kuan Hwang

DIRECTORS' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:-

	Incurred by the Company RM	Incurred by the subsidiaries RM	Group RM
Directors' salaries	-	1,622,000	1,622,000
Directors' fees	184,000	12,000	196,000
Directors' other benefits	-	189,543	189,543
	184,000	1,823,543	2,007,543

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of those who were Directors at the end of the financial year in the shares of the Company and its related corporations are as follows:-

	Number of ordinary shares			
	At 1.1.2019	Bonus Issue	Sold	At 31.12.2019
Interests in the Company				
Direct interests				
Dato' Lim Kang Poh	179,104,578	-	-	179,104,578

By virtue of his interest in shares of the Company, Dato' Lim Kang Poh is also deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest under Section 59 of the Companies Act, 2016.

Other than the disclosed above, none of the other Directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations during the financial year.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company during the financial year.

There was no issuance of debentures during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of the provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

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

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There is no indemnity coverage and insurance premium paid for Directors and Officers of the Company during the financial year.

SIGNIFICANT EVENT

Significant event is disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT

AUDITORS

The total amount of fees paid to or receivable by the Auditors, Messrs Grant Thornton Malaysia PLT (converted from a conventional partnership, Grant Thornton Malaysia on 1 January 2020), as remuneration for their services as auditors of the Company and its subsidiaries for the financial year ended 31 December 2019 are disclosed in Note 25 to the financial statements.

The Company has agreed to indemnify the Auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

The Auditors, Messrs Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

DATO' LIM KANG POH	)	
	)	DIRECTORS
TUAN HAJI MD ADANAN BIN ABDUL MANAP	)	

Kuala Lumpur
11 June 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 57 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

DATO' LIM KANG POH

TUAN HAJI MD ADANAN BIN ABDUL MANAP

Kuala Lumpur
11 June 2020

STATUTORY DECLARATION

I, Hoon Hui Kit, being the Officer primarily responsible for the financial management of Astral Asia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 57 to 121 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
11 June 2020)

HOON HUI KIT
(MIA 6180)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths
VALLIAMAH A/P PERIAN
W594

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Astral Asia Berhad, which comprise the statements of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 57 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment and right-of-use assets (Notes 4 and 5 to the Financial Statements) The Group's carrying amount of property, plant and equipment and right-of-use assets are RM65,123,143 and RM287,235,190 respectively as at 31 December 2019. Property, plant and equipment and right-of-use assets measured at cost are depreciated on a straight-line basis over their useful life, in which management	Our audit procedures in relation to impairment review of these assets included:- • Obtaining an understanding of - how the Group identifies impairment indicators; and - how the Group makes the accounting estimates for impairment.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matter
estimates the useful lives of the property, plant and equipment and right-of-use assets to be within 3 to 99 years and reviews the useful lives of depreciable assets at each end of the reporting period. This estimation however may vary due to change in the expected level of usage, technological developments and environmental exposure. We focused on this area because of its large carrying amount on the face of the statements of financial position and also due to high subjectivity and estimation involved in estimating the useful lives of each assets. We have identified impairment of property, plant and equipment and right-of-use assets as key audit matter because the determination of whether or not an impairment charge for these assets was necessary involved management judgements and estimation uncertainty in order to ensure the assets are recoverable at their carrying amounts. Fair value on bearer biological assets (Note 10 to the Financial Statements) The fair value of bearer biological assets of the Group is RM751,738. The fair value of biological assets was subject to the life to maturity, mortality rate, production quantity, selling prices and variable costs and profit margin. We have identified the fair value on biological assets as a key audit matter because of the significant judgement and estimates involved in applying the valuation method on the biological assets.	• Performing physical sighting of property, plant and equipment, right-of-use assets, and estate visits on sampling basis to ensure the property, plant and equipment, right-of-use assets, and estates are in good working condition. • Referring to companies in similar industry to compare the depreciation rates for each category of assets and recalculating the depreciation charges recognised for the financial year. Our audit procedures in relation to the fair value of biological assets included:- • Assessing the reasonableness of discount rate used to reflect the time value of money and the risk. • Obtaining and understanding the recording of purchase of fertilisers and other consumables. • Assessing the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements. • Recalculating the average Malaysian Palm Oil Board ("MPOB") price to ensure the valuation technique used is reasonable.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

Other Matters

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

MESSRS. GRANT THORNTON MALAYSIA PLT
(NO: 201906003682 & AF 0737)
CHARTERED ACCOUNTANTS

ANTONY LEONG WEE LOK
(NO: 03381/06/2020 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
11 June 2020

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	65,123,143	355,302,428	-	-
Right-of-use assets	5	287,235,190	-	-	-
Investment properties	6	18,800,000	18,800,000	-	-
Investment in subsidiaries	7	-	-	171,770,933	174,875,496
Investment in an associate	8	1,206,067	1,244,027	-	-
Total non-current assets		372,364,400	375,346,455	171,770,933	174,875,496
Current assets					
Inventories	9	332,109	356,604	-	-
Bearer biological assets	10	751,738	676,956	-	-
Trade receivables	11	964,144	1,002,579	-	-
Other receivables	12	501,687	5,985,721	1,000	1,000
Amount due from subsidiaries	13	-	-	384,225	3,058,693
Tax recoverable		17,227	-	39,571	39,571
Fixed deposits with licensed financial institutions	14	3,500	508,424	-	-
Cash and bank balances		2,581,453	2,586,864	17,070	113,200
Total current assets		5,151,858	11,117,148	441,866	3,212,464
Total assets		377,516,258	386,463,603	172,212,799	178,087,960
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:-					
Share capital	15	131,996,700	131,996,700	131,996,700	131,996,700
Retained earnings		53,918,235	65,007,126	36,178,174	42,055,605
		185,914,935	197,003,826	168,174,874	174,052,305
Non-controlling interest		86,769,652	89,805,997	-	-
Total equity		272,684,587	286,809,823	168,174,874	174,052,305

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
LIABILITIES					
Non-current liabilities					
Borrowings	16	10,624,656	11,661,005	-	-
Lease liabilities	5	7,764,583	-	-	-
Finance lease payables	17	-	231,401	-	-
Deferred taxation	18	75,171,308	74,088,752	-	-
Total non-current liabilities		93,560,547	85,981,158	-	-
Current liabilities					
Trade payables	19	1,346,707	1,888,630	-	-
Other payables	20	5,520,055	6,183,748	37,904	35,634
Amount due to a subsidiary	21	-	-	4,000,000	4,000,000
Amount due to an associate	22	565,195	565,195	-	-
Dividend payable		21	1,050,021	21	21
Borrowings	16	3,325,206	3,472,789	-	-
Lease liabilities	5	319,900	-	-	-
Finance lease payables	17	-	406,198	-	-
Tax payable		194,040	106,041	-	-
Total current liabilities		11,271,124	13,672,622	4,037,925	4,035,655
Total liabilities		104,831,671	99,653,780	4,037,925	4,035,655
Total equity and liabilities		377,516,258	386,463,603	172,212,799	178,087,960

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	23	16,395,204	26,411,646	-	3,640,007
Cost of sales	24	(8,043,811)	(18,804,937)	-	-
Gross profit		8,351,393	7,606,709	-	3,640,007
Other income		831,427	4,688,245	-	-
Administration expenses		(7,243,640)	(9,135,569)	(362,600)	(356,082)
Depreciation for property plant and equipment and right-of-use asset		(7,777,057)	(7,390,895)	-	-
Property, plant and equipment written off		(4,742,136)	(72,133)	-	-
Other expenses		(170,223)	(209,798)	(5,514,831)	(13,764,476)
Finance costs		(1,068,168)	(860,981)	-	-
Finance income		14,665	41,182	-	-
Share of loss in associate		(37,960)	(37,064)	-	-
Loss before tax	25	(11,841,699)	(5,370,304)	(5,877,431)	(10,480,551)
Tax expense	26	(1,499,866)	(1,444,239)	-	-
Loss for the financial year		(13,341,565)	(6,814,543)	(5,877,431)	(10,480,551)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the financial		(13,341,565)	(6,814,543)	(5,877,431)	(10,480,551)
Loss for the financial year attributable to:-					
Owners of the Company		(10,305,220)	(5,245,821)		
Non-controlling interest		(3,036,345)	(1,568,722)		
		(13,341,565)	(6,814,543)		
Total comprehensive loss attributable to:-					
Owners of the Company		(10,305,220)	(5,245,821)		
Non-controlling interest		(3,036,345)	(1,568,722)		
		(13,341,565)	(6,814,543)		
Basic loss per share attributable to owners of the Company (sen)	27	(1.56)	(0.79)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Company				
	Non-distributable	Distributable			
Group	**Share capital RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interest RM**	**Total equity RM**
1 January 2018	131,996,700	70,252,947	202,249,647	93,334,722	295,584,369
Transactions with owners:-					
Dividend paid to non-controlling interest	-	-	-	(1,960,003)	(1,960,003)
Total comprehensive loss for the financial year	-	(5,245,821)	(5,245,821)	(1,568,722)	(6,814,543)
Balance at 31 December 2018	131,996,700	65,007,126	197,003,826	89,805,997	286,809,823
Effect of adoption of MFRS 16	-	(783,671)	(783,671)	-	(783,671)
Balance at 1 January 2019, as restated	131,996,700	64,223,455	196,220,155	89,805,997	286,026,152
Total comprehensive loss for the financial year	-	(10,305,220)	(10,305,220)	(3,036,345)	(13,341,565)
Balance at 31 December 2019	131,996,700	53,918,235	185,914,935	86,769,652	272,684,587

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company	Non-distributable Share capital RM	Distributable Retained earnings RM	Total RM
1 January 2018	131,996,700	52,536,156	184,532,856
Total comprehensive loss for the financial year	-	(10,480,551)	(10,480,551)
Balance at 31 December 2018	131,996,700	42,055,605	174,052,305
Total comprehensive loss for the financial year	-	(5,877,431)	(5,877,431)
Balance at 31 December 2019	131,996,700	36,178,174	168,174,874

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(11,841,699)	(5,370,304)	(5,877,431)	(10,480,551)
Adjustments for:-					
Depreciation of property, plant and equipment		3,482,752	7,390,895	-	-
Depreciation of right of use assets		4,294,305	-	-	-
Bad debts written off		27,797	-	-	-
Payables written off		(287,740)	-	-	-
Fair value (gain)/loss on bearer biological assets		(74,782)	377,256	-	-
Property, plant and equipment written off		4,742,136	72,133	-	-
Dividend income		-	-	-	(3,640,007)
Gain on disposal of property, plant and equipment		(124,200)	(44,172)	-	-
Fair value gain on investment properties		-	(2,950,000)	-	-
Interest expense		1,068,168	860,981	-	-
Interest income		(14,665)	(41,182)	-	-
Impairment loss on trade receivables		142,426	-	-	-
Impairment loss on investment in subsidiaries		-	-	3,104,563	10,664,504
Share of loss in associate		37,960	37,064	-	-
Impairment loss on amount due from subsidiaries		-	-	2,410,268	3,098,807
Operating profit/(loss) before working capital changes		1,452,458	332,671	(362,600)	(357,247)
Changes in working capital:-					
Inventories		24,495	(86,612)	-	-
Receivables		5,352,246	(477,295)	-	-
Payables		(917,876)	(368,135)	2,270	(36,744)
Cash generated from/(used in) from operations		5,911,323	(599,371)	(360,330)	(393,991)
Tax paid		(99,063)	(1,936,273)	-	-
Net cash from/(used in) operating activities		5,812,260	(2,535,644)	(360,330)	(393,991)

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

STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		-	-	-	3,640,007
Interest received		14,665	41,182	-	-
Proceeds from disposal of property, plant and equipment		124,200	44,172	-	-
Purchase of right of use assets	A	(43,559)	-	-	-
Purchase of property, plant and equipment		(2,639,439)	(2,252,572)	-	-
Net cash (used in)/from investing activities		(2,544,133)	(2,167,218)	-	3,640,007
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to non-controlling interest		(1,050,000)	(910,003)	-	-
Drawndown of borrowings		67,491	-	-	-
Interest paid		(1,068,168)	(860,981)	-	-
Repayment of lease liabilities/finance lease payables		(476,362)	(203,211)	-	-
Repayment from/(to) a subsidiary		-	-	264,200	(3,226,396)
Repayment of term loan		(981,195)	(926,155)	-	-
Net cash used in financing activities		(3,508,234)	(2,900,350)	264,200	(3,226,396)

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

STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH AND CASH EQUIVALENTS					
Net changes		(240,107)	(7,603,212)	(96,130)	19,620
Brought forward		602,195	8,205,407	113,200	93,580
Carried forward	B	362,088	602,195	17,070	113,200

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF RIGHT-OF-USE ASSETS

	Group 2019 RM	Group 2018 RM
Right-of-use assets were acquired by the following means:-		
Lease liabilities	404,000	-
Cash payments	43,559	-
	447,559	-

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Fixed deposits with licensed financial institutions	3,500	508,424	-	-
Cash and bank balances	2,581,453	2,586,864	17,070	113,200
Bank overdraft	(2,222,865)	(2,493,093)	-	-
	362,088	602,195	17,070	113,200

As disclosed in Note 14 to the Financial Statements, certain fixed deposits totalling RM3,500 (2018: RM3,500) have been pledged to financial institutions for guarantee facilities granted to subsidiaries and hence, are not available for general use.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company are both located at Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 June 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for investment in subsidiaries, certain properties and biological assets that are measured at revalued amounts or fair values at the end of each reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

2. BASIS OF PREPARATION (CONT'D)

2.2 **Basis of measurement (cont'd)**

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 **Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 **Adoption of New Standards/Amendments/Improvements to MFRSs**

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2019.

2. BASIS OF PREPARATION (CONT'D)

2.4 **Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)**

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for:-

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC interpretation 4 Determine whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease – Incentives and IC Interpretation 127 Evaluating the Substance of Transaction Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group and the Company is the lessor.

The Group and the Company adopted MFRS 16 using the modified retrospective method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

Upon adoption of MFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Company.

Upon the adoption of MFRS 16, the Group has reclassified the carrying amount of leasehold land and leasehold factory buildings to right-of-use assets, which had previously been classified as 'property, plant and equipment' under the principles of MFRS 117 Leases.

Upon the adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.90%.

2. BASIS OF PREPARATION (CONT'D)

2.4 **Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)**

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for (cont'd):-

MFRS 16 Leases (cont'd)

The effect of adoption MFRS 16 as at 1 January 2019 are, as follows:-

		Impact of change in accounting policy		
		31 December 2018	**MFRS 16 adjustments**	**1 January 2019**
Group	**Note**	**RM**	**RM**	**RM**
Non-current assets				
Property, plant and equipment		355,302,428	(284,593,836)	70,708,592
Right-of-use assets		-	291,081,936	291,081,936
Equity				
Retained earnings		65,007,126	(783,671)	64,223,455
Non-current liabilities				
Lease liabilities	(1)	-	7,743,299	7,743,299
Finance lease payables		231,401	(231,401)	-
Deferred tax liabilities		74,088,752	(247,475)	73,841,277
Current liabilities				
Lease liabilities	(1)	-	413,546	413,546
Finance lease payables		406,198	(406,198)	-

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for (cont'd):-

MFRS 16 Leases (cont'd)

Note:

(1) The lease liabilities are measured at present value of the lease payments that are not paid at 1 January 2019 using its incremental borrowing rate. Subsequently, the lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modifications if any.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	RM
Operating lease commitments as at 31 December 2018 as disclosed in the subsidiary's financial statements	30,908,810
Weighted average incremental borrowing rate as at 1 January 2019	4.90%
Discounted operating lease commitment as at 1 January 2019	7,519,246
Add:	
Commitments relating to leases previously classified as finance leases	637,599
Lease liabilities recognised as at 1 January 2019	8,156,845

2.5 Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

MFRS 17	Insurance Contracts
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 3	Definition of a business
Amendments to MFRS 101 and MFRS 108	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in MFRS Standards

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Fair value of biological assets

The Group's bearer biological assets are measured at fair value less point-of-sale costs. In measuring fair values of fresh fruit bunches, management uses estimates of cash flows using inputs or assumptions of life to maturity, productivity quantity, mortality rate, selling prices of fresh fruit bunches, variable costs and profit margins. The probability-weighted cash flows are discounted using an appropriate discount rate that reflects the time value of money and the risk. As prices in agricultural business are volatile, the actual cash flows and discount rate may not coincide with the estimates made and this may have a significant effect on the Group's financial position and results.

Useful lives of depreciable assets

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their useful life. Management estimates the useful lives of the property, plant and equipment and right-of-use assets to be within 3 to 99 years and reviews the useful lives of depreciable assets at each end of the reporting period. As at 31 December 2019, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. The carrying amounts are analysed in Notes 4 and 5 to the financial statements.

Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in the adjustment to the Group's and the Company's assets.

Management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimates and hence it would not result in material variance in the Group's and the Company's loss for the financial year.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (cont'd):-

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical changes which may cause selling prices to change rapidly, and the Group's and the Company's loss to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 9 to the Financial Statements.

The management expects that the expected net realisable value of the inventories would not have material difference from the management's estimates and hence it would not result in material variance in the Group's loss for the financial year.

Provision for expected credit losses ("ECLs") of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and plantation sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (cont'd):-

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.6.2 Significant management judgement

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:-

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a financial lease). If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company applied the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Acquisition of subsidiary is accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Any excess of the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

The gain on loss in disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised or unimpaired balance of goodwill on acquisition and exchange differences.

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on the straight-line method in order to write off the cost of each asset over its estimated useful lives. No depreciation is provided on freehold land.

Capital work-in-progress consists of buildings under construction for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to building under construction until the buildings are ready for their intended use. Assets under construction are not depreciated until it is completed and ready for their intended use.

The annual depreciation rates used are as follows:-

Buildings	2% - 15%
Plant and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 33%
Motor vehicles	20%
Road and infrastructure	2%
Bearer plants	25 years

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3.3 Subsidiaries

A subsidiary is an entity, including structured entity, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Subsidiaries (cont'd)

Investment in a subsidiary is stated at fair value in the Company's financial position.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

3.4 Associate

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, investment in an associate or a joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligations or guaranteed obligations or has made payments on behalf of the associate.

The financial statements of the associates are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Associate (cont'd)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.5 Inventories

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

Cost is determined on a first-in-first-out method. The costs of material and stores comprise costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.6 Investment properties

Investment properties consist of shop lots held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are stated at fair value, which reflects market conditions at the reporting date by external valuers. Changes in the fair values of investment properties are included in the profit or loss in the financial year in which they arise.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the year of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 **Financial instruments**

3.7.1 **Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 **Financial instruments (cont'd)**

3.7.1 **Financial assets (cont'd)**

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. MFRS 9.5.4 The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 **Financial instruments (cont'd)**

3.7.1 **Financial assets (cont'd)**

Impairment (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.7.2 **Financial liability**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 **Financial instruments (cont'd)**

3.7.2 **Financial liability (cont'd)**

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.7.3 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.7.4 **Financial guarantee contracts**

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:
- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 **Leases**

<u>*Accounting policies applied from 1 January 2019*</u>

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.8.1 **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	Over the lease term from 60 to 99 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section 3.11 Impairment of non-financial assets.

3.8.2 **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 **Leases (cont'd)**

Accounting policies applied from 1 January 2019 (cont'd)

3.8.3 **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Accounting policies applied until 31 December 2018

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Finance leases

Lease of property, plant and equipment acquired under finance lease arrangements which transferred substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

Outstanding obligations due under finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on finance lease arrangements are allocated to profit or loss over the period of the respective agreements.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they incurred.

3.9 **Tax expense**

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.9.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Tax expense (cont'd)

3.9.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statements of financial position and its tax base including unutilised tax losses and unabsorbed capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Current and deferred tax are recognised as expenses in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

3.10 Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are measured at fair value less costs of disposal. Any gains or losses arising from changes in the fair value less costs of disposal net of transfers to produce stocks are recognised net in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested on a date not more than 12 months after the reporting date, and the balance is classified as non-current.

3.11 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flow (cash generating units).

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An impairment loss is recognised as an expense in the profit or loss immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

All reversals of impairment losses are recognised as income immediately in the profit or loss. After such a reversal, depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3.12 Revenue recognition

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3.12.1 <u>Sales of fresh fruit bunches</u>

Revenue from sale of fresh fruit bunches from operation of oil palm estates is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the fresh fruit branches. The normal credit term is 30 days upon delivery.

3.12.2 <u>Construction revenue</u>

Revenue from construction contracts are accounted for under the percentage of completion method. The stage of completion is measured by reference to the survey work performed for each contract. Any anticipated loss will be recognised in full.

3.12.3 <u>Rental income</u>

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 **Revenue recognition (cont'd)**

3.12.4 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.12.5 Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

3.13 **Employee benefits**

3.13.1 Short-term employee benefits

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

3.13.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Company pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Group and the Company made such contributions to Employees Provident Fund ("EPF").

3.14 **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits with licensed financial institutions and short-term demand deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15 **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs and such outflow is probable and can be measured reliably, they will then be recognised as a provision.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 **Equity, reserves and distributions to owners**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period's retained profits.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings.

All transactions with owners of the Company are recorded separately within equity.

3.17 **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions.

3.18 **Goods and Services Tax and Sales and Service Tax**

Goods and Services Tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Company paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:-

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

The Malaysia Government has zero rated the GST effective from 1 June 2018. This means the GST rate on supplying of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST was replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sale tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

3.19 **Earnings per Ordinary Share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shares of the Group over the average number of ordinary shares outstanding during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.21 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

A party is related to an entity if:-

(a) A person or a close member of that person's family is related to the Group if that person:-

- (i) has control or joint control over the Group; or
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:-

- (i) the entity and the Group are members of the same group.
- (ii) the entity is an associate or joint venture of the Group.
- (iii) both the Group and the entity are joint ventures of the same third party.
- (iv) the Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
- (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Bearer plants RM	Buildings RM	Freehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Fittings and equipment RM	Road and infrastructure RM	Renovation RM	Capital work-in-progress RM	Total RM
Cost												
At 1 January 2018	8,565,000	308,922,442	91,072,813	8,996,410	4,504,207	6,130,670	9,574,119	3,176,856	1,489,503	1,022,470	-	443,454,490
Additions	1,310,763	-	-	246,000	-	-	464,762	231,047	-	-	-	2,252,572
Written off	-	-	-	-	-	-	(259,961)	(5,330)	-	-	-	(265,291)
Strike-off of a subsidiary (Note 7)	-	-	-	-	-	-	-	(2,338)	-	-	-	(2,338)
Disposal	-	-	-	-	-	-	(137,676)	-	-	-	-	(137,676)
At 31 December 2018	9,875,763	308,922,442	91,072,813	9,242,410	4,504,207	6,130,670	9,641,244	3,400,235	1,489,503	1,022,470	-	445,301,757
Effect of adoption of MFRS 16 (Note 5)	-	(308,922,442)	-	-	-	-	(663,961)	-	-	-	-	(309,586,403)
At 1 January 2019, as restated	9,875,763	-	91,072,813	9,242,410	4,504,207	6,130,670	8,977,283	3,400,235	1,489,503	1,022,470	-	135,715,354
Additions	-	-	2,346,824	-	-	68,760	-	44,221	-	80,000	99,634	2,639,439
Written off	-	-	(10,033,121)	-	-	-	-	-	-	-	-	(10,033,121)
Disposal	-	-	-	-	-	-	(686,078)	-	-	-	-	(686,078)
At 31 December 2019	9,875,763	-	83,386,516	9,242,410	4,504,207	6,199,430	8,291,205	3,444,456	1,489,503	1,102,470	99,634	127,635,594
Accumulated depreciation												
At 1 January 2018	-	20,878,084	42,220,648	2,697,065	164,047	6,064,720	7,468,476	2,809,141	56,398	583,027	-	82,941,606
Charge for the financial year	-	3,993,509	2,033,480	244,334	-	11,778	786,668	86,835	29,796	204,495	-	7,390,895
Written off	-	-	-	-	-	-	(187,828)	(5,330)	-	-	-	(193,158)
Strike-off of a subsidiary (Note 7)	-	-	-	-	-	-	-	(2,338)	-	-	-	(2,338)
Disposal	-	-	-	-	-	-	(137,676)	-	-	-	-	(137,676)
At 31 December 2018	-	24,871,593	44,254,128	2,941,399	164,047	6,076,498	7,929,640	2,888,308	86,194	787,522	-	89,999,329
Effect of adoption of MFRS 16 (Note 5)	-	(24,871,593)	-	-	-	-	(120,974)	-	-	-	-	(24,992,567)
At 1 January 2019, as restated	-	-	44,254,128	2,941,399	164,047	6,076,498	7,808,666	2,888,308	86,194	787,522	-	65,006,762
Charge for the financial year	-	-	2,430,516	240,677	-	15,607	443,301	102,362	29,796	220,493	-	3,482,752
Written off	-	-	(5,290,985)	-	-	-	-	-	-	-	-	(5,290,985)
Disposal	-	-	-	-	-	-	(686,078)	-	-	-	-	(686,078)
At 31 December 2019	-	-	41,393,659	3,182,076	164,047	6,092,105	7,565,889	2,990,670	115,990	1,008,015	-	62,512,451
Net carrying amount												
At 31 December 2019	9,875,763	-	41,992,857	6,060,334	4,340,160	107,325	725,316	453,786	1,373,513	94,455	99,634	65,123,143
At 31 December 2018	9,875,763	284,050,849	46,818,685	6,301,011	4,340,160	54,172	1,711,604	511,927	1,403,309	234,948	-	355,302,428

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

Company	**Office equipment RM**
Cost	
At 1 January 2018/31 December 2018/2019	5,330
Accumulated depreciation	
At 1 January 2018/31 December 2018/2019	(5,330)
Net carrying amount	
At 1 January 2018/31 December 2018/2019	-

(a) The net carrying amount of property, plant and equipment of the Group which are acquired under finance lease arrangements amounted RMNil (2018: RM1,003,030).

(b) Leasehold land of the Group with a net carrying amount of RMNil (2018: RM193,693,054) is registered in the name of a shareholder, Perbadanan Kemajuan Pertanian Negeri Pahang.

(c) Leasehold land of the Group with a net carrying amount of RMNil (2018: RM167,871,993) are pledged to financial institutions for overdraft facilities granted to a subsidiary.

(d) Bearer plants of the Group with a net carrying amount of RM26,292,593 (2018: RM31,078,361) have pledged as a security for overdraft facilities granted to a subsidiary.

(e) Freehold land and buildings of the Group with a net carrying amount of RM17,408,248 (2018: RM17,566,529) are pledged to financial institutions for credit facilities granted to the subsidiaries.

(f) During the financial year, the write-down of bearer plant as a result of replanting works in Kertau estate.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

The Group has lease contracts for leasehold land and motor vehicles used in its operations. Lease of land are between 60 to 99 years; motor vehicles generally have lease terms of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Right-of-use assets (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

Group	Leasehold land RM	Motor vehicles RM	Total RM
Cost			
At 1 January 2019, as restated	316,514,890	663,961	317,178,851
Additions	-	447,559	447,559
At 31 December 2019	316,514,890	1,111,520	317,626,410
Accumulated depreciation			
At 1 January 2019, as restated	25,975,941	120,974	26,096,915
Charge for the financial year	4,125,861	168,444	4,294,305
At 31 December 2019	30,101,802	289,418	30,391,220
Net carrying amounts			
At 31 December 2019	286,413,088	822,102	287,235,190

(a) Leasehold land of the Group with a net carrying amount of RM191,075,604 (2018: RMNil) is registered in the name of a shareholder, Perbadanan Kemajuan Pertanian Negeri Pahang.

(b) Leasehold land of the Group with a net carrying amount of RM165,602,596 (2018: RMNil) are pledged to financial institutions for overdraft facilities granted to a subsidiary.

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:-

	Group 2019 RM
At 1 January, as restated	8,156,845
Additions	404,000
Interest expense on lease liabilities	392,861
Payments	(869,223)
At 31 December	8,084,483
Analysed as:	
Non-current	319,900
Current	7,764,583
	8,084,483

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Lease liabilities (cont'd)

Lease liabilities are secured over the right-of-use assets.

Lease liabilities bear interest rates ranging from 1.68% to 4.90% per annum.

The maturity analysis of lease liabilities is disclosed in Note 31.

The following amounts are the amounts recognised in profit or loss:

	Group 2019 RM
Depreciation expense of right of use assets	4,294,305
Interest expense on lease liabilities	392,861
Expenses included in administrative expenses:	
- Short-term leases	242,784
Total amount recognised in profit or loss	4,929,950

6. INVESTMENT PROPERTIES

	Group	
	2019 RM	2018 RM
Brought forward	18,800,000	15,850,000
Change in fair value recognised in profit or loss	-	2,950,000
Carried forward	18,800,000	18,800,000

Investment properties are stated at fair value, which have been determined based on valuation performed by Hartamas Valuation and Consultancy Sdn. Bhd. (2018 Hartamas Valuation and Consultancy Sdn. Bhd.), a registered valuer using comparison method in arriving at the market value.

The comparison method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustments for any differences noted.

The investment properties with a net carrying amount of RM18,800,000 (2018: RM18,800,000) have pledged to financial institutions for credit facilities granted to a subsidiary.

Investment properties at valuation are categorised at Level 2 fair value.

<u>Level 2 Fair Value</u>

Level 2 fair values of investment properties have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

6. INVESTMENT PROPERTIES (CONT'D)

Income and expenses recognised in profit or loss

	Group 2019 RM	Group 2018 RM
Rental income	671,452	389,254
Direct operating expenses	279,768	316,271

7. INVESTMENT IN SUBSIDIARIES

	Company 2019 RM	Company 2018 RM
Unquoted shares:-		
Brought forward	185,540,000	185,540,000
Written off	(4,017,000)	-
Carried forward	181,523,000	185,540,000
Less: Impairment losses	(9,752,067)	(10,664,504)
	171,770,933	174,875,496

The movement of impairment losses is as follows:-

	Company 2019 RM	Company 2018 RM
Brought forward	10,664,504	-
Impairment loss recognised	3,104,563	10,664,504
Written off	(4,017,000)	-
Carried forward	9,752,067	10,664,504

Impairment loss was written off for the investment in a subsidiary due to strike off of subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

The particulars of the subsidiaries are as follows:-

	Name of company	Place of incorporation/ Principal place of business	Effective equity interest 2019 %	2018 %	Principal activities
1.	Tasja Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
2.	PTJ Concrete Products Sdn. Bhd.	Malaysia	100	100	Dormant
3.	Astral Plantation Sdn. Bhd.*	Malaysia	-	100	Dormant
4.	Tasja Development Sdn. Bhd.	Malaysia	100	100	Property development
5.	Woodland Water Sdn. Bhd.	Malaysia	100	100	Dormant
6.	Tasja Properties Sdn. Bhd.	Malaysia	100	100	Properties investment
7.	Astral Asia Plantation Sdn. Bhd.	Malaysia	65	65	Operations of oil palm estates

* The subsidiary had been struck off on 15 August 2019.

There is no effect of the strike off of Astral Plantation Sdn. Bhd. on the financial position of the Group as at the date of struck off.

Non-controlling interests in subsidiary

The Group's subsidiary that has material non-controlling interests are as follows:-

	Astral Asia Plantation Sdn. Bhd. 2019	2018
Percentage of ownership interest and voting interest (%)	35%	35%
Carrying amount of non-controlling interests (RM)	86,769,652	89,805,997
Loss allocated to non-controlling interests (RM)	(3,036,345)	(1,568,722)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiary (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary that has a material non-controlling interests is as below:-

	Astral Asia Plantation Sdn. Bhd. 2019 RM	2018 RM
Financial Position as at 31 December		
Non-current assets	330,454,268	332,634,596
Current assets	3,759,984	4,322,424
Non-current liabilities	(85,946,812)	(77,247,259)
Current liabilities	(4,228,809)	(6,212,189)
Net assets	244,038,631	253,497,572
Summary of financial performance for the financial year ended		
Loss/Total comprehensive loss for the financial year	(8,675,270)	(4,482,062)
Included in the total comprehensive loss is:-		
Revenue	15,723,752	19,284,929
Summary of cash flows for the financial year ended		
Net cash (outflow)/inflow from		
- operating activities	3,553,837	2,126,307
- investing activities	(2,449,521)	(176,698)
- financing activities	(1,416,033)	(4,949,800)
Net cash outflow	(311,717)	(3,000,191)

8. INVESTMENT IN AN ASSOCIATE

	Group 2019 RM	2018 RM
Unquoted shares, at cost	2,450,000	2,450,000
Share of post-acquisition loss	(1,243,933)	(1,205,973)
	1,206,067	1,244,027

8. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate are as follows:-

Name of company	Place of incorporation/ Principal place of business	Effective equity interest 2019 %	2018 %	Principal activities
Johor Concrete Products Sdn. Bhd. (436690 - T) *	Malaysia	49	49	Dormant

* Associate not audited by Messrs. Grant Thornton Malaysia PLT.

The following table summarised the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:-

	2019 RM	2018 RM
Financial position as at 31 December		
Non-current assets	2,948,467	3,022,527
Current assets	768,207	787,143
Current liabilities	(1,253,790)	(1,269,316)
Net assets	2,462,884	2,540,354
Summary of financial performance for the financial year ended 31 December		
Loss for the financial year/Total comprehensive loss for the financial year	77,470	75,641
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	1,228,993	1,266,953
Negative goodwill	(22,926)	(22,926)
Carrying amount in the statements of financial position	1,206,067	1,244,027
Group's share of results for the financial year ended 31 December		
Group's share of loss/total comprehensive loss	37,960	37,064

9. INVENTORIES

	Group 2019 RM	2018 RM
Materials and stores	332,109	356,604

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

10. BEARER BIOLOGICAL ASSETS

	Group	
	2019	2018
At valuation	RM	RM
At 1 January	676,956	1,054,212
Fair value gain/(loss)	74,782	(377,256)
At 31 December	751,738	676,956

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between Level 2 and Level 3 of the fair value hierarchy during the financial year.

The biological assets have the following maturity periods:-

	2019 RM	2018 RM
Current		
Due not later than one year	751,738	676,956

The biological assets of the Group comprise:-

Oil palm

Oil palm represents the fresh fruit bunches ("FFB") of up to 2 weeks prior to harvest for use in the Group's palm producer operations. During the financial year, the Group harvested approximately 38,651 metric tonnes ("MT") of FFB (2018: 40,872 MT).

The Group attributes a fair value on the FFB prior to harvest at each statements of financial position date as required under MFRS 141 "Agriculture". FFB are produce of oil palm trees and are harvested continuously throughout the financial year to be used in the production of crude palm oil ("CPO").

Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

The valuation model adopted by the Company is a discounted cash flow model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of CPO at the date of harvest, size of the land, metric ton produced and other cost to sell at the point of harvest. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

10. BEARER BIOLOGICAL ASSETS (CONT'D)

The following valuation techniques and significant inputs were used to measure the biological assets:-

Description	Fair value at 2019 RM	Valuation technique	Discount rate	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Oil palm	751,738	Average MPOB price	5%	Estimation of produce growing on trees	79.92 MT to 807.78 MT	The higher the average MPOB price and metric ton produced, the higher the fair value

Description	Fair value at 2018 RM	Valuation technique	Discount rate	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Oil palm	676,956	Average MPOB price	5%	Estimation of produce growing on trees	219.62 MT to 873.70 MT	The higher the average MPOB price and metric ton produced, the higher the fair value

Risks

The Group is exposed to a number of risks regarding its bearer biological assets:-

- Regulatory and environmental risks

  The Group's plantation operations are subject to laws and regulations. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

- Supply and demand risks

  The Group is exposed to risks arising from the fluctuations of price and sales volumes of its agricultural produces. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

- Other risks

  The Group's oil palm plantations are exposed to the risk of damage from climate changes, disease, forest fires and other natural forces.

  The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry and pest disease surveys. The Group also insures itself, where cost-effective, against natural disasters such as fire.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

11. TRADE RECEIVABLES

	Group 2019 RM	Group 2018 RM
Trade receivables	1,918,407	1,814,416
Less: Allowance for expected credit loss	(954,263)	(811,837)
Net trade receivables	964,144	1,002,579

The movement of allowance for expected credit loss during the financial year is as follow:-

	Group 2019 RM	Group 2018 RM
Brought forward	811,837	816,837
Allowance for expected credit loss recognised	142,426	-
Reversal	-	(5,000)
Carried forward	954,263	811,837

The normal credit terms granted by the Group to the trade receivables ranging from 30 to 60 (2018: 30 to 60) days.

The impairment loss on trade receivables was reversed during the financial year as a result of subsequent receipts of the amount.

12. OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-trade receivables	2,043,592	7,454,081	5,303	5,303
Deposits	336,303	349,303	1,000	1,000
Less: Allowance for expected credit loss	(2,005,641)	(2,005,641)	(5,303)	(5,303)
	374,254	5,797,743	1,000	1,000
Prepayments	20,331	31,736	-	-
GST receivable	107,102	156,242	-	-
	501,687	5,985,721	1,000	1,000

The movement of allowance for expected credit loss is as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Brought forward/Carried forward	2,005,641	2,005,641	5,303	5,303

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

13. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2019 RM	2018 RM
Amount due from subsidiaries	25,137,455	25,401,655
Less: Allowance for expected credit losses	(24,753,230)	(22,342,962)
	384,225	3,058,693

The movement of allowance for expected credit loss is as follows:-

	Company	
	2019 RM	2018 RM
Brought forward	22,342,962	19,244,155
Allowance for expected credit loss recognised	2,410,268	3,098,807
Carried forward	24,753,230	22,342,962

The amount due from subsidiaries arising from trade and non-trade transactions is unsecured, bears no interest and repayable on demand.

14. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Group

The fixed deposits with licensed financial institutions amounted to RM3,500 (2018: RM3,500) are pledged for the guarantee facilities granted to a subsidiary.

The interest rate of fixed deposits with licensed financial institutions range from 3.25% to 3.95% (2018: 3.25% to 3.95%) per annum.

15. SHARE CAPITAL

	Group and Company No. of ordinary shares		Group and Company Amount	
	2019	2018	2019	2018
Issued and fully paid:-				
Brought forward/Carried forward	659,983,500	659,983,500	131,996,700	131,996,700

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

16. BORROWINGS

	Group 2019 RM	Group 2018 RM
Secured:-		
Term loan 1	11,659,506	12,640,701
Term loan 2	67,491	-
Overdraft	2,222,865	2,493,093
	13,949,862	15,133,794

The term loans and overdraft are repayable as follows:-

	Group 2019 RM	Group 2018 RM
Within 1 year	3,325,206	3,472,789
More than 1 year but less than 2 years	1,089,854	1,034,698
More than 2 years but less than 5 years	3,600,495	3,435,028
More than 5 years	5,934,307	7,191,279
	10,624,656	11,661,005
	13,949,862	15,133,794

Term loan 1 and 2 are secured by legal charge against the Group's freehold land and building and guaranteed by the Company.

	Group 2019 %	Group 2018 %
Term loans	4.70 – 8.35	4.70
Overdraft	4.90	4.90

Term loan 1 is repayable over 180 monthly installments of RM137,465 each commencing after one month from the date of full disbursement.

Term loan 2 is repayable over 60 monthly installments of RM82,066 each commencing from the date of full disbursement.

17. FINANCE LEASE PAYABLES

In previous financial year, the Group has finance leases for certain property, plant and equipment.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	As reported under MFRS 117 Group 2018 RM
Minimum lease payments	
- not later than 1 year	419,815
- later than 1 year but not later than 2 years	249,964
	669,779
Less : Future finance charges	(32,180)
	637,599
Present value of finance lease payables	
- not later than 1 year	406,198
- later than 1 year but not later than 2 years	231,401
	637,599

The finance lease payables bear interest at rates ranging from 1.68% to 3.20% per annum.

Upon adoption of MFRS 16, the maturity analysis and present value of finance lease commitment is included within lease liabilities in Note 31.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

18. DEFERRED TAXATION

	Group	
	2019 RM	2018 RM
Deferred tax liabilities		
At 1 January	74,088,752	73,747,752
Effect of adoption of MFRS 16	(247,475)	-
At 1 January, restated	73,841,277	73,747,752
Recognised in profit or loss	1,330,031	341,000
At 31 December	75,171,308	74,088,752

The balance of deferred tax liabilities is made up of tax effect on temporary differences arising from the following items:-

	Group	
	2019 RM	2018 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	7,957,487	6,628,237
Revaluation of leasehold land and buildings	67,298,047	67,298,047
Operating lease for leasehold land	(264,643)	-
Others	180,417	162,468
	75,171,308	74,088,752

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items due to uncertainty of its recoverability:-

	Group	
	2019 RM	2018 RM
Unabsorbed capital allowances	1,833,000	1,728,000
Unutilised tax losses	111,268,000	109,249,000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(156,000)	(417,000)
	112,945,000	110,560,000

The potential deferred tax assets of the Group have not been recognised in respect of these items as they may not be used to offset taxable profit of the subsidiaries as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

19. TRADE PAYABLES

Group

Included in trade payables is retention sums on contracts amounted to RM115,314 (2018: RM115,314). The normal credit terms granted by the trade payables range from 30 to 60 (2018: 30 to 60) days.

20. OTHER PAYABLES

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Non-trade payables	1,375,918	1,475,967	-	-
Accrual of expenses	594,038	1,336,918	37,904	35,634
Deposit received	851,873	672,637	-	-
Amount due to a corporate shareholder	2,698,226	2,698,226	-	-
	5,520,055	6,183,748	37,904	35,634

Corporate shareholder refers to Perbadanan Kemajuan Pertanian Negeri Pahang, who is a shareholder of the Company and a minority shareholder of a subsidiary, Astral Asia Plantation Sdn. Bhd..

The amount due to a corporate shareholder arising from non-trade transactions is unsecured, bears no interest and repayable on demand.

21. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary arising from non-trade transactions is unsecured, bears no interest and repayable on demand.

22. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate arising from non-trade transactions is unsecured, bears no interest and repayable on demand.

23. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Type of goods or services				
Gross dividends from subsidiary	-	-	-	3,640,007
Revenue from operations of oil palm estates	15,723,752	19,284,929	-	-
Contract revenue from civil engineering and building works	-	6,067,407	-	-
Rental income	671,452	1,059,310	-	-
	16,395,204	26,411,646	-	3,640,007
Timing of revenue recognition				
Goods transferred and services rendered at a point in time	16,395,204	20,344,239	-	3,640,007
Performance obligations satisfied over time	-	6,067,407	-	-
	16,395,204	26,411,646	-	3,640,007

24. COST OF SALES

	Group	
	2019 RM	2018 RM
Cost of oil palm produce	7,764,043	12,427,154
Construction contract costs	-	6,061,512
Insurance	7,872	7,872
Maintenance	204,372	240,872
Quit rent & assessment	67,524	67,527
	8,043,811	18,804,937

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

25. LOSS BEFORE TAX

Loss before tax has been determined:-

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
After charging:-				
Auditors' remuneration				
- statutory	98,000	98,000	28,000	27,000
- over provision in prior year	-	1,260	-	-
- non-statutory	5,000	5,000	5,000	5,000
Expenses relating to short-term leases	242,784	-	-	-
Lease rental	-	375,791	-	-
Rental of premises	-	242,784	-	-
Interest expenses:-				
- lease liabilities	392,861	-	-	-
- finance lease liabilities	-	47,890	-	-
- borrowings	584,733	639,093	-	-
- bank overdraft	90,574	173,998	-	-
After crediting:-				
Interest income:-				
- fixed deposits interest	(14,665)	(41,182)	-	-
Rental income – parking lot	(24,000)	(48,000)	-	-

26. TAX EXPENSE

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Tax expenses:-				
- current year provision	693,372	1,103,239	-	-
- over provision in prior year	(523,537)	-	-	-
	169,835	1,103,239	-	-
Deferred taxation:-				
- current year	(881,402)	341,000	-	-
- under provision in prior year	2,211,433	-	-	-
	1,330,031	341,000	-	-
	1,499,866	1,444,239	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profits for the financial year.

26. TAX EXPENSE (CONT'D)

A reconciliation of income tax expense of statutory tax rate to effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before tax	(11,841,699)	(5,370,304)	(5,877,431)	(10,480,551)
Taxation at Malaysian statutory tax rate of 24%	(2,842,008)	(1,288,873)	(1,410,583)	(2,515,332)
Tax effects in respect of:-				
Deferred tax assets not recognised	572,377	(179,863)	-	-
Expenses not deductible for tax purposes	2,174,805	3,336,818	1,410,583	3,388,934
Income not subject to tax	(93,204)	(1,131,843)	-	(873,602)
Over provision of taxation in prior year	(523,537)	-	-	-
Under provision of deferred tax in prior year	2,211,433	-	-	-
Deferred real property gains tax on fair value adjustments	-	708,000	-	-
Tax expense	1,499,866	1,444,239	-	-

The Group's unutilised tax losses and unabsorbed capital allowances which can be carried forward to offset against future taxable profits amounted to approximately RM111,268,000 (2018: RM109,249,000) and RM1,833,000 (2018: RM1,728,000) respectively.

27. LOSS PER SHARE

Basic loss per ordinary shares

Basic loss per share are calculated based on the loss of the financial year attributable to ordinary equity holders of the Company and the number of ordinary shares in issue during the financial year.

	Group	
	2019 RM	2018 RM
Loss attributable to owners of the Company (RM)	(10,305,220)	(5,245,821)
Number of ordinary shares in issue:- Brought forward/Carried forward	659,983,500	659,983,500
Basic loss per ordinary shares (sen)	(1.56)	(0.79)

Diluted loss per ordinary shares

Diluted loss per share are not presented as there are no dilutive potential ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

28. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, bonuses and allowances	2,616,829	4,495,339	184,000	188,000
Defined contribution plan	202,673	398,707	-	-
Social security contributions	92,406	14,063	-	-
Other benefit	29,957	240,006	-	-
	2,941,865	5,148,115	184,000	188,000

Included in employee benefits expense is directors' remuneration as below:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive				
Salaries and other emoluments	1,622,000	2,577,000	-	-
Defined contribution plan	189,543	269,683	-	-
Bonus	-	193,000	-	-
Fees	108,000	151,000	96,000	140,000
	1,919,543	3,190,683	96,000	140,000
Non-executive				
Fees	88,000	48,000	88,000	48,000
	88,000	48,000	88,000	48,000

29. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year are as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Dividend received from subsidiary	-	-	-	3,640,007
Lease payment to a corporate shareholder	375,791	-	-	-
Lease rental paid to a corporate shareholder	-	375,791	-	-

29. RELATED PARTY DISCLOSURES (CONT'D)

(b) The Group and the Company have no other members of key management personnel apart from the Board of Directors. Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group and the Company.

(c) The outstanding balances arising from related party transactions as at reporting date are disclosed in Notes 13, 20, 21 and 22 to the financial statements.

30. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:-

Financial assets and financial liabilities are measured at amortised cost ("AC").

Group	Carrying amount RM	AC RM
2019		
Financial assets		
Trade receivables	964,144	964,144
Other receivables	374,254	374,254
Fixed deposit with licensed financial institutions	3,500	3,500
Cash and bank balances	2,581,453	2,581,453
	3,923,351	3,923,351
Financial liabilities		
Trade payables	1,346,707	1,346,707
Other payables	5,520,055	5,520,055
Amount due to an associate	565,195	565,195
Borrowings	13,949,862	13,949,862
Dividend payable	21	21
	21,381,840	21,381,840

30. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

Financial assets and financial liabilities are measured at amortised cost ("AC") (cont'd).

Group	Carrying amount RM	AC RM
2018		
Financial assets		
Trade receivables	1,002,579	1,002,579
Other receivables	5,797,743	5,797,743
Fixed deposit with licensed financial institutions	508,424	508,424
Cash and bank balances	2,586,864	2,586,864
	9,895,610	9,895,610
Financial liabilities		
Trade payables	1,888,630	1,888,630
Other payables	6,183,748	6,183,748
Amount due to an associate	565,195	565,195
Finance lease payables	637,599	637,599
Borrowings	15,133,794	15,133,794
Dividend payable	1,050,021	1,050,021
	25,458,987	25,458,987
Company		
2019		
Financial assets		
Other receivables	1,000	1,000
Amount due from subsidiaries	384,225	384,225
Cash and bank balances	17,070	17,070
	402,295	402,295
Financial liabilities		
Other payables	37,904	37,904
Amount due to a subsidiary	4,000,000	4,000,000
Dividend payable	21	21
	4,037,925	4,037,925

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

30. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

Financial assets and financial liabilities are measured at amortised cost ("AC") (cont'd).

Company	Carrying amount RM	AC RM
2018		
Financial assets		
Other receivables	1,000	1,000
Amount due from subsidiaries	3,058,693	3,058,693
Cash and bank balances	113,200	113,200
	3,172,893	3,172,893
Financial liabilities		
Other payables	35,634	35,634
Amount due to a subsidiary	4,000,000	4,000,000
Dividend payable	21	21
	4,035,655	4,035,655

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risks

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its credit risk, liquidity risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) **Credit risk**

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's and the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation of the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The Group's maximum exposure credit risk is represented by the carrying amount of trade and other receivables in the statements of financial position.

The Company's maximum exposure credit risk is represented by the carrying amount of trade and other receivables including amount due from subsidiaries in the statements of financial position.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the management.

Following are the areas where the Group and the Company are exposed to credit risk:-

(i) Receivables

The Group's and the Company's exposure to credit risk are influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's and the Company's standard payment and delivery terms and conditions are offered. The Group's and the Company's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

(i) Receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's and the Company's trade receivables using a provision matrix:-

Group

		2019	
	Gross-carrying amount RM	**Loss Allowances RM**	**Net balance RM**
Current (not past due)	162,642	-	162,642
61- 121 days past due	51,197	-	51,197
91- 120 days past due	716,785	-	716,785
More than 121 days past due	33,520	-	33,520
Individually impaired			
More than 121 days past due	954,263	(954,263)	-
	1,918,407	(954,263)	964,144

		2018	
	Gross-carrying amount RM	**Loss Allowances RM**	**Net balance RM**
Current (not past due)	827,121	-	827,121
More than 121 days past due	175,458	-	175,458
Individually impaired			
More than 121 days past due	811,837	(811,837)	-
	1,814,416	(811,837)	1,002,579

(ii) Intercompany balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors their results regularly.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

(iii) Financial guarantees

The maximum exposure to credit risk is amounted to RM11,726,997 (2018: RM12,640,701), represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) **Liquidity risk**

Liquidity risk is a risk that the Group and the Company will not be able to meet their financial obligations as they fall due as a result of shortage of funds.

In managing their exposure risk arises from payables and borrowings, the Group and the Company maintain a level of cash and cash equivalents deemed adequate by management to ensure that they will have sufficient liquidity to meet their obligations as and when they fall due.

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows:-

Group 2019	**Carrying amount RM**	**Contractual cash flows RM**	**Within 1 year RM**	**1 to 2 years RM**	**2 to 5 years RM**	**More than 5 years RM**
Trade payables	1,346,707	1,346,707	1,346,707	-	-	-
Other payables	5,520,055	5,520,055	5,520,055	-	-	-
Amount due to an associate	565,195	565,195	565,195	-	-	-
Dividend payable	21	21	21	-	-	-
Lease liabilities	8,084,483	31,137,174	698,993	596,372	1,187,745	28,754,064
Borrowings	13,949,862	16,330,746	3,810,116	1,519,608	4,558,824	6,442,198
Total	29,466,323	54,899,898	11,941,087	2,115,980	5,746,569	35,096,262

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) **Liquidity risk (cont'd)**

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (cont'd):-

Group 2018	**Carrying amount RM**	**Contractual cash flows RM**	**Within 1 year RM**	**1 to 2 years RM**	**2 to 5 years RM**	**More than 5 years RM**
Trade payables	1,888,630	1,888,630	1,888,630	-	-	-
Other payables	6,183,748	6,183,748	6,183,748	-	-	-
Amount due to an associate	565,195	565,195	565,195	-	-	-
Dividend payable	1,050,021	1,050,021	1,050,021	-	-	-
Borrowings	15,133,794	18,054,744	4,012,854	1,519,608	4,558,824	7,963,458
Finance lease payables	637,599	669,779	419,815	249,964	-	-
Total	25,458,987	27,712,117	13,420,263	1,769,572	4,558,824	7,963,458
Company 2019						
Other payables	37,904	37,904	37,904	-	-	-
Amount due to a subsidiary	4,000,000	4,000,000	4,000,000	-	-	-
Dividend payable	21	21	21	-	-	-
Total	4,037,925	4,037,925	4,037,925	-	-	-
Corporate guarantee *	-	11,726,997	-	-	-	-
2018						
Other payables	35,634	35,634	35,634	-	-	-
Amount due to a subsidiary	4,000,000	4,000,000	4,000,000	-	-	-
Dividend payable	21	21	21	-	-	-
Total	4,035,655	4,035,655	4,035,655	-	-	-
Corporate guarantee *	-	12,640,701	-	-	-	-

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at end of the reporting period.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were as follows:-

	Group RM
2019	
Fixed rate instruments	
Financial asset	
Fixed deposits with licensed financial institutions	3,500
Financial liabilities	
Lease liabilities	8,084,483
Bank overdraft	2,222,865
Floating rate instrument	
Financial liability	
Borrowings	11,726,997
2018	
Fixed rate instruments	
Financial asset	
Fixed deposits with licensed financial institutions	508,424
Financial liabilities	
Finance lease payables	637,599
Bank overdraft	2,493,093
Floating rate instrument	
Financial liability	
Borrowings	12,640,701

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates as at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Interest rate risk (cont'd)**

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were as follows (cont'd):-

The following table illustrates the sensitivity of profit or loss and equity to a reasonable possible change in interest rates of +/- 50 basis point ("bp"). These changes considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	(Loss)/Profit for the year RM		**Equity RM**	
	+50 bp	-50bp	+50bp	-50bp
2019	(58,635)	58,635	(58,635)	58,635
2018	(63,204)	63,204	(63,204)	63,204

Fair value of financial instruments

The carrying amounts of short-term borrowings, receivables, payables and cash and cash equivalents approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

Reconciliation of assets and liabilities arising from financing activities

Group 2019	**Restated 1 January RM**	**Cash flows RM**	**Others RM**	**31 December RM**
Borrowings	15,133,794	(913,704)	(270,228)	13,949,862
Lease liabilities*[1]	8,156,845	(476,362)	404,000	8,084,483
Dividend payable*[2]	1,050,021	(1,050,000)	-	21
	24,340,660	(2,440,066)	133,772	22,034,366

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Interest rate risk (cont'd)**

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were as follows (cont'd):-

Reconciliation of assets and liabilities arising from financing activities (cont'd)

Group 2018	Restated 1 January RM	Cash flows RM	Others RM	31 December RM
Borrowings	13,566,856	(926,155)	2,493,093	15,133,794
Finance lease payables	840,810	(203,211)	-	637,599
Dividend payable*[2]	21	(910,003)	1,960,003	1,050,021
	14,407,687	(2,039,369)	4,453,096	16,821,414

*[1] Being addition of right-of-use assets under lease liabilities amounting to RM404,000.
*[2] Being dividends declared to minority shareholder of Astral Asia Plantation Sdn. Bhd. during the year amounting to RMNil (2018: RM1,960,003).

32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and financially prudent capital ratios in order to support its current business as well as future expansion so as to maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions including the interest rate movements. To maintain and adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

33. OPERATING SEGMENTS

(a) Business segments

Management currently identifies the Group's operating segment into the following:-

Business segments	Business activities
Investment	Investment holding
Property development and construction	Development and civil engineering and building construction
Plantation	Operations of oil palm estates

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

2019	**Note**	**Investment RM**	**Property development and contruction RM**	**Plantation RM**	**Others RM**	**Eliminations RM**	**Total RM**
Revenue							
External revenue		671,452	-	15,723,752	-	-	16,395,204
Intersegment revenue	(i)	672,939	-	-	-	(672,939)	-
Total revenue		1,344,391	-	15,723,752	-	(672,939)	16,395,204
Results							
Interest income		-	-	14,665	-	-	14,665
Finance cost		(584,733)	(105,973)	(377,462)	-	-	(1,068,168)
Depreciation of property, plant and equipment and right-of-use assets		(374,666)	(533,184)	(6,869,207)	-	-	(7,777,057)
Share of loss in associate		-	(37,960)	-	-	-	(37,960)
Tax expense		(107,625)	-	(1,392,241)	-	-	(1,499,866)
Other non-cash expenses	(ii)	-	411,940	(4,837,577)	-	-	(4,425,637)
Segment loss		(8,853,494)	(3,638,883)	(8,675,270)	(5,672)	7,831,754	(13,341,565)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

33. OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

2019 (cont'd)	**Note**	**Investment RM**	**Property development and contruction RM**	**Plantation RM**	**Others RM**	**Eliminations RM**	**Total RM**
Assets							
Investment in associate		-	1,206,814	-	-	(747)	1,206,067
Additions to non-current assets	(iii)	93,710	239,102	2,754,186	-	-	3,086,998
Segment assets		199,394,761	30,671,841	334,214,252	4,754	(186,769,350)	377,516,258
Liabilities							
Segment liabilities		30,732,797	30,926,804	90,175,621	2,850	(47,006,401)	104,831,671

2018	**Note**	**Investment RM**	**Property development and contruction RM**	**Plantation RM**	**Others RM**	**Eliminations RM**	**Total RM**
Revenue							
External revenue		1,059,310	6,067,407	19,284,929	-	-	26,411,646
Intersegment revenue	(i)	3,640,007	-	-	-	(3,640,007)	-
Total revenue		4,699,317	6,067,407	19,284,929	-	(3,640,007)	26,411,646
Results							
Interest income		562	-	40,620	-	-	41,182
Finance cost		(639,093)	(198,871)	(23,017)	-	-	(860,981)
Depreciation of property, plant and equipment		(199,015)	(628,998)	(6,194,628)	-	(368,079)	(7,390,720)
Share of loss in associate		-	(37,064)	-	-	-	(37,064)
Tax expense		(708,000)	-	(736,239)	-	-	(1,444,239)
Other non-cash expenses	(ii)	2,950,000	(27,961)	(377,256)	-	-	2,544,783
Segment loss		(7,184,464)	(903,798)	(4,482,062)	(4,114,768)	9,870,549	(6,814,543)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

33. OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

2018 (cont'd)	Note	Investment RM	Property development and contruction RM	Plantation RM	Others RM	Eliminations RM	Total RM
Assets							
Investment in associate		-	1,281,838	-	-	(37,811)	1,244,027
Additions to non-current assets	(iii)	-	2,035,254	217,318	-	-	2,252,572
Segment assets		207,857,208	34,663,654	336,957,020	9,576	(193,023,855)	386,463,603
Liabilities							
Segment liabilities		30,494,138	31,242,670	83,459,448	2,000	(45,544,476)	99,653,780

(i) Inter-segment revenue are eliminated on consolidation.

(ii) Other non-cash (expenses)/income consist of the following items as presented in the notes to the financial statements:-

	Group 2019 RM	Group 2018 RM
Fair value gain of investment properties	-	2,950,000
Fair value gain/(loss) on bearer biological assets	74,782	(377,256)
Bad debts written off	(27,797)	-
Payables written off	287,740	-
Gain on disposal of property, plant and equipment	124,200	44,172
Impairment loss on trade receivables	(142,426)	-
Property, plant and equipment written off	(4,742,136)	(72,133)
	(4,425,637)	2,544,783

(iii) Additions to non-current assets consist of:-

	Group 2019 RM	Group 2018 RM
Property, plant and equipment	2,639,439	2,252,572
Right-of-use assets	447,559	-
	3,086,998	2,252,572

33. OPERATING SEGMENTS (CONT'D)

(b) Geographical segment

No geographical segmental information being presented as the Group operates principally within Malaysia.

(c) Information about a major customer

Revenue from one major customer amounted to RM15,723,752 (2018: RM19,284,929), arising from sales by the plantation segment.

34. SIGNIFICANT EVENT

Event subsequent to the financial year

The recent outbreak of Coronavirus Disease 2019 ("COVID-19") since end 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020. Consequently, the MCO, CMCO and RMCO are expected to have substantial adverse effects on the Malaysia's economy for 2020. The weakening of world economy has also caused further uncertainties to the business of the Group in 2020.

As of the date of this report, the management of the Group has assessed the overall impact of the situation on the Group's operations and financial position, and it is concluded that there are no material effects on the consolidated financial statements for the financial year ended 31 December 2019. However, the management is unable to estimate and predict the full financial impact of COVID-19 on the Group's financial results for the year ending 31 December 2020 as the pandemic has yet to run its full course. The Directors shall continuously and vigilantly assess the impact of the COVID-19 crisis on its operations as well as the financial position for the year ending 31 December 2020.

ANALYSIS OF SHAREHOLDINGS
AS AT 1 JUNE 2020

SHARE CAPITAL

Issued and fully paid-up : RM131,996,700
Class of shares : Ordinary shares
Voting rights : One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholder	%	No. of shareholdings	%
Less than 100	39	1.90	2,003	0.00
100 – 1,000	184	8.97	90,382	0.01
1001 - 10,000	496	24.17	3,225,251	0.49
10,001 – 100,000	1,165	56.77	41,187,317	6.24
100,001 – less than 5% of issued shares	165	8.04	222,889,100	33.77
5% and above issued shares	3	0.15	392,589,447	59.49
TOTAL	2,052	100.00	659,983,500	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct shareholdings	%	Indirect shareholding	%
1. Dato' Lim Kang Poh	179,104,578	27.14	-	-
2. Perbadanan Kemajuan Pertanian Negeri Pahang	177,622,559	26.91	2,379,850	0.36
3. Agur Tegap Sdn Bhd	57,862,310	8.77	-	-

DIRECTOR'S SHAREHOLDINGS

Name of Director	Direct shareholding	%	Indirect shareholding	%
Dato' Lim Kang Poh	179,104,578	27.14	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 1 JUNE 2020

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shareholdings	%
1.	Perbadanan Kemajuan Pertanian Negeri Pahang	177,622,559	26.91
2.	Dato' Lim Kang Poh	157,104,578	23.80
3	Agur Tegap Sdn Bhd	57,862,310	8.77
4.	Terusan Al-Maju Sdn Bhd	23,361,500	3.54
5.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Lim Kang Poh	22,000,000	3.33
6.	Ngai Sok Tien	19,776,350	3.00
7.	Lim Hai	16,145,250	2.45
8.	Kencang Kuasa Sdn Bhd	15,839,750	2.40
9.	Rahaimi Bin Abdul Rahman	11,928,000	1.81
10.	Yap Kong Wooi	11,465,300	1.74
11.	Wong Chooi Fah	10,477,100	1.59
12.	Wan Ah Keow	9,540,700	1.45
13.	Wong Chooi Lin	9,091,550	1.38
14.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Veloo A/L Karupayah	8,000,000	1.21
15.	Lee Hun Kheng	5,676,000	0.86
16.	Lim Kang Swee	4,950,000	0.75
17.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Kon Sing @ Liew Kong	2,848,700	0.43
18.	Tan Sri Dato' Husein Bin Ahmad	2,805,000	0.43
19.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for LKPP Corporation Sdn Bhd	2,379,850	0.36
20.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account - VM Team Engineering Sdn Bhd	2,000,000	0.30
21.	Chan Ling Lee	1,861,750	0.28
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Vijan Kumaran A/L Chandran	1,500,000	0.23
23.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Azharina Binti Sulaiman	1,380,000	0.21
24.	Tiong Sheue Yng	1,083,500	0.16
25.	Baskaran A/L Krishnan	1,051,400	0.16
26.	Teh Ah Lik	950,000	0.14
27.	Mohd Saini Bin Kariman	925,250	0.14
28	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Quah Lian Huat (E-Ktu)	835,000	0.13
29.	Ang Ah Bah	792,250	0.12
30.	Gan Yee Hin	706,200	0.11
	TOTAL	**581,959,847**	**88.18**

GROUP'S PROPERTIES
AS AT 31 DECEMBER 2019

	Address /Location	Description/ Existing	Land Area	Built Up Area	Tenure	Age of Building	Net Book Value RM	Year Revalued/ Acquired
1.	HS (D) 28295 PT 86317 HS (D) 38537 PT 104729 HS (D) 38538 PT 104730 Mukim of Kuala Kuantan District of Kuantan Pahang	Oil palm estate	985 hectares	-	Leasehold expiring in between years 2090 and 2106	-	85,501,000	2017
2.	HS(D) 853 PT 631 HS(D) 854 PT 632 HS(D) 406 PT 608 Mukim of Kertau HS(D) 609 PT 5616 HS(D) 852 PT 6566 Mukim of Luit HS(D) 610 PT 11316 HS(D) 611 PT 11317 HS(D) 612 PT 11318 HS(D) 849 PT 21456 HS(D) 850 PT 21457 HS(D) 851 PT 21458 Mukim of Chenor District of Maran, Pahang	Oil palm estate	3,034 hectares	-	Leasehold expiring between years 2094 and 2101	-	191,076,000	2017
3.	HSM 61911 (PT 85592) to HSM 61961 (PT 85642) Mukim of Kuala Kuantan District of Kuantan Pahang	51 Units Vacant Shoplot	6,886 square metres	-	Leasehold year 2104	Vacant	2,095,000	2017
4.	B28, Lorong Tun Ismail 11 Jalan Tun Ismail 25000 Kuantan	3-storey Corner Shop Office	184 square metres	954 square metres	Freehold	16 Years	1,589,000	2017
5.	HS (D) 2820 PT 6156 HS (D) 2821 PT 6157 HS (D) 2854 PT 6190 HS (D) 2855 PT 6191 HS (D) 2856 PT 6192 HS (D) 3096 PT 6422 HS (D) 3088 PT 6430 Mukim Bernam Timur Daereh Batang Padang Perak	Bungalow Lots	8,925 square metres	-	Leasehold expiring in year 2095	Vacant	1,371,000	2017

GROUP'S PROPERTIES
AS AT 31 DECEMBER 2019

	Address /Location	Description/ Existing	Land Area	Built Up Area	Tenure	Age of Building	Net Book Value RM	Year Revalued/ Acquired
6.	Lot 67319 Mukim Sungai Buloh District of Petaling Selangor	3 levels Office Lot Mutiara Damansara	4,417 square metres	2,875 square metres	Freehold	5 Years	26,339,000	2017
7.	Lot 212 Seksyen 96 Bandar Kuala Lumpur District of Kuala Lumpur State of Wilayah Persekutuan	Vacant Land	813 square metres	-	Freehold	-	9,811,000	2017
8.	Lot 52367 Bandar Selayang Daerah Gombak Negeri Selangor	1 unit of office premise	-	123 aquare metre	Freehold	21 Years	246,000	2018

NOTICE OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 28 July 2020 at 11.00 a.m. for the following purposes :-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. **[PLEASE REFER TO EXPLANATORY NOTE (1)]**

2. To approve the payment of Directors' fees and benefits for the year ended 31 December 2019. **[ORDINARY RESOLUTION 1]**

3. To re-elect Mr Tan En Chong who is retiring pursuant to Article 119 of the Company's Constitution. **[ORDINARY RESOLUTION 2]**

4. To re-elect Mr Ng Kim Keong who is retiring pursuant to Article 119 of the Company's Constitution. **[ORDINARY RESOLUTION 3]**

5. To re-elect Dato' Suhaimi Bin Mohd Yunus who is retiring pursuant to Article 123 of the Company's Constitution. **[ORDINARY RESOLUTION 4]**

6. To re-appoint Messrs. Grant Thornton Malaysia PLT, as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **[ORDINARY RESOLUTION 5]**

SPECIAL BUSINESS

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

7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

   "**THAT** subject to the passing of Resolution 2, approval be and is hereby given to Mr Tan En Chong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **[ORDINARY RESOLUTION 6]**

NOTICE OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING

8. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **[ORDINARY RESOLUTION 7]**

9. To transact any other business of which due notices shall be given.

BY ORDER OF THE BOARD,

HOON HUI KIT, MIA
CHUA HOON PING, ACIS
Company Secretaries

Selangor Darul Ehsan
30 June 2020

NOTICE OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING

Notes:

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors on 21 July 2020 ("General Meeting Record of Depositors") shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or more (subject to a maximum of three (3) proxies) to attend and vote in his stead. A proxy may but need not be a member of the Company.

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

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy/proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjourned meeting.

EXPLANATORY NOTES

1. The Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence this Agenda item is not put forward for voting.

Special Business

2. Resolution 1

   Section 230(1) of the CA 2016 provides amongst others, that the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

3. Resolutions 2 & 3

   Article 119 of the Company's Constitution expressly states that at the annual general meeting in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election.

   Pursuant to Article 119, Mr Tan En Chong and Mr Ng Kim Keong are standing for re-election at this Annual General Meeting.

   The profiles of the Directors standing for re-election are set out in their respective profiles in the Annual Report. The Nomination Committee of the Company has assessed the criteria and contribution of Mr Tan En Chong and Mr Ng Kim Keong and recommended for their re-election.

   The Board endorsed the Nomination Committee's recommendation that Mr Tan En Chong and Mr Ng Kim Keong be re-elected as Directors of the Company.

NOTICE OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING

EXPLANATORY NOTES (CONT'D)

Special Business (cont'd)

4. Resolutions 4

   Article 123 of the Company's Constitution expressly states that the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed in accordance with these Articles.

   Any Director so appointed shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

   Pursuant to Article 123, Dato' Suhaimi Bin Mohd Yunus is standing for re-election at this Annual General Meeting. The profile of the Director standing for re-election is set out in his profile in the Annual Report. The Nomination Committee (NC) of the Company has assessed the criteria and contribution of Dato' Suhaimi Bin Mohd Yunus and recommended for his re-election. The Board endorsed the NC's recommendation that Dato' Suhaimi Bin Mohd Yunus be re-elected as Director of the Company

5. Resolution 5

   The Audit and Risk Management Committee and the Board have considered the re-appointment of Messrs. Grant Thornton Malaysia PLT as Auditors of the Company and collectively agreed that they have met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

6. Resolution 6

   The Proposed Resolution 6, if passed, will allow Mr Tan En Chong to continue in office as Independent Non-Executive Director.

   The Malaysian Code on Corporate Governance states that if the board intends to retain an independent director beyond twelfth years, it should justify and seek annual shareholders' approval through a two-tier voting process.

   Key justifications for him to continue as Independent Non-Executive Directors are as follows:

   a. Fulfills the independent director criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

   b. Relevant experience and expertise as set out in his profile in the Annual Report; and

   c. Long service with the Company enhances his knowledge and understanding of the business operations of the Group which enable him to contribute actively and effectively during deliberations or discussion at Audit and Risk Management Committee and Board meetings.

7. Ordinary Resolution 7

   The Proposed Resolution 7, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 20 June 2019 and which will lapse at the conclusion of the Twenty-Fourth Annual General Meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment(s), working capital and/or acquisitions and to avoid incurring any costs or delay in convening a general meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Listing Requirements of Bursa Malaysia Securities Berhad, there are no individuals who are standing for election as directors at the 24th Annual General Meeting of the Company.

PROXY FORM

ASTRAL ASIA BERHAD
Co. No. 374600-X

I/We (full name in capital letters) ____________________
NRIC/Company No ____________ of (full address) ____________________
____________________ being a member of Astral Asia Berhad, do hereby
appoint (full name in capital letters) ____________ NRIC/Company No. ____________
of (full address) ____________________
or failing him/her, (full name in capital letters) ____________________
NRIC/Company No ____________ of (full address) ____________________
or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the 24th Annual General Meeting of the Company to be held on Tuesday, 28 July 2020 at 11.00 a.m, at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur and at any adjournment thereof.

*My/Our proxy is to vote on a poll as indicated below with an "X".

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon.

	RESOLUTIONS	FOR	AGAINST
2. To approve the payment of Directors' fees and benefits for the year ended 31 December 2019.	1		
3. To re-elect Mr Tan En Chong as a Director (Article 119)	2		
4. To re-elect Mr Ng Kim Keong as a Director (Article 119)	3		
5. To re-elect Dato' Suhaimi bin Mohd Yunus as a Director (Article 123)	4		
6. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration	5		
SPECIAL BUSINESS 7. To approve Mr Tan En Chong to continue to act as an Independent Non-Executive Director	6		
8. To approve the authority for Directors to issue shares	7		

** Strike out whichever not applicable*

Dated this __________ day of ____________ 2020

No. of Shares held	
CDS Account No.	

____
Signature of Shareholder(s)

Notes :

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors on 21 July 2020 ("General Meeting Record of Depositors") shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or more (subject to a maximum of three (3) proxies) to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy/proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjourned meeting.

First fold here

AFFIX STAMP

The Company Secretaries
ASTRAL ASIA BERHAD Reg. No. 199601002254 (374600-X)
Level 12, Menara TSR
No. 12, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Then fold here

ASTRAL ASIA
BERHAD

ASTRAL ASIA BERHAD
Reg. No. 199601002254 (374600-X)

Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.
Tel: 603-7717 5588 • Fax: 603-7717 5599