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17

annual report



MATANG BERHAD

[Company No. 1142377-X]

[Incorporated in Malaysia under the
Companies Act, 1965]



WHAT'S **INSIDE...**



CORPORATE SECTION

Corporate Information /02 Group Corporate Structure /03 Group Financial Highlights /04
Directors' Profile /06 Key Senior Management /11 Chairman's Statement /12
Management Discussion and Analysis /17 Statement of Risk Management and Internal Control /24
Audit Committee Report /27 Corporate Governance Statement /32
Additional Compliance Information /43 Statement of Director's Responsibilities /45
Analysis of Shareholdings /86 Properties Held by the Group /89
Notice of 3rd Annual General Meeting /91 Form of Proxy



FINANCIAL STATEMENTS

Directors' Report /46 Statement by Directors /51 Statutory Declaration /51
Independent Auditors' Report /52 Statements of Financial Position /55
Statements of Profit or Loss and Other Comprehensive Income /56
Statements of Changes in Equity /57 Statements of Cash Flows /59
Notes to the Financial Statements /61

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' TEH KEAN MING
Independent Non-Executive Chairman

DATUK KIAT SWEE SUNG
Executive Deputy Chairman

ENG CHENG GUAN
Executive Director

DATO' FOONG CHEE MENG
Independent Non-Executive Director

LEW WENG HO
Independent Non-Executive Director

**DATUK TAN TECK POH @
TAN AH TOO**
Non-Independent Non-Executive Director

DATUK TEOH SEW HOCK
Non-Independent Non-Executive Director

CHONG POW ON
Non-Independent Non-Executive Director

LAU LIANG FOOK
Non-Independent Non-Executive Director

NG KENG HENG
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Lew Weng Ho

Member
Dato' Foong Chee Meng
Dato' Teh Kean Ming

NOMINATION COMMITTEE

Chairman
Dato' Foong Chee Meng

Member
Lew Weng Ho
Dato' Teh Kean Ming

REMUNERATION COMMITTEE

Chairman
Datuk Kiat Swee Sung

Member
Lew Weng Ho
Dato' Teh Kean Ming

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Tel : 603-2783 9191
Fax : 603-2783 9111

HEAD OFFICE

Unit 39.02, Level 39
Menara Multi-Purpose
Capital Square,
8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia

Tel : 603-2693 0189 / 2698 0189
Fax : 603-2202 8081

EMAIL ADDRESS AND WEBSITE

Email address
info@matangbhd.com

Website
www.matangbhd.com

COMPANY SECRETARIES

Lim Hooi Mooi (MAICSA 0799764)
Lau Yen Hoon (MAICSA 7061368)

SPONSOR

M&A Securities Sdn Bhd (15017-H)
Level 11, No. 45 & 47, The Boulevard
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur, Malaysia

Tel : 603-2284 2911
Fax : 603-2284 2718

AUDITORS

BDO (AF 0206)
Chartered Accountants
Level 8, BDO @ Menara Centara,
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur, Malaysia

Tel : 603-2616 2888
Fax : 603-2616 3190, 2616 3191

SOLICITOR

Wong Beh & Toh
Advocates & Solicitors
Level 19
West Block
Wisma Selangor Dredging
No 142-C, Jalan Ampang
50450 Kuala Lumpur, Malaysia

Tel : 603-2713 6050
Fax : 603-2713 6052

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
(88103-W)
Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia

United Overseas Bank (Malaysia)
Berhad (271809-K)
South Area Centre
1st Floor, No. 8
Jalan Ponderosa 2/1
Taman Ponderosa
81100 Johor Bahru, Johor

REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : 603-2783 9299
Fax : 603-2783 9222

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
ACE Market
Stock Code : 0189
Stock Name : MATANG



GROUP CORPORATE STRUCTURE



GROUP FINANCIAL HIGHLIGHTS

	Financial years ended 30 June		
	2015 [^]	2016 [^]	2017
	RM'000	RM'000	RM'000
	Based on restated combined statement of Profit & Loss and Other Comprehensive Income and Statement of Financial Position		
Statement of Profit or Loss and Other Comprehensive Income			
Revenue	7,411	7,169	9,672
Gross profit	5,183	4,555	6,483
Profit/(loss) before taxation	2,338	2,206	2,582
Profit/(loss) after taxation	1,804	1,594	1,257
Profit/(loss) attributable to owners of the parent	1,804	1,594	1,257
Earnings per share attributable to owners of the parent (Sen) [@]	0.10	0.10	0.07
Statement of Financial Position			
Shareholders' equity	168,014	167,208	184,638
Others			
Fresh fruit bunches ("FFB") production (tonnes) [#]	17,415	14,731	14,881

Notes:

- [^] Shown (for comparison purposes) on the basis of combined group i.e., assuming that the Group has been formed in financial year ended 30 June 2015 in which Matang Berhad was incorporated. Matang Berhad was incorporated on 28 April 2015.
- [@] Calculated based on enlarged issued and paid-up share capital of 1,810,000,256 Matang Shares after initial public offering and listing on 17 January 2017.
- [#] FFB productions in tonnes from mature and old areas in Matang Estate, i.e., from oil palm trees of 5 years and above, the sales of which have been captured as part of the operating revenue. Sales of FFB from immature oil palm trees have been reflected as part of other income of the Group.

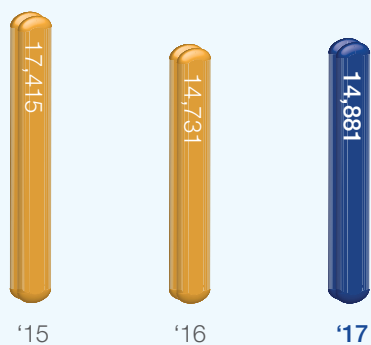


GROUP FINANCIAL HIGHLIGHTS

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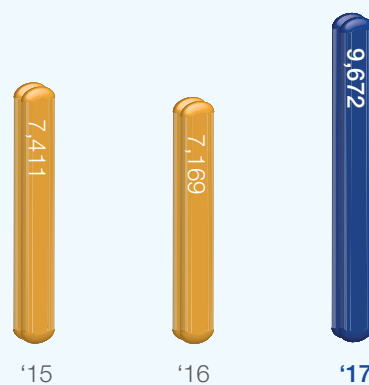
FRESH FRUIT BUNCHES PRODUCTION

(tonnes)



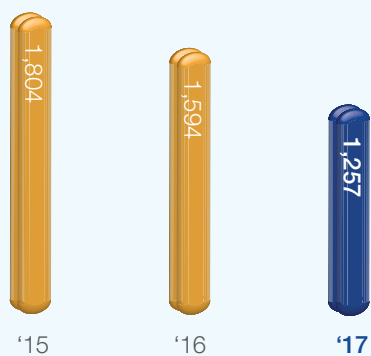
REVENUE

(RM'000)



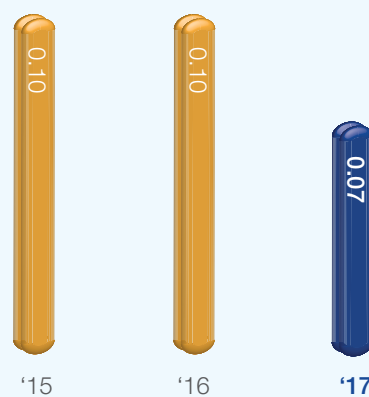
PROFIT/(LOSS) AFTER TAXATION

(RM'000)



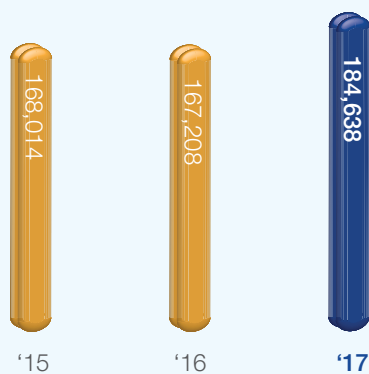
EARNING PER SHARE

(Sen)



SHAREHOLDERS' EQUITY

(RM'000)



DIRECTORS' PROFILE

DATO' TEH KEAN MING

Dato' Teh Kean Ming, male, a Malaysian, aged 62 is our Independent Non-Executive Chairman. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He was appointed to our Board on 1 September 2015.

He graduated in 1981, with a Bachelor of Engineering from the University of New South Wales, Australia. Upon graduation, he joined HCH & N Consortium (a consortium of two (2) consulting engineers namely Hussein & K.H. Chong Sdn Bhd and Perunding Hashim & NEH Sdn Bhd) and participated in the development of Dayabumi Phase 3 project as a Resident Civil and Structural Engineer from 1981 to 1983. Subsequently, he was employed by Malayan Banking Berhad as Resident Engineer for the development of Menara Maybank from 1983 to 1987. Subsequently, he joined Antah Biwater J.V. Sdn Bhd as an Area Engineer in 1987. In 1989, he left Antah Biwater J.V. Sdn Bhd to join IJM Construction Sdn Bhd as a Project Manager. He was promoted to Senior Project Manager in 1994 and to Project Director in 1998.

He was the head of the Property Division of IJM Corporation Bhd from 2001 to 2008 while holding other positions in the IJM and subsidiaries, such as Group General Manager of IJM (from April 2001 to December 2004).

In 2005, he joined the Board of Directors of IJM as an Alternate Director. He was appointed as Deputy Chief Executive Officer and Deputy Managing Director of IJM from 2008 to 2010. He was appointed as the Chief Executive Officer and Managing Director of IJM in January 2011 and subsequently retired as the Chief Executive Officer and Managing Director of IJM on 5 April 2015.

Dato' Teh was previously a Non-Independent Non-Executive Director of IJM Plantations Berhad, a Non-Independent Non-Executive Director of IJM Land Berhad and a Non-Independent Non-Executive Director of Scomi Group Berhad, all of which he resigned in 2015. In July 2015, he was appointed as the Managing Director of JKG Land Berhad (formerly known as Keladi Maju Berhad).

DATUK KIAT SWEE SUNG

Datuk Kiat Swee Sung, male, aged 53, a Malaysian, is our Executive Deputy Chairman and is also the Chairman of the Remuneration Committee. He was appointed to our Board on 1 September 2015. He is also the Executive Chairman of Matang Holdings Berhad ("MHB") and is responsible for overseeing both our estate division as well as finance and administration division. Datuk Kiat is also an Executive Director of Matang Realty Sdn Bhd ("MRSB").

He completed his secondary education in 1979. He began his career in 1980, working as a plantation contractor in Wong Foo Chong Trading. In 1984, he left Wong Foo Chong Trading and joined an oil palm plantation in Keratong, Pahang, called Mekassar Estate, as an Estate Supervisor. In 1987, Datuk Kiat joined Adebayo Development Bhd in Sabah, as an Estate Developer and left in 1990.

He established Transkina Enterprise Sdn Bhd with his wife in 1991, a plantation contractor and transportation company, involved in planting works, road maintenance, jungle clearing, and field maintenance of oil palm plantations for various firms including Asiatic Development Bhd (currently known as Genting Plantation Group) and IOI group. Datuk Kiat's involvement was limited as a Non-Executive Director (appointed in 1999) and a shareholder. Transkina Enterprise Sdn Bhd ceased operations in 2012.

In 1994, together with his wife, Datuk Kiat established Kiat Swee Sang Property Sdn Bhd and Rising Cosmos Trading Sdn Bhd, which owned oil palm estates approximately 526.1 hectares and 161.9 hectares in sizes respectively, both located at Lahad Datu, Sabah. Currently, he is a Non-Executive Director and shareholder of Kiat Swee Sang Property Sdn Bhd of which he was appointed in 1994 and Non-Executive Director and shareholder of Rising Cosmos Trading Sdn Bhd of which he was appointed in 1994 and is not involved in the day-to-day operations of these companies.

In 2007, Datuk Kiat was appointed as a Director of MHB, and was re-designated as the Executive Chairman in 2010. He resigned from MHB in 2012. He was subsequently re-appointed as a Director of MHB in 2014, and was redesignated as the Executive Chairman in the same year. He was appointed as a Non-Executive Director of Rohua Sdn Bhd and Huaren Holdings Sdn Bhd, our Promoters, in 2013 and 2014 respectively. He was also appointed as a Non-Executive Director of Huaren Management Sdn Bhd, a wholly-owned subsidiary of Huaren Holdings Sdn Bhd, in 2014.

He is currently the Chairman of Malaysian Chinese Association ("MCA") Sekijang division and he is the Treasurer of MCA Johor.

DIRECTORS' PROFILE

cont'd

ENG CHENG GUAN

Mr Eng Cheng Guan, male, aged 58, a Malaysian, is our Executive Director. He was appointed to our Board on 1 September 2015. He is also the Executive Director of MHB. He is responsible for overseeing our estate division.

He completed his Sijil Rendah Pelajaran (currently known as Penilaian Menengah Rendah) in 1975. Leveraging on his experience in vegetable farming which he gained while helping out in his family-owned farms when he was still studying, he started his own vegetable farming and sold the produce at wet markets. During this period, he expanded his farming business by leasing and purchasing more lands. In 1995, he established Eng Cheng Guan Vegetable Farm, which is involved in farming and sale of various fruits and vegetables. The vegetable farm is currently managed by his children.

In 1987, his family ventured into the operation of oil palm plantation through an acquisition of an oil palm plantation of approximately 40.5 hectares in size, in Kluang, Johor. Mr Eng was managing the oil palm plantation under his personal capacity from 1987 to 1994 and under Eng Cheng Guan Vegetable Farm from 1995 to 2014. The said plantation is currently managed by his children. Save for his role as the owner of this plantation, he has no other role. In 2014, Mr Eng was appointed as the Director of MHB and was subsequently redesignated to the position of Executive Director in 2015.

He is currently serving as the Chairman of MCA Simpang Renggam division, Vice Chairman of MCA Johor, as well as the Assistant of National Organising Secretary of MCA.

LEW WENG HO

Mr Lew Weng Ho, male, aged 69, a Malaysian, is our Independent Non-Executive Director. He is also the Chairman of the Audit Committee, a member of the Nomination Committee and Remuneration Committee. He was appointed to our Board on 1 September 2015.

Mr Lew became a member of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom in 1978, after completing four (4) years of articleship in Dublin, Ireland. He was admitted as a member of the Malaysian Institute of Accountants in 1980, and became a fellow of the ACCA in 1983.

Upon his return from Dublin to Malaysia in 1978, Mr Lew began his career in Coopers & Lybrand (currently known as PricewaterhouseCoopers) as an Audit Supervisor. In 1981, he took up the position of Chief Accountant in Antah Holdings Berhad. He was subsequently appointed to the Board of Antah Holdings Berhad as Finance Director in 1990 and was responsible for the group financial management and policy, and investment portfolio. He also served on the Board of its various subsidiaries and associated companies which operated across diverse industries including financial services, trading and manufacturing, property development, and oil and gas until his retirement in 1999.

He served as a Director in the Federation of Public Listed Companies Berhad from 1997 to 2000. Since 2000, he works as a free-lance financial advisor and business consultant to private companies and private individuals. Mr Lew served as an Independent Non-Executive Director and Chairman of the Audit Committee of MNC Wireless Berhad from 2005 until 2013.

In 2010, Mr Lew was appointed as the Managing Director of AMB Packaging (Malaysia) Sdn Bhd, which principal activity involves manufacturing and selling of corrugated carton boxes. In 2014, he was re-designated as the Non-Executive Director and subsequently resigned in 2015.

In 2011, Mr Lew was appointed as an Independent Non-Executive Director of Star Media Group Berhad (formerly known as Star Publications (Malaysia) Berhad), a position he held until retirement in May 2017. In 2012, he was appointed as the Non-Independent Non-Executive Chairman of Cityneon Holdings Ltd, a public listed company on the Singapore Stock Exchange, which provides interior architecture, events, exhibitions and experiential environment to businesses, government and international agencies worldwide. Mr Lew resigned from the position as Non-Executive Chairman of Cityneon Holdings Ltd in February 2017.

DIRECTORS' PROFILE

cont'd

DATO' FOONG CHEE MENG

Dato' Foong Chee Meng, male, aged 51, a Malaysian, is our Independent Non-Executive Director. He was appointed to our Board on 1 September 2015. He is also the Chairman of the Nomination Committee and a member of the Audit Committee.

Dato' Foong graduated with a Bachelor of Economics, Bachelor of Laws (Hons) and Master of Laws from the University of Sydney in 1987, 1989 and 1993, respectively. In 1989, he was admitted as a solicitor in the Supreme Court of New South Wales and the Federal Court of Australia.

In 1989, Dato' Foong joined Messrs Baker & McKenzie in Sydney, Australia as a solicitor. Subsequently in 1993, he joined Messrs Zaid Ibrahim & Co as a pupil and completed his pupillage, and was admitted as Advocate and Solicitor of High Court of Malaya in the same year. Dato' Foong became a partner at Messrs Zaid Ibrahim & Co in 1996, where he led the Corporate & Commercial and Foreign Investment practice groups in the law firm. In 2003, he left Messrs Zaid Ibrahim & Co and set up Messrs Foong & Partners and currently holds the position of the Managing Partner. He was previously the Independent Non-Executive Director of Bintai Kinden Corporation Berhad (from 2008 to 2010), a company listed on Main Market of Bursa Securities. In 2017, Dato' Foong has been appointed as Independent Non-Executive Director of RHB Islamic Bank Berhad and Kumpulan Jetson Berhad.

DATUK TAN TECK POH @ TAN AH TOO

Datuk Tan Teck Poh @ Tan Ah Too, male, aged 71, a Malaysian, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 September 2015.

He completed his secondary education in 1963. He then helped in his family-run coffee shop. In 1967, he took over the operation of his family-run rubber plantation and participated in the plantation business since then. In 1984, Datuk Tan diversified his family's rubber plantation business after acquiring a piece of land measuring 16.2 hectares at Parit Sulong, Johor (held under his personal capacity) and planted oil palm. He gained his experience in palm oil plantation during this period of overseeing the cultivation and harvesting of oil palm. Datuk Tan is also an Executive Director and a shareholder of Murniwasa Sdn Bhd, a property development company that owns nine (9) commercial shoplots.

In addition to his family-run plantation business, Datuk Tan also sits on Board of several private companies. Since 1979, he is a shareholder and an Executive Director of Ban Dung Palm Oil Industries Sdn Bhd, a company which owns and operates a palm oil mill located in Batu Pahat, Johor. Also in 1984, he established Tan Teck Poh Realty Sdn Bhd as a palm oil estate investment holding company to hold palm oil estates, and was appointed as the Managing Director. Subsequently, the palm oil estate held under the company was disposed. There are no palm oil estates held under Tan Teck Poh Realty Sdn Bhd. In 2002, he was appointed as an Executive Director of Westgold Dynasty Sdn Bhd, a company involved in the operation of a petrol station in Batu Pahat, Johor.

Since 1979, he is an Executive Director and shareholder of The Coffee Commercial Trading Sdn Bhd, a cigarette and liquor trading company in Batu Pahat. Since 2006, he is an Executive Director and a shareholder of Megabyte Valley Sdn Bhd, a property developer in Batu Pahat. In 1967, he was appointed as an Executive Director of Ban Joo Credit Sdn Bhd, a loan and insurance firm and resigned in 2015.

He is currently the Chairman of MCA Parit Sulong division.

DIRECTORS' PROFILE

cont'd

NG KENG HENG

Mr Ng Keng Heng, male, aged 50, a Malaysian, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 September 2015.

He completed his secondary education in 1985. He started his career in 1986 before continuing with his education by enrolling in an undergraduate programme in Human Resources Management in Open University Malaysia in 2005. In 2010, he graduated with a Bachelor Degree in Human Resource Management.

He started his career in 1986 by helping in his family business, Luckyway Enterprise which is involved in selling electrical appliances. In 1989, he worked as a Marketing Representative in a motor vehicle spare parts company called Starlai Sdn Bhd in Johor. In 1992, he joined Megah Auto Sdn Bhd in Kota Kinabalu, Sabah as an Executive to develop the company's business in selling motor vehicle spare parts.

Leveraging on the experience and network he gained in the spare parts business, he set up his own trading company called Bumi Kota Trading Company in 1994, a partnership involved in motor vehicle spare parts trading in Kota Tinggi, Johor Bahru. Bumi Kempas Sdn Bhd was incorporated in 1995 to assume the business of Bumi Kota Trading Company. His role in Bumi Kempas Sdn Bhd was in sales and marketing of motor vehicles spare parts. He has ceased to be the Executive Director of Bumi Kempas Sdn Bhd in 2014 and shareholder in 2015. In 2013, he was appointed as an Executive Director of Bumi Kempas Motor Sdn Bhd, involved in trading of motor vehicle spare parts and imported used cars, of which he is also a shareholder.

In 2015, he was appointed as a Non-Executive Director of Master Natural Herbal Sdn Bhd, a company principally involved in manufacturing of herbal products but he has resigned from that position in 2017. Mr Ng is currently also an Executive Director of Billion Series Sdn Bhd, involved in the trading of motor vehicle spare parts.

He is currently serving as the Chairman of MCA Kota Tinggi division, as well as the Vice Chairman of MCA Johor.

LAU LIANG FOOK

Mr Lau Liang Fook, male, aged 56, a Malaysian, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 September 2015.

Mr. Lau graduated from Foon Yew High School in 1979 and furthered his studies in City and Guilds of London Institute from 1985 to 1987, where he obtained the Certificate of Telecommunication Technician. In 1992 and 1993, Mr Lau obtained the Certificate in Supervisory Management Studies and the Diploma in Management respectively, both issued by the Institute of Supervisory Management, United Kingdom. This Institute of Supervisory Management is now part of Institute of Leadership and Management after merging with National Examining Board for Supervision and Management in November 2001. In 1994, he obtained the Postgraduate Diploma in Business Administration and the Certified Professional Manager qualification, both issued by The Society of Business Practitioners.

He started his career in 1980, when he joined Capital Motor Trading, a company involved in the provision of hire purchase financing services as a Junior Clerk where he was involved in administrative work and left in 1989. In 1989, he joined Next Electronic Technology Sdn Bhd, an electronic assembly factory, as a Quality Assurance Supervisor, and was subsequently promoted to Production Cum Inventory Manager in 1994, and was also placed in charge of the purchasing department. In 2001, he left Next Electronic Technology Sdn Bhd and joined Jian Da Industries Sdn Bhd, a metal stamping factory, as a Factory Manager. Then subsequently, in 2006, he left Jian Da Industries Sdn Bhd and joined Everspark Industries Sdn Bhd, working there as the General Manager.

In 1984, he joined Lau Chek Min Sdn Bhd (his family-owned investment holding company in properties and shares whose subsidiary, Wangda Leasing and Credit Sdn Bhd is a hire purchase agency) as an Executive Director and was subsequently redesignated to Executive Chairman in 2006. In 2010, he left Everspark Industries Sdn Bhd and thereafter focuses solely on his work in Lau Chek Min Sdn Bhd.

DIRECTORS' PROFILE

cont'd

DATUK TEOH SEW HOCK

Datuk Teoh Sew Hock, male, aged 48, a Malaysian, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 September 2015.

He completed his secondary education in 1987. He then attended Campbell University, United States, where he obtained a Bachelor of Science Degree in 1994.

He began his career in 1995 as Managing Director of Local Basic Sdn Bhd, a family-owned business which is involved in manufacturing, assembly and sale of bicycle components, electrical appliances and components in Gelang Patah, Johor.

In 2004, he was appointed as a Non-Executive Director of Success Service & Maintenance Sdn Bhd, a company involved in the servicing and maintenance of motor vehicles. In 2006, he established Success Local Development Sdn Bhd, a property development firm, which invested in land development in Kota Iskandar, Nusajaya, Johor and was appointed as a Director. In 2006, he established Southern Birdnests Sdn Bhd, a company involved in the farming of swiftlet bird nests and was appointed as a Non-Executive Director. In 2008, he established Just Birdnest Sdn Bhd, a company involved in the collection, processing and marketing of bird nest products as well as restaurant operation and was appointed as a Non-Executive Director.

In 2011, he was appointed as a Non-Executive Director of Profit Composite Sdn Bhd, a company involved in property development. In 2013, he established Success E Hotel Sdn Bhd, a budget hotel management company and was appointed as a Non-Executive Director. In 2014, he established Local Holdings Sdn Bhd, an investment holding company, and was appointed as an Executive Director. In the same year, he established Success Local Management Sdn Bhd, a company involved in property investment and the rental of hostels and was appointed as a Non-Executive Director.

He was appointed as a Non-Executive Director of Growmate Engineering Sdn Bhd in 2000, a Non-Executive Director of Permata Mulia Sdn Bhd in 2002 and a Non-Executive Director of Growmate Marketing Sdn Bhd in 2005. He was appointed as an Executive Director of Local Casting Sdn Bhd in 2004 where he is involved in day-to-day operations of the company. Datuk Teoh was appointed as an Executive Director of MRSB, our subsidiary in 2013.

Datuk Teoh is currently the MCA Central Committee member, Central Chairman of Public Complaints & Services Bureau, Chairman of State Liaison of Economic Consultative Committee of MCA Johor and Chairman of MCA Gelang Patah division.

CHONG POW ON

Chong Pow On, male, aged 56, a Malaysian, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 September 2015.

In 1974, he left his secondary education to help out on his family's oil palm plantation in Port Dickson where he was involved in the day-to-day operations of the oil palm plantation business, including overseeing the cultivation and harvesting of oil palm and sale of FFB. He worked in the said plantation until 2000. In 2001, Mr Chong established Perniagaan Emas Kim Sheng, a company which is involved in the sale of gold and jewellery. In 2006, he set up another gold and jewellery retail business named Gold Point Jewellerys. Both companies are owned by Mr Chong and his wife, and are currently in operation. In 2016, he set up a partnership, Kien On Transport Trading, which is currently dormant.

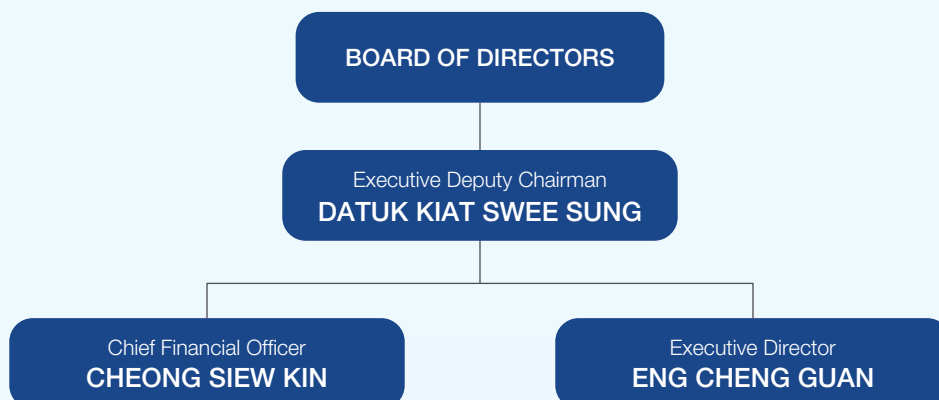
In 2007, he was appointed as an Executive Director of Dynasty Tauge (M) Sdn Bhd, a company involved in vegetable farming. He served there as an Executive Director until 2012. He was appointed as a Non-Executive Director of Golden Initials Sdn Bhd, an investment holding company from 2013 to 2014. In 2015, he joined a partnership, Lee & Hiew Trading, which has expired since August 2016.

He is currently serving as the Vice Chairman of MCA Sekijang division.

Notes:

None of Directors have any family relationship with any other director and/or major shareholder of the Company. None of the Directors have any conflict of interest with the Company. None of the Directors has been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any penalty by the relevant regulatory bodies during the financial year ended 30 June 2017.

KEY SENIOR MANAGEMENT



DATUK KIAT SWEE SUNG

Executive Deputy Chairman

For details of Datuk Kiat Swee Sung's profile, please refer to Page 6 of the Annual Report.

ENG CHENG GUAN

Executive Director

For details of Mr Eng Cheng Guan's profile, please refer to Page 7 of the Annual Report.

CHEONG SIEW KIN

Chief Financial Officer

Cheong Siew Kin, male, aged 41, a Malaysian, is our Chief Financial Officer, and is responsible for the financial and accounting functions of our Group.

He graduated from Universiti Putra Malaysia with a Bachelor of Accountancy in 2000. He is also a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants since 2002, and a Chartered Accountant of the Malaysian Institute of Accountants since 2003. In 2007, he graduated with a Master of Business Administration at University Putra Malaysia.

He started his career at Khoo, Wong & Chan Chartered Accountants in 2000, as an Audit Assistant. In 2003, he left Khoo, Wong & Chan Chartered Accountants and joined JTi Business Services (Asia) Sdn Bhd, a firm involved with regional financial reporting, as an Executive. In 2004, he left JTi Business Services (Asia) Sdn Bhd and joined CC Lee & Associate, an Audit and Taxation firm, as an Audit Supervisor. In 2006, he left CC Lee & Associate and moved to ACN System Solutions Sdn Bhd, an information technology company, as the Finance cum Admin Manager. In 2009, he left ACN System Solutions Sdn Bhd. Mr Cheong was recruited by MCA, as the Head of Finance from 2009 to 2015. In 2010, Mr Cheong became the Non-Executive Director and a shareholder of PPK Utama Sdn Bhd, a company involves in the sales of computer hardware, the positions of which he still retains. On 1 July 2015, Mr Cheong joined our Group as Chief Financial Officer.

Mr Cheong does not hold any directorship in public companies and listed corporations, has no family relationship with any other director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any penalty by the relevant regulatory bodies during the financial year ended 30 June 2017.

“ CHAIRMAN’S STATEMENT”

Dear Valued Shareholders,

On behalf of the Board of Directors (or “the Board”) of Matang Berhad, I am pleased to present the Annual Report and audited financial statement for the financial year ended 30 June 2017.

OVERVIEW

The financial year 2017 has been particularly significant for all the shareholders of Matang Berhad (“Matang” or “Company”), if I could say. It is one of the most exciting year for our shareholders and certainly the most fruitful year for the various Board of Directors of Matang and the management of Matang in which, Matang successfully sought and implemented the listing of its shares on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing”) on 17 January 2017. 2017 is the maiden year of Matang as a new listed entity.

The Listing of Matang is the achievement for the shareholders arising from each and every critical milestone for the past two years which started with the execution of the Scheme Agreement on 6 May 2016 between Matang and its wholly owned subsidiary, MHB (“Scheme Agreement”).

Pursuant to the Scheme Agreement, Matang was to undertake a scheme of arrangement under Section 176 of the Companies Act 1965 whereby the entire issued and paid up share capital of MHB of RM60,000,002 comprising 120,000,004 MHB shares of RM0.50 each (“MHB Shares”) was to exchange for 1,680,000,056 Matang shares of RM0.10 each (“Matang Shares”) on the basis of fourteen (14) new Matang Shares for every one (1) MHB Shares held (“Exchange of Shares”).

I am glad to inform that MHB secured unanimous approval of its shareholders voting in favour of the Exchange of Shares in the Extraordinary General Meeting of MHB on 15 October 2016 and as a result, the Exchange of Shares was successfully completed on 14 November 2016, paving the way for the Listing on Bursa Securities of over 1.68 billion Matang Shares held by over 18,000 shareholders.

As part of the Listing exercise, Matang undertook the public issue of 130,000,000 new Matang Shares at the issue price of RM0.13 per share representing approximately 7.18% of our enlarged issued and paid-up share capital (“Public Issue”). The subscription for the Public Issue Shares was closed on 6 January 2017 with about 4.21 times overall over subscription. All 1,810,000,256 Matang Shares were eventually listed on the ACE Market of Bursa Securities on 17 January 2017.

CHAIRMAN'S STATEMENT

cont'd

PERFORMANCE REVIEW

FY2017 was a challenging year for Matang in that the Board and the management remained committed and dedicated to manage its oil palm plantation estate of a total area of 1,096.3 hectares (or 2,709.1 acres) in Ledang and Segamat District in the State of Johor Darul Takzim ("Matang Estate" or "Estate") at the same time when Matang was in the process of undertaking its Listing exercise. Matang Estate remains the primary revenue and profit contributor within Matang Berhad group of companies ("Matang Group" or "Group").

For the financial year under review, Matang's group operating revenue increased by about 34.9% from RM7.17 million in financial year ended 30 June 2016 to RM9.67 million in financial year ended 30 June 2017. This is partly attributable to the rise in sales of Matang's fresh fruit bunches ("FFB") from approximately 14,731 tonnes in preceding financial year to about 14,881 tonnes for financial year ended 30 June 2017.

In addition to the increase in FFB production, the average FFB sales price has also risen from the average of about RM486.65 per tonne in financial year ended 30 June 2016 to RM649.94 per tonne in financial year ended 30 June 2017. Gross profit margin ("GPM") for the Group remain strong at 67.03% in financial year ended 30 June 2017 compared to 63.54% in the preceding financial year. The higher GPM translated into higher gross profit for the Group by RM1.93 million to RM6.48 million in financial year ended 30 June 2017 from RM4.55 million in the preceding year.

The Group also registered an increase in other income of about RM1.67 million arising mainly due to the net gain of RM0.96 million from the disposal of part of land measuring in total 2.1528 hectares (or 5.3197 acres) representing about 0.20% of the total land size in Matang Estate pursuant to the compulsory land acquisition undertaken by Jabatan Kerja Raya for Jalan Muar-Tangkak road upgrading purposes. In addition, part of the surge in the other income for the Group came from the net fair value gain of RM0.85 million from investment properties held by the Group.

However, due to the one-off Listing expenditure of RM1.71 million charged to the Profit & Loss of the Group and the increase in administration expenses of RM1.46 million, the profit after taxation of the Group was at RM2.58 million or merely about RM0.38 million higher than the level achieved in financial year ended 30 June 2016. The resultant profit after taxation of the Group for the financial year ended 30 June 2017 was RM1.26 million compared to RM1.59 million for the preceding year ended 30 June 2016.

The earnings per share attributable to the common controlling shareholders dropped from 0.10 sen per share in preceding financial year to 0.07 sen per share in current financial year ended 30 June 2017 significantly due to the increase in issued and paid up capital from 120,000,004 Matang shares of RM0.50 each in preceding financial year to 1,810,000,256 Matang shares of RM0.10 each pursuant to the completion of Exchange of Shares on 14 November 2016 and Public Issue on 17 January 2017.

CORPORATE DEVELOPMENT

The Company had on 18 July 2017 announced that it had entered into a letter of intent which sets out the intention for the Company's wholly-owned subsidiary, MHB or its nominees to acquire the following assets from Raub Mining & Development Company Sdn Bhd ("RMDC") and Raub Oil Mill Sdn Bhd ("ROM") for a total indicative purchase consideration of RM180 million (inclusive of applicable Goods and Services Taxes) ("Letter of Intent").

- two contiguous parcels of leasehold agricultural land identified as PT 23120 and PT 22468, Mukim Gali, Daerah Raub, Negeri Pahang, Malaysia held respectively under HS(D) 10803 and HSM 10940 measuring in total 4,219.79 acres or 1,707.69 hectares together with the oil palm plantation existing thereon ("Estate");
- a 60-tonnes per hour palm oil mill ("Mill");
- the buildings, quarters, plant and machinery, equipment, vehicles and stocks of the Estate and of the Mill ("Ancillary Structures and Items")

The Estate, the Mill and the Ancillary Structures and Items are herein collectively referred to as "Raub Assets". The transaction contemplated by the Company pursuant to the Letter of Intent in relation to the Raub Assets is herein referred to as "Proposed Acquisition".

The Letter of Intent is not intended to be legally binding upon the parties until and unless a formal definitive agreement and other relevant documentation reflecting the Proposed Acquisition are entered into by the parties. Further to the execution of the Letter of Intent, the Company has commenced due diligence exercise and prepared the sale and purchase agreement for the Proposed Acquisition. However, on 28 September 2017, the Company received a letter from RMDC in which RMDC advised that the disposal process of the Raub Assets shall have to be put on hold due to an injunction granted by the High Court of Malaya. On even date, RMDC informed that it has instructed its solicitors and counsel to prosecute an appeal against the decision of the High Court and it shall keep the Company informed of the progress of the matter.

CHAIRMAN'S STATEMENT

cont'd



Should the Proposed Acquisition be undertaken and implemented, barring unforeseen circumstances which may adversely affect the industry of oil palm plantation and the global demand for crude palm oil, the Board is of the opinion that the Proposed Acquisition of the Raub Assets shall generate long term benefits to the Group, both in terms of profitability as well as cash flows.

PROSPECTS

The FFB production of the Group for financial year ended 30 June 2017 represented slight increase of 1.02% from the level achieved in financial year ended 30 June 2016. Going forward, barring unforeseen adverse weather conditions and disruption in the supply of workers, the Group expects to able to achieve higher FFB production and FFB yield for financial year ended 30 June 2018.

The Group has also undertaken the replanting exercise for 20.0 hectares land in Matang Estate for financial year ended 30 June 2015 and in November 2017, the Group shall embark on the replanting of another 16.4 hectares land for financial year ended 30 June 2018 to ensure long terms FFB production is sustainable.

In addition to organic growth which the Group seek to attain, the Board also envisages that the long term strategic growth of the Group will be achieved with acquisition of suitable plantations or estates and upstream businesses relevant to the existing business of the Group.

DIVIDEND

The Board does not recommend any payment of dividends in respect of financial year ended 30 June 2017.

ACKNOWLEDGEMENTS

I would like to convey my sincere gratitude to the Board of Directors of Matang who have worked to achieve the Listing of Matang. On behalf of the Board of Directors of Matang, I would like to thank our principal adviser and sponsor, M&A Securities Sdn Bhd, as well as the other advisers and consultant including, our company secretaries, our auditors and reporting accountant, our solicitors, the share registrar, the valuers and our management team who have shown applaudable dedication in making the Listing successfully.

In addition, I would like to express the greatest thanks to both Datuk Dr Lee Hong Tee and Mr Tee Choon Yeow who have vacated office as the directors of Matang for their contribution during financial year ended 30 June 2017.

DATO' TEH KEAN MING

Independent Non-Executive Chairman

13 October 2017

“主席文告”

尊敬的股东们，

本人谨此代表马登有限公司董事局（简称“董事局”）欣然提呈截至2017年6月30日财政年的年度报告与经审计财务报表。

总览

2017财政年对马登有限公司（简称“马登”或“本公司”）全体股东而言，可以说是意义非凡的一年。这是让股东们振奋雀跃的一年，而且肯定是马登董事局与管理层成果丰硕的一年。这一年，马登于2017年1月17日成功寻求并落实了在大马证券交易有限公司（简称“证交所”）创业板上市（简称“上市”）。2017年是马登首次以上市公司的新姿态亮相。

马登成功上市，是为股东们取得的成就，源于2016年5月6日起执行马登与其全资子公司马登控股有限公司（“马登控股”或“MHB”）之间的安排协议（简称“安排协议”），并由在这两年来经历的每一次重大里程碑造就而成。

依据安排协议，马登在1965年公司法令第176条文下，将马登控股全部发行与缴足资本共RM60,000,002所包含的马登控股每股面值RM0.50的120,000,004股普通股（简称“马登控股股票”）转换为马登每股面值RM0.10的1,680,000,056股普通股（简称“马登股票”），换股比例是每持有的一(1)股马登控股股票换14股新马登股票（简称“换股计划”）。

马登控股于2016年10月15日举行的马登控股特别股东大会上，股东表决一致通过支持换股计划，因此，换股计划于2016年11月14日顺利完成，让1万8000多名股东持有的16亿8000多万股马登股票在证交所上市。

配合上市计划，马登也公开发售130,000,000股新马登股票，每股发售价0.13令吉，相等于扩大后发行与缴足股本约7.18%（简称“公开发售”）。公开发售股票于2017年1月6日截止时，获得约4.21倍超额认购。合共1,810,000,256股马登股票最终于2017年1月17日在证交所创业板上市。

表现回顾

2017年财政年对马登而言是充满挑战的一年：正当马登进行上市计划的同时，董事局与管理层仍坚定且专注于管理位于柔佛州礼让与昔加末县总面积1,096.3公顷（或2,709.1英亩）的油棕园（简称“马登园丘”或“园丘”）。马登园丘仍是马登有限公司集团与成员公司（简称“马登集团”或“本集团”）主要的收入与盈利贡献来源。

回顾财政年期间，马登集团的营运收入增加约34.9%，从截至2016年6月30日财政年的717万令吉，增加到截至2017年6月30日财政年的967万令吉。马登油棕鲜果串（简称“鲜果串”）的销售量，从前一财政年约14,731公吨，增加到截至2017年6月30日财政年的14,881公吨，即是助长营运收入增长的部分原因。

除了鲜果串产量增加，鲜果串平均售价亦告上扬，从截至2016年6月30日财政年每公吨486.65令吉的平均售价，上涨到截至2017年6月30日财政年每公吨649.94令吉的平均售价。截至2017年6月30日财政年的集团毛利润率（简称“GPM”）仍保持强劲，居于67.03%，相比前一财政年为63.54%。毛利润率提升，为本集团带来更高的毛盈利，从前一财政年的455万令吉，上涨到截至2017年6月30日财政年的648万令吉，增长了193万令吉。

本集团的其他收入也增加了约167万令吉。这主要是配合工程局为了提升麻坡一东甲路段而强制收购土地，本集团脱售了约2.1528公顷，或5.3197英亩，部分地段，相等于马登园丘约0.20%总土地面积，而取得96万令吉净盈利。此外，本集团其他收入窜升的部分原因，是本集团持有的产业投资，获得85万令吉净公允价值盈利。

主席文告

续

然而，由于171万令吉一次性上市开销记入本集团损益表，以及行政开销增加146万令吉，本集团扣税前盈利为258万令吉，仅比截至2016年6月30日财政年高出38万令吉。本集团截至2017年6月30日财政年由此产生的扣税后盈利为126万令吉，相比截至2016年6月30日的前一财政年为159万令吉。

随着2016年11月14日完成的换股计划以及2017年1月17日完成的公开发售，可归于普通股股东的每股盈利，从前一财政年的0.10仙，降至截至2017年6月30日现财政年的0.07仙，主要是因为发行与缴足股本，从前一财政年的每股面值0.50令吉的120,000,004股马登股票，增加至每股面值0.10令吉的1,810,000,256股马登股票。

企业发展

本公司于2017年7月18日宣布已签署意向书，表明愿意让本公司独资子公司马登控股或其代名公司以1亿8000万令吉（包括消费税）的指示性收购价向Raub Mining & Development Company Sdn Bhd（简称“RMDC”）与Raub Oil Mill Sdn Bhd（简称“ROM”）收购以下资产（简称“意向书”）。

- 位于马来西亚彭亨州劳勿县Mukim Gali，列为PT 23120与PT 22468两块毗连的租赁农业地，持有编号各为HS(D) 10803与HSM 10940，总面积为4,219.79英亩或1,707.69公顷，连同地上现有的油棕园（简称“园丘”）；
- 每小时产能60公吨的棕油厂（简称“棕油厂”）；
- 有关园丘与油较厂的建筑物、宿舍、厂房与机械、设备、车辆与库存等（简称“附属结构与物品”）

有关园丘、棕油厂以及附属结构与物品，在此统称为“劳勿资产”。本公司依据意向书而对劳勿资产拟进行的交易，在此统称为“拟议中收购计划”。

除非涉及各方签署正式的最终协议与其他相关文件以反映拟议中收购计划，否则此意向书并不具有法律约束力。配合执行有关意向书，本公司展开了尽职调查工作，同时准备了拟议中收购计划的买卖协议。然而，本公司于2017年9月28日接获RMDC来函劝说，由于马来亚高庭发出禁令(injunction)，有关劳勿资产的脱售程序须暂停进行。在同一日期，RMDC通知，它已指示其事务律师与法律顾问针对高庭的决定依法提出上诉，并会让本公司知悉此事的进展。

若拟议中收购计划获进行并落实，除非出现可能不利于油棕种植领域与全球原棕油需求的不可预见因素，否则董事局相信，劳勿资产拟议中收购计划，就获利能力与现金流量而言，皆可为本集团带来长期利益。

前景展望

本集团截至2017年6月30日财政年的鲜果串产量，比2016年6月30日财政年所达到的水平稍增1.02%。放眼未来，除非出现恶劣天气和劳工供应中断等不可预见因素，否则本集团预期有能力在2018年6月30日财政年达到更高的鲜果串产量与鲜果串收益率。

本集团经于截至2015年6月30日财政年在马登园丘的20.0公顷地段进行翻种计划，同时，在截至2018年6月30日财政年，本集团将于2017年11月份展开另16.4公顷地段的翻种，以确保鲜果串产量得以在长期内生生不息。

本集团除了寻求藉由业务取得自然成长，董事局也正视透过收购适合的种植地段或园丘，以及与本集团现有业务相关的上游业务，以达到本集团长期的策略性成长。

股息

董事局未在截至2017年6月30日财政年建议支付任何股息。

鸣谢

我衷心感谢马登董事局成员们无私地奉献，孜孜不倦促成了马登上市。我谨此代表董事局，感谢主要顾问兼发起公司 M&A Securities Sdn Bhd，以及其他顾问与咨询顾问，包括本公司秘书、审计师与申报会计师、事务律师、股票注册处、估价师与管理层团队，尽心尽力顺利地完成了马登的上市计划。

此外，我诚心向卸下董事职位的Datuk Dr Lee Hong Tee与 Mr Tee Choon Yeow致以最崇高的谢意，感谢他们在截至2017年6月30日财政年内对本公司所作出的贡献。

拿督郑建民
独立非执行主席

2017年10月13日

“ MANAGEMENT DISCUSSION AND ANALYSIS,”

INTRODUCTION

Matang Berhad (“Matang” or “Company”) was incorporated in Malaysia on 28 April 2015 under the Companies Act, 1965 as a special purpose vehicle to facilitate the listing of Matang Holdings Berhad (“MHB”) on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

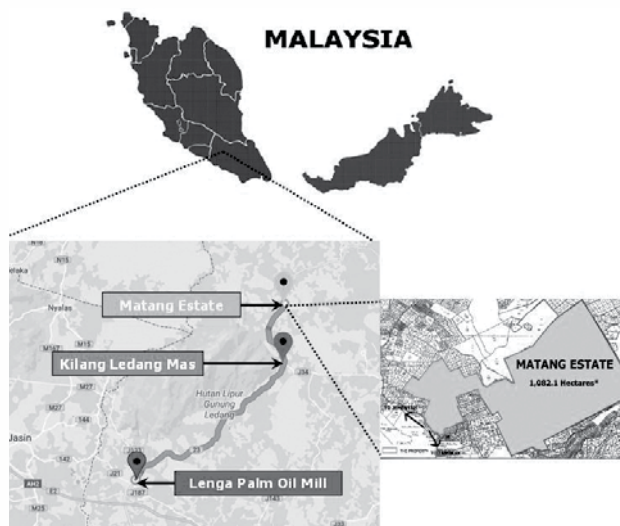
On 28 May 2016, Matang entered into a Scheme Agreement with MHB for which a scheme of arrangement under Section 176 of the Companies Act, 1965 was to be undertaken whereby the entire issued and paid up share capital of MHB of RM60,000,002 comprising 120,000,004 MHB Shares was to exchange for 1,680,000,056 Matang Shares on the basis of fourteen (14) new Matang Shares for every one (1) MHB Shares held (“Exchange of Shares”). The Exchange of Shares was completed on 14 November 2016 and as a result of that, the issued and paid-up share capital of Matang increased to RM168,000,256 comprising of 1,680,000,256 Matang Shares.

Further on 13 January 2017, Matang completed the public issue of 130,000,000 new Matang Shares at issue price of RM0.13 each for its initial public offering as part of its Listing exercise and enlarged issue and paid-up shares of 1,810,000,256 Matang Shares were listed on the ACE Market of Bursa Securities on 17 January 2017.

BUSINESS AND OPERATIONS

Through the subsidiaries which comprise MHB and Matang Realty Sdn Bhd (“MRSB”) (collectively “Matang Group” or “Group”), Matang Group is involved in management of plantation estate, sale of fresh fruit bunches (“FFB”) and property holding.

Matang Group derives its sole operating revenue from the management and operations of the plantation estate on 45 contiguous freehold land measuring in total 1,094.1 hectares (or 2,703.6 acres) in the District of Ledang and Segamat in the State of Johor Darul Takzim (collectively known as “Matang Estate” or “Estate”). The following diagram shows the location of Matang Estate.

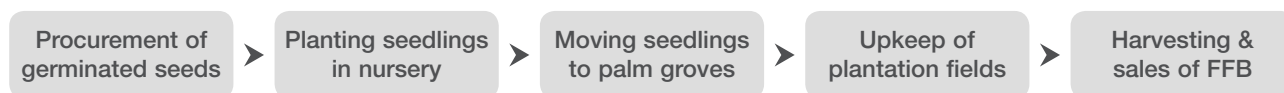


MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

BUSINESS AND OPERATIONS cont'd

The primary activities of the Estate include procuring germinated oil palm seeds, planting or replanting (as the case maybe), field upkeeping that include pruning, manuring and pest control, harvesting and transporting of FFB, sales of FFB, the major processes of which are summarised in the diagram below:



For the financial year under review, Matang Estate harvested and sold in total of 15,983 tonnes of FFB from mature and immature oil palm trees to two customers namely Milik Mestika Sdn Bhd (“Milik Mestika”) and Lenga Palmoil Industries Sdn Bhd (“Lenga”). The palm oil mill operated by Milik Mestika is located approximately 8km away from Matang Estate while the mill operated by Lenga is about 38km away.

Matang Group also derives a significant part of its other income in the form of rental from its investment properties comprising three units of detached buildings located on a leasehold land of 1.3 hectares (or 3.2 acres) in Kawasan Perindustrian Larkin (also known as Dato’ Onn Industrial Estate) in District of Johor Bahru in the State of Johor Darul Takzim (“Larkin Investment Property”). As at 30 June 2017, the tenant occupancy rate of Larkin Investment Property was 68.15%.

OBJECTIVES AND STRATEGIES

Matang Group’s medium to long term objective is to expand its plantation business both organically through increased production of FFB as well as inorganically through acquisition of suitable producing plantations and/or new land banks.

Supporting the objectives of the Group are the core strengths of the existing operations and management of Matang Estate which centre on a few competitive factors fundamental to oil palm plantation businesses as summarised below:

<p>Young age profile of our plantations</p> <ul style="list-style-type: none"> Over 78% of the plantation areas of Matang Estate is mature area of between 5 and 25 years old, with a majority in the prime age of less than 21 years. About 20% of total plantation areas are immature area with oil palm trees of 1 to 4 years and the remaining 2% shall be undergoing replanting. 	<p>Application of best agronomy practices</p> <ul style="list-style-type: none"> Use of high quality geminated seeds (Felda Yangambi) from Felda Agricultural Services Sdn Bhd (since 2011). Felda Yangambi line of germinated seeds has historically generated higher FFB yield and higher oil extraction rate, the latter of which is preferred by palm oil mills. Use of high quality organic and inorganic fertilisers. Inorganic fertilisers such as NPK fertilisers are essential for the optimum oil palm nutrition while the organic fertilisers are useful for ensuring the soil nutrient is maintained and sustainable for long term growth of FFB.
<p>Experienced key management</p> <ul style="list-style-type: none"> Management team is led by Datuk Kiat Swee Sung who has over 36 years of relevant experience in the plantation business. He is supported by the Head of Plantation and Estate, Mr Eng Cheng Guan who has over 42 years of experience in various segments of agricultural industry. The Board comprises corporate leaders and professionals with experience both in corporate and plantation segments including prominent accountants and lawyers as well as chief executive of plantation and property development conglomerates. 	<p>Drive for superior yield</p> <ul style="list-style-type: none"> Matang Group places significant importance in ensuring that its Estate achieves superior yield in the long term. In achieving the above, harvesting activities has been intensified in 4th quarter of financial year ended 30 June 2017 despite difficulties faced by industry players in sourcing for labourers. In addition, the Group has started estate-wide trees censor task to document the status of trees conditions and health to ensure adequate field upkeep and replanting activities can be continuously carried out.

The Board and the management of Matang view the above fundamental strengths as areas of strategies and tactic to implement, and to improve on (where required), in order to ensure sustainable growth for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

The Group's sole contributor of operating revenue is the production and sales of FFB from mature oil palm trees in Matang Estate. Other revenue from the rental of Larkin Investment Property and sales of FFB from immature oil palm trees are classified as part of other income in the financial statement.

The following table shows the comparison of key financial indicators per the audited financial statement of the Group between financial year ended 30 June 2016 and 30 June 2017.

Matang Group	2016 RM'000	2017 RM'000
Statement of Consolidated Profit or Loss and Other Comprehensive Income	Audited	Audited
Revenue	7,169	9,672
Gross profit	4,555	6,483
Profit/(loss) before taxation	2,206	2,582
Profit/(loss) after taxation	1,594	1,257
Profit/(loss) attributable to owners of the parent	1,594	1,257
Basic earnings per share attributable to owners of the parent (sen) [^]	0.10 ⁽ⁱ⁾	0.07 ⁽ⁱⁱ⁾
Statement of Consolidated Financial Position		
Shareholders' equity	167,208	184,638
Net assets per share (RM) [@]	0.10 ⁽ⁱ⁾	0.10 ⁽ⁱⁱ⁾
Others		
Fresh fruit bunches ("FFB") production (tonnes) [#]	14,731	14,881

[^] Calculated by dividing the profit for the financial year attributable to the owners of the parent by the number of ordinary shares in issue during the financial year, which are:

- (i) based on the number of ordinary shares of 1,680,000,256 assumed in issue after the completion of the Exchange of Shares.
- (ii) based on enlarged issued and paid-up share capital of 1,810,000,256 Matang Shares after initial public offering and listing on 17 January 2017.

[@] Expressed based on the following number of issued and paid-up shares:

- (i) based on the number of ordinary shares of 1,680,000,256 assumed in issue after the completion of the Exchange of Shares.
- (ii) based on total enlarged issued and paid-up share capital of 1,810,000,256 Matang Shares after Exchange of Shares and initial public offering of 130,000,000 new Matang Shares.

[#] FFB productions in tonnes from mature and old areas in Matang Estate, i.e., from oil palm trees of 5 years and above, the sales of which have been captured as part of the operating revenue. Sales of FFB from immature oil palm trees have been reflected as part of other income of the Group.

For the financial year ended 30 June 2017, the Group's operating revenue from the sales of FFB from mature palmoil trees improved about 34.91% from RM7.169 million in preceding financial year to RM9.672 million for the financial year ended 30 June 2017. The total FFB from mature palm oil trees sold for financial year ended 30 June 2017 was 14,881 tonnes compared to 14,731 tonnes for the financial year ended 30 June 2016, reflecting an increase of 1.02% in FFB production.

For the operating revenue, the annual average price of FFB sold has increased from RM486.65 per tonne in financial year ended 30 June 2016 to RM649.94 per tonne in the current financial year under review, driven by the strong commodity price level for global crude palm oil. The Group's gross profit margin (which is also solely arising from the production and sales of FFB) has also improved from 63.54% in the preceding financial year ended 30 June 2016 to 67.03% in the current financial under review, supported primarily by the buoying level of FFB prices, during the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION *cont'd*

The breakdown of cost of sales for financial year ended 30 June 2016 and 2017 are shown in the table below.

	2016 RM'000	2017 RM'000
Matang Group	Audited	Audited
Harvesting cost		
Labour cost for harvesting	461	481
Internal transportation, upkeep and maintenance	240	243
	701	724
Cultivation costs		
Fertiliser	1,398	1,631
Labour cost for pruning	103	60
Weeding, spraying and others	259	482
	1,760	2,173
Transport	139	114
Windfall tax	14	179
Total cost of sales	2,614	3,189

Other income has increased from RM2.29 million in financial year ended 30 June 2016 to RM3.96 million in current financial year under review, the increase of which was partly due to the net gain of about RM0.96 million from the disposal of 2.1528 hectares (or 5.3197 acres) of Matang Estate pursuant to the compulsory land acquisition by JKR for road work and the fair value gain of RM0.85 million from the valuation of Larkin Investment Property. Other components of other income of the Group for financial year ended 30 June 2017 were RM0.98 million rental income from Larkin Investment Property, RM0.53 million from the sales of FFB harvested from immature palm oil trees and RM0.52 million in the form of interest income.

The Group's administrative expenses increased by about 31.78% from RM4.59 million in financial year ended 30 June 2016 to RM6.05 million in current financial year under review. The increase was primarily due to one-off RM0.50 million stamp duty paid for the Exchange of Shares and increase in staff cost of RM0.18 million as well as fair value expenses of RM0.15 million for agriculture produce of Matang Estate. Other expenses of RM1.81 million were made up of RM1.71 million Listing and related expense and RM0.09 million other administrative expenses.

The Group registered unaudited pre-tax profit of RM2.58 million compared to RM2.21 million for financial year ended 30 June 2016 and post-tax profit was RM1.26 million for financial year ended 30 June 2017 compared to RM1.59 million for financial year ended 30 June 2016. The resultant earnings per share of the Group has declined from 0.10 sen in the preceding financial year to 0.07 sen due to the combination of reasons where there was increase in number of shares outstanding by 7.74% together with the decrease in post-tax profit of the Group of about 21.14%.

The net cash flows from operation remain healthy at RM1.99 million for the financial year under review compared to RM2.17 million for the preceding financial year. The slight drop in net cash flows from operations was due to higher net tax paid during the financial year which was about RM0.88 million compared to RM0.54 million in the preceding financial year. The table below shows the summarised cash flows statement of the Group for financial year ended 30 June 2016 and 2017.

	2016 RM'000	2017 RM'000
Matang Group	Audited	Audited
Net cash generated from operating activities	2,170	1,995
Net cash from/(used in) investing activities	12,983	636
Net cash from/(used in) financing activities	(2,400)	15,871
Net increase/(decrease) in cash and cash equivalents	12,753	18,502
Cash and cash equivalent at beginning of the year	1,575	14,328
Cash and cash equivalent at end of the year [^]	14,328	32,830

Notes:

[^] Excluding cash balance in fixed deposit of more than 3 months which was RM29,184 as at 30 June 2016 and RM24,000 as at 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION *cont'd*

The cash balance of the Group as at 30 June 2017 was RM32.83 million out of which RM15.87 million was the net proceeds from the issuance of new Matang Shares pursuant to the Public Issue. In comparison, the cash balance as at end of the preceding financial year, i.e., 30 June 2016, was RM14.33 million. The Group remains free of any external debt or borrowings as at 30 June 2017. Excluding the net proceeds of RM15.87 million from the Public Issue, the cash balance of the Group has increased from RM14.33 million as at 30 June 2016 to RM16.96 million as at 30 June 2017.

In terms of financial position of the Group, the shareholders' equity of the Group has increased from RM167.21 million as at 30 June 2016 to RM184.64 million as at 30 June 2017 primarily arising from the additional RM16.9 million fund raised pursuant to the initial public offering exercise of Matang Berhad where 130 million new Matang Shares have been fully issued and paid-up. The Exchange of Share has induced a merger deficit of RM108.00 million due to Matang Shares of RM168.00 million being issued to the shareholders of MHB for the acquisition of MHB which has a nominal value of share capital acquired of RM60.00 million.

The key financial ratios of the Group for financial year ended 30 June 2016 and 2017 have been tabulated in the table below.

Matang Group	2016	2017
	Audited	Audited
Trade receivable turnover (days)	23	18
Trade payable turnover (days)	-	7
Inventory turnover period (days)	17	9
Current ratios (times)	17	19

REVIEW OF OPERATIONAL PERFORMANCE

Operationally, in the current financial year under review Matang Group has performed slightly better than the preceding financial year with an increase of about 1.02% in the production and sales tonnage of FFB. The sales volume of FFB has risen from 14,731 tonnes in financial year ended 30 June 2016 to 14,881 tonnes. Together with the increase in FFB prices during the financial year under review, the Group registered 34.91% growth in operating revenue.

Matang Estate has also carried out its annual nutrient tests on leaf and soil samples to ensure manuring programme, fertilisers choices and application dosages were all adequate and effective to boost yield. The Estate has undertaken 4 rounds of manuring with inorganic fertilisers purchased on just in time basis for the financial year under review. In addition, efforts have been intensified by the Group in the second half of financial year 2017 to source sustainable supply of foreign labour to ensure that harvesting and upkeep activities of the Estate will not be affected in the next financial year.

KEY RISK FACTORS

1. Expiry of lease for the Larkin Investment Property

Larkin Investment Property is erected on a leasehold land measuring approximately 1.3 hectares with a 60 years lease term expiring on 24 September 2031, i.e., with remaining lease period for the land of about 14 years. MHB had in April 2012 made an application to Johor Bahru Land Administrator to seek an extension of the leasehold land tenure for 60 years. However, the application was rejected in December 2013 to which MHB had appealed in February 2015 against the decision of Johor Bahru Land Administrator. The appeal was also unsuccessful with the land administrator citing that the said land shall be developed for housing purposes and in connection thereto, all applications for lease extension have been placed on hold.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

KEY RISK FACTORS *cont'd*

As for financial year ended 30 June 2017, the gross rental income from Larkin Investment Property was RM0.98 million and the net rental income after outgoings and associated expenses were RM 0.45 million. The net rental income of RM 0.45 million was about 35.80% of the post-tax profit of Matang Group for financial year ended 30 June 2017.

The remaining leasehold land tenure will limit and may possibly reduce the rental income from Larkin Investment Property in the near and long term. Ultimately, if there is no change of decision by the Johor Bahru Land Administrator, the land will be surrendered to Johor State Authority and there will be an immediate loss of rental income to the Group.

While the management of Matang Group reckons the limited remaining leasehold period, strategies are deployed to increase the occupancy rate for next financial year by enticing existing tenants to expand tenanted areas in meeting their expansion needs as well as soliciting assistance of real estate agencies for new tenants for vacant or unrented space. At the same time, the management is also seeking suitable buyer to acquire the property.

2. Dependency on major customer

While the Group recognises the importance of diversification of its customer base, it has started in September 2016 to supply its FFB to Kilang Kelapa Sawit Ledang Mas owned and operated by Milik Mestika located about 8km from Matang Estate.

At this juncture, Matang Estate remains significantly relying on two major customers which are located within reasonable vicinity for the sales of all its FFBs and these are Lenga which is located which is located about 38km away from the Estate and Kilang Kelapa Sawit Ledang Mas which is located about 8km from Matang Estate.

3. Dependency on the availability of an adequate labour force

The palm oil industry is labour intensive in nature. Labour force is required extensively to plant, maintain or upkeep fields including manuring and pruning as well as to harvest in order to maintain the overall required yield from the entire plantation estate. The oil palm industry in Malaysia has been facing difficulty in fulfilling its labour requirements from local workers and the players in the industry has resorted to employing foreign workers to cope with any shortfall in the recruitment of Malaysian workers.

As at 30 June 2017, Matang Estate has a labour force of 81 employees of whom 47 or 58.0% are foreign workers all of whom are legal workers. The local palm oil industry has conventionally sourced and relied on Indonesian workers to meet the gap of labour shortage considering that there is lack of language barriers with Indonesian labourers and that generally Indonesian workers are more likely to have previous experience in oil palm estates.

However, in recent years, the supply of Indonesian workers has not been stable in particularly fruit harvesters and collectors who have opted to head home given the improving oil palm sector in Indonesia. Moreover, the number of Indonesians willing to leave home and families is dwindling due to the higher wages at home and instability of foreign exchange between Malaysian Ringgit and Indonesian Rupiah.

The management of Matang Group has acted to independently source for Indonesian workers by visiting recruitment agencies in Lombok, Indonesia as well as relying on the local agencies for supply at the same time.

4. Dependency on weather conditions

The industry in which the core business of Matang Group operates remains potentially affected by adverse weather conditions. The fruiting and yield of oil palm trees may be adversely affected as well as the operation of the Estate including harvesting and production activities can be significantly hampered by less favourable weather conditions over a prolonged period of time. This is particularly evident with the effect of El Nino phenomenon which has caused drought where dry conditions have resulted in low soil moisture for growth of oil palm trees and suppressed FFB production. On the contrary, excessive rainfall conditions such as monsoons or the La Nina phenomenon which follows after drier weather condition brought by El Nino phenomenon, may also disrupt harvesting and logistics within the plantation segment.

To mitigate the risk arising from adverse weather conditions, Matang Estate practises planting legume cover crops and carry out empty fruit bunch mulching to retain soil moisture. In addition, silt pits and trenches have been constructed and constantly maintained to improve drainage and prevent flooding in the areas of the Estate that are either along a river and low-lying within the Estate.

MANAGEMENT DISCUSSION AND ANALYSIS

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PROSPECTS AND OUTLOOK

Lower than expected palm oil production compared with a year ago will support crude palm oil (“CPO”) prices moving forward. Other than the lower CPO output, lower than expected inventory of CPO will also provide support for CPO prices. In addition, higher exports of CPO may also exacerbate the lower CPO inventory level. Based on Bloomberg consensus data show the CPO is expected to trade at an average of RM2,688 per tonne in the third quarter of 2017 and at RM2,764 per tonne in fourth quarter of 2017. On average, the CPO is forecast to be at about RM2,766 per tonne for 2017.

The strong CPO prices will in turn provide necessary support for the FFB prices to planters like Matang. Barring unforeseen circumstances in connection with, amongst others, the weather conditions and supply of labour in the country, the Board is of the opinion that Matang Estate shall be able to boost its FFB production to a higher level in the financial year ended 30 June 2018 to capitalise on the attractive FFB price levels.

Matang’s core business has centred on oil palm cultivation. The Board recognises that the Group is a small-size plantation entity. However, armed with a wealth of over 35 years of plantation management experience, the Group has targeted to become mid-size plantation player with the possibility of the addition of complementary crude palm oil mill business. As set out under the Chairman Statement in this Annual Report, the Group has embarked in evaluating and initiating potential acquisition of suitable land bank and oil milling assets.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance 2012 (“the Code”) requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets. This Statement of Risk Management and Internal Control by the Board is made in respect of the financial year ended 30 June 2017 pursuant to Rule 15.26 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) as well as Principle 6 of the Code.

BOARD’S RESPONSIBILITIES

The Board recognises the importance of maintaining a sound system of internal control and risk management practices in ensuring good corporate governance. The Board is responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations and risk management in order to safeguard shareholders’ investment and the Group’s assets. The Board is committed to practising good standards of corporate governance and observing best practices and will continue to improve on current practices.

However, in view of the limitations inherent in any systems of internal controls and risk management, such systems are designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group. Hence, the Group’s system of internal controls can only provide reasonable assurance but not absolute assurance against material misstatement or loss to the Group.

The Board affirms that there is on-going or continuous process for identifying, evaluating and managing significant risks faced by the Group through its systems of internal controls and risk management.

RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

The Group has undertaken the preparation of a risk management framework and assessment to identify, evaluate and manage the significant risks affecting the Group’s operations to ensure that high risk areas are adequately addressed at various levels within the Group. Its systems of internal controls and risk management primarily cover areas of operational efficiency and effectiveness, financial controls and reporting, compliance monitoring and process improvements.

In undertaking the functions of the Board with regards to risk management and internal controls of the Group, the Board is supported by a number of established Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, each of which has clearly defined terms of reference. The Audit Committee has been tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the Group’s risk management and internal controls. The day-to-day implementation of risk awareness and management as well as compliance under the Group internal control processes and procedures are part of the responsibilities of the management team of the Group.

The Group has an organisational structure with clearly defined lines of accountability and responsibility as well as delegation of authority and reporting. There is a set of policies and procedures setting out the financial limits and approving authorities for key financial matters and decisions including for the revenue, major operating and capital expenditures of the Group to ensure proper functioning and accountability at both business units and head office levels.

During the financial year under review, the Group has undertaken risk awareness workshop for the key management team members. Risk assessment for the Group involving the key management team including heads of departments of various business functions and activities in Matang Estate as well as Larkin Investment Property was also conducted.

The risk profile of the Group is established by undertaking risk mapping and assessments facilitated with the assistance of external risk management consultants whereby key risk areas for each of the critical business functions and activities of the Group were identified, assessed and categorised based on the likelihood of occurrence and the resultant impacts. These were then documented as the Group risk register as part of the overall risk management framework of the Group and the same reviewed and deliberated by the Audit Committee with the assistance of the risk management consultants. The same exercise also identified the specific risk owners to facilitate the responsibility for actions in responding to risk management and risk matrix is also generated to assist the management and the Board to prioritise their efforts and appropriately manage the different classes of risks. The risk profile and register will be continuously reviewed for updates due to external changes as well as addition of new business areas and/or key activities.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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Internal controls have been implemented and will be continuously reviewed and improved, in particular, for high risk areas within the Group. The management team discusses with the Audit Committee on key control processes and procedures for areas of particularly high risk and/or concern to ensure adequate controls are always in place to mitigate any critical risks. Risk management by adhering to the implementation of internal control systems put in place is the responsibility of every employee in the Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit function has been outsourced to an independent external service provider to assist the Board to review and evaluate the adequacy and effectiveness of the Groups' internal control systems as well as compliance of the management and the Group to the systems put in place.

During the financial year under review, the internal audit function adopts a risk-based approach audit of the Group's significant business units, i.e., the operations and management of Matang Estate and Larkin Investment Property, human resources, information technology, purchasing and the associated accounting and finance activities. The internal audit review of key business areas and activities for Matang Estate covers areas for upkeep processes for estate/field, productions, harvesting, transportation, sales, purchases and inventory controls in addition to accounting and finance functions centralised at the head office of the Group.

The internal audit function report directly to and provides the Audit Committee with reports wherein it highlighted the observations on the adequacy of internal controls and findings with regards to the management's compliance to control procedures put in place. In addition, the internal audit function also made necessary recommendations to the Group based on the findings and observations. The internal audit fees incurred for the financial year ended 30 June 2017 was RM23,000.

INFORMATION AND COMMUNICATION

While the management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board has authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from the management as well as to seek inputs from the Audit Committee, external and internal auditors and other experts at the expenses of the Group.

QUALITY ASSURANCE

The internal auditor develops and maintains a quality assurance programme that covers all aspect of internal audit activities. The quality assurance programme assesses the effectiveness of internal audit processes and identifies gaps or rooms for improvement via both internal and external assessments. It has its own peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader of the internal audit team is experienced to manage internal audit assignments.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the ACE Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement in the Annual Report for the financial year ended 30 June 2017. Their review is performed in accordance with Recommended Practice Guide 5 (Revised 2015) ("RPG 5 (Revised 2015)") issued by the Malaysian Institute of Accountants. The external auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control of the Group.

RPG (Revised 2015) does not require the external auditors to consider whether this Statement covers all risk and controls or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention to cause them to believe that this Statement is not prepared, in all material respect, in accordance with the disclosures required by paragraph 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor is factually inaccurate.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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REVIEW BY THE BOARD

The Board considered the key findings and observations of internal audit as well as the adequacy and effectiveness of the risk management and internal control process in the financial year based on the following:

- (a) The senior management including the Executive Deputy Chairman, the Executive Director and the Chief Finance Officer (i.e., Key Management) of the Group responsible either for the development and maintenance of the risk management and internal control framework or for ensuring the implementation and conduct of adequate risk management and internal control framework within the Group.
- (b) The conduct or performance of the independent internal audit function at least on yearly basis for which an internal audit report was first reviewed by the Audit Committee having a chance to also discuss critical issues and findings with the internal auditors.
- (c) The periodic report of the Key Management with regards to the adequacy of the operations and functioning of the Group's risk management and internal control system.
- (d) The quarterly review of the Group's financial results and associated discussions with both the Chief Finance Officer and the Audit Committee in connection with financial conditions and performance of the Group.

The Board has also received assurance from the Key Management made up of the Executive Deputy Chairman, the Executive Director and the Chief Finance Officer that the risk management and internal control systems of the Group are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group.

Premised on the preceding sections, the Board considers the system of internal controls as set out in this Statement to be satisfactory and the risks to be at acceptable level within the context of the Group's business and operating environment. The Board is pleased to report that there were no major internal control weaknesses identified during the financial year under review nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Company's Annual Report. The Board and the management of the Group will continue to take measures to strengthen the risk and control environment and monitor the health of the risk management and internal control framework.

This Statement on Risk Management and Internal Control has been approved by the Board of Matang on 13 October 2017.

AUDIT COMMITTEE REPORT

The Audit Committee was established by the Board of Matang on 9 September 2015 with the primary objective of assisting the Board in discharging its duties and responsibilities and fulfilling its corporate governance responsibilities in relation to financial reporting, annual reporting, internal control structure, related party transactions and external and internal audit functions of the Group.

COMPOSITION AND MEETINGS

The Audit Committee consists of three (3) independent non-executive directors, i.e., Mr Lew Weng Ho, being the Chairman of the committee and Dato' Foong Chee Meng and Dato' Teh Kean Ming, both of whom are members of the Audit Committee.

Mr Lew is a member of the Malaysian Institute of Accountants since 1980 and has been a fellow of the ACCA since 1983. Dato' Foong is a solicitor in the Supreme Court of New South Wales and the Federal Court of Australia since 1989 and was admitted as Advocate and Solicitor of High Court of Malaya in 1993. Mr Tee Choon Yeow who has on 1 July 2017 vacated office as a director of Matang, was a member of Audit Committee for the financial year ended 30 June 2017. Mr Tee is a member of the Chartered Accountants of the Institute of Chartered Accountants New Zealand and Malaysia Institute of Accountants since 1981 and 1983 respectively. He became the fellow of the Chartered Public Accountants of Australia in 2008. While, Dato' Teh Kean Ming who has been appointed a member of Audit Committee on 23 August 2017, had held position as Chief Executive Officer and Managing Director of a public listed company engaged in wide range of businesses including plantation and property development.

The Chairman and all members of Audit Committee are all independent non-executive directors of the Company and none of them hold any interest whether direct or indirect in Matang and/or any of its subsidiaries.

The terms of office and performance of the Audit Committee and each of its members shall be reviewed annually by the Nomination Committee of the Company and the member may be re-nominated and appointed by the Board.

The details of the attendance of the members at the meetings held during the financial year ended 30 June 2017 are as follows:

Name	No. of meetings attended
Lew Weng Ho <i>Independent Non-Executive Director</i>	3 out of 3
Dato' Foong Chee Meng <i>Independent Non-Executive Director</i>	3 out of 3
Tee Choon Yeow[^] <i>Independent Non-Executive Director</i>	2 out of 3

Note:

[^] Mr Tee Choon Yeow has vacated office as a director of the Company on 1 July 2017 and has accordingly ceased to be a member of the Audit Committee on the same date. In place thereof, Dato' Teh Kean Ming has been appointed as a member of the Audit Committee on 23 August 2017.

The Audit Committee shall meet at least four (4) times annually (with the exception of first year of listing) and such additional meetings as the Chairman may call at any time at the Chairman's discretion. Other directors, employees and/or representatives of the external auditors may attend any particular meeting at the invitation of the Audit Committee.

AUDIT COMMITTEE REPORT

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TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Authorities

The Audit Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:

- (a) Have explicit authority to investigate any matters of the Company and its subsidiaries, within its terms of reference, where it deems necessary, investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of management integrity, possible conflict of interest, or abuse by a significant or controlling shareholder;
- (b) Have resources which are required to perform its duties;
- (c) Have full and unrestricted access to any information pertaining to the Company which it requires in the course of performing its duties;
- (d) Have direct communication channels with the external auditors and have direct authority over the internal audit function of which is independent from the management and operations of the Group;
- (e) Be able to obtain and seek outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
- (f) Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company.

Key Functions and Duties

The principal duties and responsibilities of the Audit Committee shall include:

(a) With the external auditor:

- (i) To consider and recommend the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal, and inquire into the staffing and competence of the external auditors in performing their work and assistance given by the Company's officers to the external auditors.
- (ii) To discuss with the external auditors the nature, scope and any significant problems that maybe foreseen in the audit, to ensure adequate test to verify the accounts and procedures of the Company.
- (iii) To ensure that the management has placed no restriction on the scope of the audit.
- (iv) To review and discuss on the evaluation and findings of the system of risk management and internal controls and the audit reports on the financial statements.
- (v) To discuss problems and reservations arising from the internal audit, interim and final audits, and any matters the auditors may wish to discuss (in the absence of the management where necessary) and the management's response with regard to the problems and reservations arising from their audits.
- (vi) To review all areas of significant financial risks and the arrangements in place to contain these risks to acceptable levels.

(b) For financial review

To review the quarterly announcements to Bursa Securities and annual financial statements before submission to the Board, focusing particularly on, amongst others:

- (i) Any changes in accounting policies and practices;
- (ii) Major judgemental areas;
- (iii) Significant adjustments resulting from the audit;
- (iv) Significant transactions which are not a normal part of the Group's business;
- (v) Going concern assumptions;
- (vi) Compliance with the accounting standards;
- (vii) Compliance with the stock exchange and legal requirements;
- (viii) Quality and effectiveness of the accounting and internal control system and the efficiency of the Company's operations;
- (ix) Adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group.

AUDIT COMMITTEE REPORT

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TERMS OF REFERENCE OF THE AUDIT COMMITTEE *cont'd*

Key Functions and Duties *cont'd*

(c) For internal audit function:

- (i) To review the adequacy of the competency of the internal audit function including the scope and resources and ensuring that it has the necessary authority to carry out its works.
- (ii) To review the internal audit program and the internal audit reports and to ensure appropriate and prompt remedial actions are taken by the management on lapses in controls or procedures that are identified in the internal audit.

(d) For risk management:

- (i) To review and assess the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
- (ii) To ensure adequate infrastructure, resources and systems are in place for risk measurement, i.e., ensure that the staff responsible for implementing risk management system perform those duties independently of the Group's risk originating activities;
- (iii) To review periodic reports on risk exposure, risk portfolio composition and risk management activities of the Group;
- (iv) To review and evaluate the various processes and systems engaged by the Company and to ensure that they are conducted within the standards and policies set by the Board.

(e) Other matters:

- (i) To review any related party transactions and conflict of interest situation that may arise within the Company and/or the Group;
- (ii) In respect of the recurrent related party of a revenue or trading in nature which is/are subject to shareholders' mandate, prescribe guidelines and review procedures to ascertain that such transactions are in compliance with the terms of the shareholders' mandate;
- (iii) To review the Group's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters (in compliance with provisions in the Companies Act 2016);
- (iv) To report to Bursa Securities on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the listing requirements of Bursa Securities.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The Audit Committee met three (3) times in the financial year ended 30 June 2017 and this section set out the works and tasks of the Audit Committee of Matang during the current financial year under review.

(a) Financial Reporting

The Audit Committee met on quarterly basis and has reviewed and deliberated all the announcements of quarterly financial results for financial year ended 30 June 2017 made by the Company since its Listing on Bursa Securities and these included the following:

Date of Audit Committee meetings	Quarter Financial Results/Annual Financial Statements Reviewed
28 November 2016 (1st Audit Committee meeting for financial year ended 30 June 2017)	Unaudited first quarter financial results for the period ended 30 September 2016
21 February 2017 (2nd Audit Committee meeting for financial year ended 30 June 2017)	Unaudited second quarter financial results for the period ended 31 December 2016
25 May 2017 (3rd Audit Committee meeting for financial year ended 30 June 2017)	Unaudited third quarter financial results for the period ended 31 March 2017
23 August 2017 (1st Audit Committee meeting for financial year ended 30 June 2018)	Unaudited fourth quarter financial results for the period ended 30 June 2017

In addition, the Audit Committee has also undertaken the review of the audited annual financial statements of the Group including the accompanying directors' reports. The Audit Committee ensures that the financial results and statements as the case maybe are prepared in a timely and accurate manners complying with applicable accounting, regulatory requirements and financial reporting standards.

(b) External Auditor

The Audit Committee has deliberated and reviewed the scope of statutory audit and the audit plan as well as discussing with the external auditors the audit strategies and any implementation of new or changes in accounting standards that will affect the Group in the current and next financial years. The external auditor has also presented the audit plan to the Board.

The Audit Committee has also held a discussion with the external auditors after the completion of audit field works for any findings and observations of material concerns and effects to the Group.

The Audit Committee also encourages the external auditor for continuous engagement with the Audit Committee to ensure that issues affecting the Company and the Group can be brought to the attention of the Audit Committee in timely manner.

(c) Internal Auditor

The Audit Committee oversees the conduct of internal audit periodically to ensure that review of the adequacy of the Group's internal control systems is carried out in timely manner as well as ensuring operations are carried in compliance with internal controls set.

To that end, for financial year ended 30 June 2017, the Audit Committee has reviewed the internal audit reports of the Group which covered the critical areas of Estate management and operations, i.e., encompassing activities from procurement and purchases to field upkeep such as pruning and manuring activities and harvesting or production as well as transportation and delivery of FFB and the associated accounting and finance activities. The Audit Committee had also discussed the internal audit findings and issues with the internal auditor prior to presenting the same to the Board.

AUDIT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS OF THE AUDIT COMMITTEE *cont'd*

(d) Risk Management

The Audit Committee has reviewed the risk register and profile prepared by the independent risk management consultant engaged by the Company.

(e) Related Party Transaction(s)/Recurrent Related Party Transaction(s)

The Audit Committee has deliberated with the management with regards to the tenancy arrangement entered into between MHB and a company related to the substantial shareholder for the Group's head office in Menara Multi-Purpose located at 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, the tenancy of which is for three (3) years and entered on arms' length basis. The Audit Committee was presented by the management with the valuation letter from an independent real estate valuer and consultant for the rental per square feet payable for the head office.

(f) Corporate Governance & Others

The Audit Committee also reviewed and made recommendations to the Board for the draft Annual Report for the financial year pertaining to the Audit Committee Report, Corporate Governance Statement and the Statement of Risk Management and Internal Controls.

In addition, the Chairman and members of Audit Committee have also engaged on continuous basis with other Board members, the Executive Directors and with the management of the Group in order to be kept informed of the operations and management of Matang Estate including any material events and/or matters affecting the operations of the Estate and the Group as a whole.

INTERNAL AUDIT FUNCTION AND SUMMARY OF WORKS DONE

Due to the size of subsidiaries and operations involved for Matang Group, Audit Committee and the Board has opted for outsourcing the internal audit function of the Group to an independent internal audit firm. The internal auditor engaged reports directly to the Audit Committee the findings and observations made from the internal audit exercise undertaken.

In the financial year under review, the Group has undertaken its first internal audit exercise after the Listing of Matang on the ACE Market of Bursa Securities on 17 January 2017. This internal audit exercise covered an extensive scope and important areas of the operations of Matang Estate as well as Larkin Investment Property, guided by the risk-based assessment conducted as part of the risk management framework of the Group.

Amongst the key areas for which internal audit exercise for financial year ended 30 June 2017 has covered were, Estate operations beginning with procurement and purchases of raw materials and consumables, field upkeep activities including manuring, weeding and pruning, harvesting and productions of FFB and sales, transportation and delivery of the same. Key accounting and finance tasks and scope related to the aforesaid business activities as well as head office expenditure also formed a part of this internal audit exercise.

Timing is being scheduled for a follow-up audit in three (3) to six (6) months from the date of this statement to ensure that follow-up corrective and compliance matters are being either put in place or implemented following any audit findings highlighted in the internal audit report.

This Audit Committee Report has been approved by the Board of Matang on 13 October 2017.

CORPORATE GOVERNANCE STATEMENT

The Board places significant emphasis in ensuring that high standard of corporate governance practices is implemented throughout the Group as essential part of discharging its responsibilities to safeguard and enhance shareholders' interest and value and the financial performance of the Group.

The Board of Matang takes continuous steps to introduce and adopt refined policies and procedures and as well setting up the Group's processes and systems in order to comply with the ACE Market Listing Requirements of Bursa Securities and towards adhering to the principles and recommendations on corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "Code").

The new Malaysian Code on Corporate Governance ("MCCG 2017") takes effect on 26 April 2017 to supersede Malaysian Code of Corporate Governance 2012 with the companies with financial year ending 31 December 2017 being the first batch of companies to report their application of the practices under MCCG 2017. The Company's compliance to recommendations under MCCG 2017 where applicable and if different from MCCG 2012 shall fall due on 30 June 2018.

1. BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has the overall responsibilities for corporate governance of the Company including providing overall strategic guidance for the Company and effective oversight of the management. The Board is to ensure that the activities of the Company comply with its constitution, from which the Board derives its authority to act and monitor the Company's performance to create sustainable value for the shareholders.

The Board Charter of the Company which has been approved and adopted with effect from 21 February 2017 set out the following key responsibilities:

- Providing guidance, reviewing and approving strategy plans and performance objectives;
- Monitoring financial performance of the Company and approving quarterly and yearly financial reports;
- Reviewing and approving major capital expenditure, capital management, major acquisitions and divestment and material commitments;
- Declaring interim dividend and recommendation of final dividend for shareholders' approvals;
- Establishing committees and policies as to facilitate more effective discharge of Board's roles and responsibilities;
- Ensuring through Board committees as appropriate, compliance obligations and functions are effectively discharged;
- Reviewing and approving recommendations made by various committees;
- Overseeing and reviewing systems of internal controls/compliance, risk management and control and legal compliance of the Company, ensuring they are operating effectively;
- Appointment and if appropriate, removal of directors and company secretary;
- Approving succession plans including appointing and training for directors and senior management;
- Approving remuneration policies of directors; and
- Ensuring effective communication and reporting to shareholders to ensure they are informed of the performance and major developments of the Company.

Access to Information and Advice

The Board Charter has set out that all directors have access to all information and may request for additional information or to take independent professional advice at the Company's expenses during meetings or written request indicating the purposes for such information, in furtherance of their duties.

Similarly, the Terms of Reference of the Audit Committee specifically set out that the Audit Committee shall in accordance with the procedure determined by the Board and at the cost of the Company, amongst others, have full and unrestricted access to any information pertaining to the Company which it requires in the course of performing its duties and be able to obtain and seek outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

The Board Charter of the Company has been included on the Company's website, www.matangbhd.com and the Board shall also periodically review its Board Charter and a copy of the revised charter shall be updated onto the Company's website from time to time whenever there are changes.

CORPORATE GOVERNANCE STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Committees

The Board delegates specific responsibilities of performance review and monitoring, measurement, risk management and internal controls to the Audit Committee. The duties and responsibilities of overseeing the establishing committees, selection, appointment and nomination of directors, chief executive and chief finance officer have been delegated to the Nomination Committee. The Audit Committee of the Company also provides independent oversight with regards to the risk management and internal controls frameworks, systems and practices of the Company.

All committees, i.e., the Audit Committee, Nomination Committee and Remuneration Committee shall present to the Board on relevant matters discussed and decision arrived at as well as recommendations if any made to the Board. Minutes of the Board committees' meetings are also presented to the Board to keep the Board informed of deliberations and decisions of the committees. For financial year ended 30 June 2017, the Audit Committee had held three (3) meetings out of which two (2) were attended by all members of the committee. The Nomination Committee and the Remuneration Committee had respectively held two (2) meetings, all of which were attended by all members of the committees.

The composition of each of the Board committees are shown in page 2 of this Annual Report. The following sections set out the duties and responsibilities of the Nomination Committee, Remuneration Committee and Audit Committee of the Company which have been adopted by the Board on 9 September 2015 as part of the terms of reference of the aforesaid committees.

Nomination Committee

The Nomination Committee has been established by the Board to comprise exclusively non-executive directors with the overall responsibilities to assist the Board in assessing Board composition and nomination of new Board members. The Nomination Committee is chaired by an independent director. The specific duties and responsibilities of the Nomination Committee include:

- (a) To propose new nominees to the Board and to assess directors on an ongoing basis. The Nomination Committee should:
 - (i) Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, Nomination Committee should consider the candidates':
 - Skills, knowledge, expertise and experience;
 - Professionalism;
 - Integrity; and
 - In the case of candidates for the position of independent non-executive directors, Nomination Committee should also evaluate the candidates' ability to discharge such responsibility/functions as expected from independent non-executive directors.
 - (ii) Consider, in making its recommendations, candidates for directorships proposed by the chief executive officer and, within the bounds of practicability, by any other senior executive or any directors or shareholder, and
 - (iii) Recommend to the Board, directors to fill the seats on board committees.
- (b) To assist the Board to examine the size of the Board, with a view to determining the impact of the number upon its effectiveness.
- (c) To carry out an annual assessment of the effectiveness of the Board as a whole as well as the committees of the Board. In connection, Nomination Committee should also evaluate the contribution of each individual director, including independent non-executive directors as well as the chief executive officer.
- (d) To help the Board to draw up an orientation and education programme for new recruits to the Board.

CORPORATE GOVERNANCE STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Nomination Committee *cont'd*

The Nomination Committee held its first meeting after Listing of the Company on 21 February 2017 and for the financial year under review the Nomination Committee has deliberated and decided the following matters since 21 February 2017:

- The terms of reference for the Nomination Committee and the Remuneration Committee;
- The appointment of a new chief finance officer, his/her scope of service/works and the form of contract applicable;
- The necessity and the requirement for an additional senior managerial role in the Matang Estate;
- The review and recommendation of the structure, size, balance and composition of the Board and Board Committees; and
- The review and recommendation of the re-election/re-appointment of directors who are due for retirement at the Annual General Meeting.

Remuneration Committee

The Remuneration Committee has been established by the Board and it comprises majority of independent non-executive directors with the overall responsibilities to recommend to the Board the remuneration and other benefits of the executive directors and senior executives of the Company.

Any individual Executive Directors who is on Remuneration Committee should play no part in any decision on his/her own remuneration. The remuneration packages of Non-Executive Director shall be a matter to be decided by the Board as a whole with the director concerned abstaining from discussion and voting on any decision on his/her own remuneration.

Audit Committee

The duties and responsibilities of the Audit Committee (which have also been adopted by the Board on 9 September 2015 as part of the terms of reference of Audit Committee) are included as part of the Audit Committee Report, i.e., from pages 28 to 29 of this Annual Report.

Formalised Ethical Standards

The Company has adopted the Code of Conduct and Ethics applicable to all directors of the Group. The Board has on 13 October 2017 approved the Whistle Blowing Policy for the Company to adopt in ensuring the Group upholds its business ethics of honesty, integrity and transparency. A copy of the whistle blowing policy has been published on the Company's website. Any stakeholders suspecting any integrity issues, misconducts and /or fraud occurring in any of the companies within the Group are encouraged to lodge a report through email to:

Attention : Mr Lew Weng Ho
Designation : Audit Committee Chairman
Email address : wh.lew@matangbhd.com

Strategies for Sustainability

The Company ensures that the environment in which Matang Estate is located is not adversely impacted as a result of the Group's operations. Amongst others strategies put in place include, forbidding open burning within the Estate as well as usage of non-environmentally degrading or harmful inorganic fertilisers. In addition, the business tactics deployed by Matang Estate aims that optimizing the productions or harvesting of FFB thereby allowing the Group to capitalize on currently favorable FFB prices. Upkeep of field is undertaken on strict schedule to protect if not enhancing the yield of Matang Estate, all of which are to ensure sustainable long term productions of FFB and business for the Group. Strategically, the management and Board have considered growth by acquisition of suitable land bank and/or operating palm oil estates relevant and efforts have been undertaken to identify such assets for which the Group can consider.

In addition, for the financial year under review, the Group has accepted the offer from Jabatan Kerja Raya's compensation for compulsory acquisition of 2.1528 hectares to facilitate the upgrading and expansion of Jalan Muar-Segamat-Tangkak, the upgrading of which was considered by the Company to bring significant social benefits.

CORPORATE GOVERNANCE STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Company Secretaries

The Board is supported by qualified and competent company secretaries, i.e. Ms Lim Hooi Mooi and Ms Lau Yen Hoon. The Board including any of the directors of the Company has direct access to the advice and services of the company secretaries who are responsible for ensuring the Board meeting's procedures are adhered to and applicable rules and regulations are complied with. The company secretaries have also regularly updated and advised the Board and the management of the Company on any new statutory and regulatory requirements in connection with discharging the duties and responsibilities of the directors and the management.

Conduct of Board Meetings

The deliberation of matters by the Board in every meeting held have been carried out with agenda or meeting notice being circulated at least seven (7) days before scheduled dates of meeting and relevant meeting materials were in most cases circulated to the Board and Board committees seven (7) days prior to the meetings save, in accordance with provisions under the Constitution of the Company, for circumstances where special board meetings have been inevitably called for on short notices. Minutes of all Board and Board committee meetings have been duly circulated to all members of the Board or Board committee as the case maybe for review and reference prior to the succeeding meeting and all members of the Board have direct access to the company secretaries for any queries and doubts with regards to the records of the proceedings of all Board and Board committee meetings.

Board Composition

As at the date of this Statement, the Board comprises 10 members, i.e., two (2) Executive Directors and eight (8) Non-Executive Directors out of which three (3) are Independent Directors. The Independent Directors make up of one-third (1/3) of the Board membership as prescribed under Rule 15.02 of the ACE Market Listing Requirements which set out that in the event of the number of directors of a listed corporation not being three (3) or not in multiple of three (3), the number nearest one-third (1/3) shall be used as a guide to determine required composition.

The Company is undertaking steps to align its Board composition of having at least half of the Board being made up of independent directors, the compliance of which is targeted by end of the Company's financial year 30 June 2018. In addition, the Company is also assessing the steps it is required to take in favour of gender diversity in the Board of the Company, the details of which shall be included in the annual report of the Company for financial year ending 30 June 2018.

The Board is led by the experienced Independent Non-Executive Chairman while the executive roles in the Group is headed by Executive Deputy Chairman, the latter of whom leads the management team of the Group. This is to ensure distinction of responsibilities where the Chairman who plays a non-executive role, is primarily responsible for the orderly conduct of the Board while the Executive Deputy Chairman is responsible for the overall operations of the business of the Group and the implementation of the Board strategy and policy.

In terms of Board membership, Matang Board consists of members with a wide and relevant range of skills and experiences, in particularly in the plantation and agricultural industry in addition to members who are of professional and corporate backgrounds such as qualified accountants or chief finance officers, prominent lawyer and former chief executive of conglomerate in plantation and property development. Others non-executive directors include primarily businessmen and entrepreneurs who have strong business acumen and extensive commercial experiences either in oil palm plantation or agriculture industry or in the State of Johor where Matang Estate is located.

The Constitution of the Company has prescribed that one-third (1/3) of the directors shall retire from office and are subject to re-election at the annual general meetings ("AGM") of the Company on the basis that all directors shall retire from office once every three (3) years but shall be eligible for re-election. This provides the shareholders of the Company to decide and renew the directors' mandate. The Company had in the immediate preceding financial year re-appointed Dato' Teh Kean Ming, Mr Lew Weng Ho and Mr Eng Cheng Guan to continue as directors of the Company.

CORPORATE GOVERNANCE STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Board Composition *cont'd*

For the AGM for financial year ended 30 June 2017, Datuk Kiat Swee Sung, the Executive Deputy Chairman and Mr Lau Liang Fook, Non-Independent Non-Executive Director, who are due to retire by rotation, have expressed their intention to seek re-election at the 2017 AGM. Datuk Tan Teck Poh @ Tan Ah Too, Non-Independent Non-Executive Director, who had been re-appointed in the previous AGM under Section 129(6) of the former Companies Act, 1965 which was then in force and whose term would expire at the conclusion of the 2017 AGM, has expressed his intention to seek re-appointment as director of the Company. The Board had approved the recommendation of the Nomination Committee that the directors who are due to retire at the 2017 AGM be eligible to stand for re-election/re-appointment.

A summary of the information relating to the profile, meeting attendance and shareholdings of such directors due for re-election/re-appointment have been included in this Annual Report.

The Board composition is constantly reviewed and assessed by the Nomination Committee which is also entrusted by the Board to review and recommend the appointment of any new directors, chief executive and chief finance officer when appropriate. The Nomination Committee of the Company is chaired by an independent non-executive director of the Company, namely, Dato' Foong Chee Meng and consist of two (2) other members and in line with the ACE Market Listing Requirements, the Nomination Committee comprises exclusively of non-executive directors.

Reinforce Independence

The Company does not have a policy on the tenure for independent directors as the Board is of the view that a term of more than nine (9) years may not necessary impair the independence and judgement of an independent director and therefore the Board does not deem it appropriate to impose a fixed term limit for independent directors at this juncture. That having said, none of the independent directors of the Company has served more than nine (9) years on the Board.

However, as recommended under the Code, after a cumulative term of nine years, an independent director may continue to serve on the Board as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, the Board shall provide justification and seek annual shareholders' approval of Company.

Board Diversity

The Board is cognisant of the recommendation under the Code with regards to workforce and boardroom gender diversity. In that connection, while the Company has not adopted any formal policy on gender diversity in selection of candidates, the Company does not restrict any specific gender in filling the workforce gaps so long as the suitable candidate(s) have the merits of amongst others, qualifications, experience and aptitude for specific roles or designations in the organisations within the Group.

Similarly for the Board, the Company and its subsidiaries evaluates the suitability of the candidates for new directors based on the candidates' competency, skills, knowledge, experiences, characters, time commitment and other relevant specific criteria regardless of the gender of the candidates. The Board shall undertake the assessment of the performance and contribution of the Board members annually which is targeted at the completion of each anniversary from Listing on 17 January 2017 to ensure that all Board members shall have at least a full year of attendance to the Board meeting and any relevant Board Committees' meetings in order for the Company to have a meaningful evaluation.

While the Nomination Committee and the Board consider experience of Board members in business and agricultural industry especially oil palm plantation/estate crucial to contributing in Board deliberations and decision making, the Board also adopt a view of diversity in respect of age considering the receptiveness of younger generation to digital idea, knowledge and technologies in businesses and operations. In that regards, the Board of Matang is made up of diverse age group ranging from younger Board member with age of 48 to 51 to older members with age of 69 to 71.

The Board regards diversity in ethnicity important and hence the Board shall take necessary steps to look into implementing suitable diversity in ethnicity in the Board.

CORPORATE GOVERNANCE STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Foster Commitment

A total of eight (8) Board meetings were held during the financial year ended 30 June 2017 and the following table set out the attendance record of each director for financial year ended 30 June 2017:

Directors	Number of meetings attended
Dato' Teh Kean Ming	7/8
Datuk Kiat Swee Sung	8/8
Datuk Tan Teck Poh @ Tan Ah Too	8/8
Datuk Teoh Sew Hock	4/8
Dato' Foong Chee Meng	4/8
Mr Eng Cheng Guan	8/8
Mr Lew Weng Ho	6/8
Mr Lau Liang Fook	8/8
Mr Ng Keng Heng	8/8
Mr Chong Pow On	6/8
Datuk Dr Lee Hong Tee [^]	3/8
Mr Tee Choon Yeow [^]	3/8

Notes:

[^] *Datuk Dr Lee Hong Tee and Mr Tee Choon Yeow have vacated office as directors on 1 July 2017 pursuant to the requirement under Rule 15.06 of the ACE Market Listing Requirements of Bursa Securities.*

The Board recognises the importance of commitment of its Board members to achieve effective functioning and decision making by the Board. While, the Board also understands that crucial decisions are often required to be made in limited time frame to ensure business opportunities are seized or material adverse impacts to the Company or the Group can be avoided on time effectively. Hence, the Board adopts the guidance required under the ACE Market Listing Requirements where each director is expected to achieve at least 50% attendance of total Board meetings in any particular financial year with appropriate leave of absence be notified to the Chairman and/or the Company Secretaries, where applicable.

With regards to appointment of any new director of Matang, the directorships held by the new director in other public listed companies in Malaysia at any one time shall not exceed any number prescribed by the relevant authorities from time to time. For any new appointment, the director's commitment to devote sufficient time to perform his/her responsibilities is also obtained. All directors of the Company are to ensure that any future of his/her appointments as directors of other companies are not in conflict with the Group's businesses and will not also affect his/her ability in discharging his/her duty as director of the Company.

Directors' Training

The Board entrusts the assistance of the management after consultation with the Nomination Committee to advise and arrange for the appropriate trainings for the directors of the Company. As a company with listing status newly sought, the Company had assessed based on the respective directors' experience and exposure as well as level of various technical knowledge, the areas of trainings for the directors of the Company will focus on knowledge in relation to compliance with listing requirements and company laws and regulations as well as best practices of corporate governance and relevant accounting and taxation information.

Given that the Company has only achieved Listing on the ACE Market of Bursa Securities on 17 January 2017, training programme for the directors are in the process of being identified and matched and budget being allocated for training courses to be gradually spread out for the directors over the months leading to the end of financial year ending 30 June 2018.

CORPORATE GOVERNANCE STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Directors' Training *cont'd*

All directors have attended the Mandatory Accreditation Programme within the stipulated timeframe pursuant to Rule 15.08 and the Guidance Note 10 of the ACE Market Listing Requirements. The trainings/courses/briefings attended by the directors of the Company during the financial year ended 30 June 2017 are summarised below for reference:

Directors	Courses (Trainings/Briefings) Attended
Dato' Teh Kean Ming	<ul style="list-style-type: none"> IPO Dialogue organised by Securities Commission Malaysia Bursa Malaysia Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom
Datuk Kiat Swee Sung	<ul style="list-style-type: none"> Mandatory Accreditation Programme conducted by The Iclif Leadership and Governance Centre IPO Dialogue organised by Securities Commission Malaysia Listing On-Board Session organised by Bursa Securities Risk Assessment and Management Workshop conducted by Smart Business Consulting The Annual General Meeting: A Practical Insight for All Stakeholders organised by Malaysian Investor Relations Association
Eng Cheng Guan	<ul style="list-style-type: none"> Mandatory Accreditation Programme conducted by The Iclif Leadership and Governance Centre IPO Dialogue organised by Securities Commission Malaysia Listing On-Board Session organised by Bursa Securities Risk Assessment and Management Workshop conducted by Smart Business Consulting
Lew Weng Ho	<ul style="list-style-type: none"> IPO Dialogue organised by Securities Commission Malaysia Overview of Companies Act, 2016
Dato' Foong Chee Meng	<ul style="list-style-type: none"> IPO Dialogue organised by Securities Commission Malaysia
Datuk Tan Teck Poh @ Tan Ah Too	<ul style="list-style-type: none"> Mandatory Accreditation Programme conducted by The Iclif Leadership and Governance Centre IPO Dialogue organised by Securities Commission Malaysia Listing On-Board Session organised by Bursa Securities
Datuk Teoh Sew Hock	<ul style="list-style-type: none"> Mandatory Accreditation Programme conducted by The Iclif Leadership and Governance Centre IPO Dialogue organised by Securities Commission Malaysia
Ng Keng Heng	<ul style="list-style-type: none"> Mandatory Accreditation Programme conducted by The Iclif Leadership and Governance Centre IPO Dialogue organised by Securities Commission Malaysia
Lau Liang Fook	<ul style="list-style-type: none"> Mandatory Accreditation Programme conducted by The Iclif Leadership and Governance Centre IPO Dialogue organised by Securities Commission Malaysia
Chong Pow On	<ul style="list-style-type: none"> Mandatory Accreditation Programme conducted by The Iclif Leadership and Governance Centre IPO Dialogue organised by Securities Commission Malaysia

CORPORATE GOVERNANCE STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Remuneration for Directors

The Board has on 25 May 2017 formalised and approved that the remuneration which are structured to remunerate the directors' contribution based on a fixed annual director's fees and director's meeting allowance payable based on the number of attendance to the Board meetings.

The level of fixed annual director's fees and meeting allowance shall be deliberated by the Remuneration Committee on yearly basis, the outcome of which shall be recommended to the Board for approval. In addition, directors with executive roles and responsibilities in the Group shall also be entitled to director's salary based on the experience, qualification, scope of works or executive or managerial roles and responsibilities undertaken, the criterions of which were deliberated by the Remuneration Committee together with the salary level and the outcome is then recommended to the Board for approval.

The following section shows the summary of total remuneration to Executive and Non-Executive Directors by type of remunerations.

By type of remunerations	Group		Company	
	Executive Directors RM'000	Non-Executive Directors RM'000	Executive Directors RM'000	Non-Executive Directors RM'000
Directors' fees	10	105	10	105
Salary and other emoluments	78	79	6	41
Total	88	184	16	146

Note:

^ Other emoluments include the meeting allowance for the directors' attendance to the Board meetings.

The following section shows the summary of total remuneration by bands of remunerations.

By band of remunerations	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Up to RM50,000	2	9	2	10
RM50,001 to RM100,000	1	-	-	-
More than RM100,000	-	-	-	-
Total	3	9	2	10

CORPORATE GOVERNANCE STATEMENT

cont'd

1. BOARD LEADERSHIP AND EFFECTIVENESS cont'd

Remuneration for Directors cont'd

The following table shows the summary of the remuneration at Group level for each of the directors of the Company.

By directors	Director Fees RM'000	Sitting Allowances RM'000	Directors' Salaries RM'000	Total RM'000
Dato' Teh Kean Ming	15	5	-	20
Datuk Kiat Swee Sung	-	6	-	6
Eng Cheng Guan	10	12	60	82
Lew Weng Ho	10	4	-	14
Dato' Foong Chee Meng	10	2	-	12
Tee Choon Yeow [^]	10	3	-	13
Datuk Tan Teck Poh @ Tan Ah Too	10	12	-	22
Datuk Teoh Sew Hock	10	7	-	17
Datuk Dr Lee Hong Tee [^]	10	2	-	12
Ng Keng Heng	10	12	-	22
Lau Liang Fook	10	12	-	22
Chong Pow On	10	10	-	20
Total	115	87	60	262

Notes:

[^] Datuk Dr Lee Hong Tee and Mr Tee Choon Yeow have vacated office as directors on 1 July 2017 pursuant to the requirement under Rule 15.06 of the ACE Market Listing Requirements of Bursa Securities.

2. EFFECTIVE AUDIT AND RISK MANAGEMENT

a. Audit Committee

The Board is committed to furnish the shareholders of the Company with clear up-to-date and reflection and evaluation of the Group's financial performance and conditions through the dissemination of interim financial reports and statements, annual reports and relevant announcements to Bursa Securities. To that ends, the Board is assisted by the Audit Committee which sits at least on quarterly basis to review the interim and annual financial reports of the Group.

The Audit Committee is made up of three (3) members, all of whom are Independent Non-Executive Directors of the Company. The committee is chaired by Mr Lew Weng Ho, who is a qualified chartered certified public accountant with experiences spanning across auditing, reporting, financial management, advisory and investment in various managerial capacities as well as holding directorship in public listed companies in Malaysia and Singapore. The other members of the Audit Committee include Dato' Foong Chee Meng and Mr Tee Choon Yeow (the latter of whom has vacated office as director and ceased to be a member of the Audit Committee on 1 July 2017) and Dato' Teh Kean Ming (who has been appointed as a member of Audit Committee on 23 August 2017). The profile of the existing Audit Committee members has been included in the Audit Committee Report.

Prior to the start of the annual audit of financial statements of the Group for the financial year under review, the Audit Committee has conducted discussions and interviews with external auditors for experiences, suitability and independence in acting as external auditors for the Group. Besides, meetings were also undertaken with the external auditors on audit scope, plan and strategies before the start of the annual audit of financial statements. The external auditors of the Group have also provided assurance to the Audit Committee confirming their independence for the audit engagement and the conduct of the audit of the Group's financial statement for financial year ended 30 June 2017.

CORPORATE GOVERNANCE STATEMENT

cont'd

2. EFFECTIVE AUDIT AND RISK MANAGEMENT

a. Audit Committee *cont'd*

During the financial year under review, the Audit Committee also undertakes review of all quarterly financial results including notes to the financial results of the Group and addressed their queries, if any, to the management during Audit Committee meetings. The Audit Committee, with satisfactory response of the management, shall report their view and advice in relation to the quarterly financial result to the Board before the Board deliberates and approves the results for announcement to Bursa Securities.

The Audit Committee also exercises its responsibilities by reviewing both the Internal Audit Report and Audited Financial Statements of the Group and held discussions with the auditors for addressing any questions and comments. The Audit Committee has also respectively met with the internal and external auditors for the discussions in relation to the Internal Audit Reports (including its findings) and the Audited Financial Statements.

Guided by the discussions with the auditors and necessary responses and clarifications from the management, the Audit Committee then reports to the Board any matters of material concerns, if any, in particularly in connection with the financial reporting and performances of the Group, risk management measures and effectiveness and implementation of internal control systems of the Group.

The Audit Committee, under its terms of reference approved by the Board, has expressed authority to investigate any matters of the Group it has come across in respect of a transaction that raises questions of management integrity, possible conflict of interest or abuse by a significant or controlling shareholder. In addition, it also has been granted full access to all information and resources to carry out such inquiries.

The Audit Committee Report is set out on pages 27 to 31 of this Annual Report.

b. Risk Management and Internal Control Framework

In addition to overseeing the proper preparation of the financial reports and the financial statements of the Company and the Group, the Audit Committee also independently evaluate the adequacy of the risk management and internal control framework of the Group as well as assessing the effectiveness of the implementation by the management of the components required under the frameworks.

During the financial year under review, the Audit Committee has exercised its independence to discuss the audit plan, audit strategies and any key areas of concerns and the resources with the external and internal auditors. More details of the internal audit performed have been included under Internal Audit Function and Summary of Works Done in the Audit Committee Report.

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

a. Communication with Stakeholders

The Board uses public announcements made as well as the Company's website, www.matangbhd.com (where relevant announcements of the Company are linked to Bursa Securities) to disseminate information of the Group and major development of the Group's business to existing and potential shareholders. In that connection, the Company also incorporates an investor relations section in its website where links to announcements made to Bursa Securities, in particularly, for financial results and corporate developments are posted. Annual reports of the Company will also be posted on this part of the website to facilitate download.

Other information provided on the website included the nature and location of the Group's business as well as other corporate information such as the Board Charter, terms of reference of Audit Committee, Nomination Committee and Remuneration Committee in addition to corporate exercises undertaken and the updated status or progress.

CORPORATE GOVERNANCE STATEMENT

cont'd

3. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

a. Communication with Stakeholders *cont'd*

As with the ACE Market Listing Requirements, the Company will issue comprehensive circulars to the shareholders to facilitate the seeking of shareholders' approval for relevant matters required under the Listing Requirements. In addition, where applicable and appropriate, explanatory notes to special resolutions to be approved by the shareholders in the annual general meetings will also be furnished to ensure the shareholders have adequate information to vote. Notices for annual general meetings will be sent out at least twenty one (21) days prior to the date of the meeting and the same notices will be published in at least one (1) nationally circulated daily newspapers.

b. Conduct of General Meetings

The forth-coming annual general meetings of the Company to be held in November 2017 will be the first after the Listing of the Company on the ACE Market of Bursa Securities. The Board views that annual general meeting and extraordinary general meetings called and conducted will be good opportunities for the shareholders to seek clarifications on the performance and development of the Group.

The Board envisages, as part of the Board's effort, to create open dialogue with the shareholders, it will conduct presentation(s) in relation to the Group and its performance along with prospects and outlooks disclosed in compliance with the Listing Requirements. Q&A session with the floor of audience attending the annual general meetings shall provide chances to the shareholders to have their questions addressed by the Board.

In the event of any questions from Minority Shareholders Watchdog Group, the Board aims at replying in writing before the general meetings and also have the responses/replies summarised for presenting to the shareholders during the general meetings.

The Company shall ensure that all resolutions set out in the notice of any general meeting or any notice of resolutions which are to be properly moved and is intended to be moved at any general meeting, will be voted by poll. An independent scrutineer will be appointed by the Company to validate the votes cast at the general meeting.

The Board of Matang recognises the importance of good corporate governance towards safeguarding and enhancing the shareholders' interest and value, financial performance of the Group as well as the long term sustainability of the Group. Except for areas as highlighted in this Corporate Governance Report, the Board places significant priorities to ensure that principles and recommendations under the Code are adopted by the Group where applicable and practical.

This Corporate Governance Statement has been approved by the Board of Matang on 13 October 2017.

ADDITIONAL COMPLIANCE INFORMATION

Other information required by the ACE Market Listing Requirements of Bursa Securities

Status of Utilisation of Proceeds

As at 30 June 2017, the gross proceeds from the Public Issue of RM16.90 million has been partially utilised in the following manner:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation: surplus/ (deficit) RM'000	Balance unutilised RM'000	Estimated time frame for utilisation ⁽¹⁾
Replanting exercise	250	-	-	250	Within 24 months
Capital expenditure	2,550	(463)	-	2,087	Within 36 months
General working capital	11,924	(447) ⁽²⁾	-	11,477	Within 60 months
Estimated listing expenses	2,176	(2,623)	(447)	-	Within 3 months
Total	16,900			13,814	

Notes:

(1) From the date of listing of the Company on the ACE Market of Bursa Securities was on 17 January 2017.

(2) RM447,000 from the proceeds allocated for general working capital has been utilised to cover the deficit arising from the utilisation for Listing expenses in such manner as allowed under Section 3.10.1(v) of the Prospectus of the Company dated 19 December 2016. The remaining balance of proceeds allocated for general working capital is RM11,477,000 as at 30 June 2017.

Material Contracts

There were no material contracts or contracts relating to any loan of the Company and its subsidiaries involving the interest of any directors, chief executive or major shareholders for the financial year under review save for following:

- (a) Tenancy agreement dated 7 April 2017 ("Tenancy Agreement") entered into between Matang Holdings Berhad (a wholly-owned subsidiary of the Company) with Huaren Resources Sdn Bhd ("Landlord") for the rent of the office space for the Company's head office of 2,000 square feet at Unit 39.02, Level 39, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur. The Landlord is a company related to a substantial shareholder of the Company by virtue of Section 8 of the Companies Act, 2016.

The Tenancy Agreement is for a period of three years from commencement date of 1 May 2017 and valuation has been conducted by independent valuer which has concluded that the rental rate pursuant to the Tenancy Agreement is line with market rental value.

The sum of rental paid to the Landlord for the aforesaid office space for financial year ended 30 June 2017 was RM14,000 excluding RM5,600 for service charges for the same financial year.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

Audit and Non-Audit Fees

The following table shows the sum of audit and non-audit fees paid and payable to the Company's external auditors during the financial year under review.

	Group		Company	
	Paid RM'000	Payable RM'000	Paid RM'000	Payable RM'000
Audit fees	11 [^]	57	2 [^]	25
Non-audit fees				
- Review of the Statement of Risk Management and Internal Control and the Realised and Unrealised Profit/ (Loss)	-	8	-	8
Total	11	65	2	33

Notes:

[^] In relation to part and balance payment of fees for the audit of the Group and Company for preceding financial year ended on 30 June 2016.

Corporate Social Responsibility

The Company did not carry out any specific programme or activities in relation to corporate social responsibility but generally the Company endorsed only actions and projects that would not have any detrimental implications to the environment and public at large.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Board of Directors is responsible to prepare the financial statements which have been prepared in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of Matang Group and Matang Berhad at the end of the financial year.

In preparing the financial statements of the Company and Group for the financial year ended 30 June 2017, the Board has adopted and consistently applied appropriate accounting policies, made judgements and estimates that are reasonable and prudent and ensure that all applicable accounting standards have been complied with. The Board also confirms that the financial statements have been prepared on a going concern basis.

The Board is also responsible for:

- (a) Ensuring that the accounting records, which disclose with reasonable accuracy the financial position of the Group and the Company, are properly kept;
- (b) Taking reasonable steps to safeguard the assets of the Company and the Group; and
- (c) Taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement was approved at the meeting of the Board of Matang on 13 October 2017.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	1,257,447	(2,638,509)
Profit/(Loss) attributable to owners of the parent	1,257,447	(2,638,509)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current 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.

ISSUE OF SHARES AND DEBENTURES

On 14 November 2016, the issued and paid-up capital of the Company was increased from RM20 to RM168,000,026 by way of issuance of 1,680,000,056 new ordinary shares pursuant to Scheme Agreement dated 6 May 2016 with Matang Holdings Berhad ("MHB"). This agreement enabled the entire issued and paid-up share capital of MHB comprising 120,000,004 shares of RM0.50 each to be exchanged on the basis of 14 new shares for every one (1) MHB share held.

On 13 January 2017, the issued and paid-up share capital of the Company was increased from RM168,000,026 to RM181,000,026 by way of issuance of 130,000,000 new ordinary shares at issue price of RM0.13 per ordinary share for cash pursuant to Initial Public Offering ("IPO").

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

There were no issue of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS' REPORT

cont'd

DIRECTORS

The Directors who have held for office as at 30 June 2017 since the date of the last report are:

Matang Berhad

Datuk Kiat Swee Sung*	
Datuk Tan Teck Poh @ Tan Ah Too*	
Datuk Teoh Sew Hock*	
Dato' Foong Chee Meng	
Dato' Teh Kean Ming	
Chong Pow On*	
Eng Cheng Guan*	
Lau Liang Fook*	
Lew Weng Ho	
Ng Keng Heng*	
Datuk Dr Lee Hong Tee	(Resigned on 1 July 2017)
Tee Choon Yeow	(Resigned on 1 July 2017)

* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

Subsidiaries of Matang Berhad (excluding those who are already listed above)

Ganasan a/l Perumal	(Resigned on 1 February 2017)
Lau Kok Guan @ Law Kok Guan	(Resigned on 1 February 2017)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia were as follows:

	← Number of ordinary shares →			Balance as at 30.6.2017
	Balance as at 1.7.2016	Bought	Sold	
Shares in the Company				
<u>Direct interests:</u>				
Datuk Dr Lee Hong Tee	-	14,000	-	14,000
Datuk Tan Teck Poh @ Tan Ah Too	-	168,000	-	168,000
Datuk Teoh Sew Hock	-	28,000	-	28,000
Eng Cheng Guan	-	140,000	-	140,000
Lau Liang Fook	-	126,000	-	126,000
Ng Keng Heng	-	889,000	-	889,000
<u>Indirect interests:</u>				
Lau Liang Fook*	-	20,055,000	-	20,055,000

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS (continued)

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia were as follows (continued):

	← Number of ordinary shares →			
	Balance as at 1.7.2016	Bought	Exchanged	
Shares in the subsidiary company				
Matang Holdings Berhad				
<u>Direct interests:</u>				
Datuk Tan Teck Poh @ Tan Ah Too	12,000	-	(12,000)	-
Datuk Teoh Sew Hock	2,000	-	(2,000)	-
Eng Cheng Guan	10,000	-	(10,000)	-
Lau Liang Fook*	1,000	8,000	(9,000)	-
Ng Keng Heng	51,500	12,000	(63,500)	-
<u>Indirect interests:</u>				
Lau Liang Fook*	1,472,500	-	(1,472,500)	-

* Deemed interest by virtue of his shareholding in Lau Chek Min Sdn. Bhd., his siblings (Lau Ai Choo and Lau Ai Fong)'s shareholdings in Matang Berhad.

None of the other Directors holding office at the end of the financial year held any beneficial interest in the ordinary shares of the Company or options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS AND REMUNERATION

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by a reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the remuneration received by certain Directors as Directors/executives of the Company and its subsidiary are as disclosed in Note 18(a) to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the 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

cont'd

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that no provision for doubtful debts is required; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Group and of the Company;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) 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.
- (d) In the opinion of the Directors
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SUBSIDIARIES

Details of subsidiaries are set out in Note 7 to the financial statements.

DIRECTORS' REPORT

cont'd

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 28 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2017 amounted to RM25,000 and RM32,000 respectively.

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

.....
Datuk Kiat Swee Sung
Director

.....
Eng Cheng Guan
Director

Kuala Lumpur
13 October 2017

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements as set out on pages 55 to 84 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 32 to the financial statements on page 85 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

.....
Datuk Kiat Swee Sung
 Director

.....
Eng Cheng Guan
 Director

Kuala Lumpur
 13 October 2017

STATUTORY DECLARATION

I, Datuk Kiat Swee Sung, being the Director primarily responsible for the financial management of Matang Berhad., do solemnly and sincerely declare that the financial statements set out on pages 55 to 85 are, to the best of my knowledge and belief, 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 this 13 October 2017)
)

Datuk Kiat Swee Sung

Before me:

BALOO A/L T. PICHAI (W663)
 COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MATANG BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

Opinion

We have audited the financial statements of Matang Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 84.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Fair value of investment properties

As disclosed in Note 5 to the financial statements, the carrying amount of the investment properties ("IP") of the Group which were stated at fair value amounted to RM12.5 million as at the end of reporting period were determined based on independent external valuation.

We focused on this area as the valuation process involved judgement in determining the appropriate valuation methodology to be used, and the underlying assumptions to be applied. The valuations were highly sensitive to the key assumptions applied.

Audit response

Our audit procedures included the following:

- (i) Considered the qualifications and competence of the external valuer and assessed the scope of work of the external valuer to determine whether the valuation was appropriate to be applied for financial reporting purposes;
- (ii) Read the external valuation report and assessed the valuation methodology adopted by the external valuer for similar type of properties; and
- (iii) Challenged the key assumptions used in the valuation by comparing them against available industry data, taking into consideration of comparability and market factors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **MATANG BERHAD**

(Incorporated in Malaysia)
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 or 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 Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs 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 ability of the Group and of the Company 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MATANG BERHAD

(Incorporated in Malaysia)

cont'd

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (d) 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 ability of the Group and of the Company 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.
- (e) 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Reporting Responsibilities

The supplementary information set out in Note 32 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

BDO
AF : 0206
Chartered Accountants

Law Kian Huat
2855/06/18 (J)
Chartered Accountant

Kuala Lumpur
13 October 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	138,872,785	140,306,957	-	-
Investment properties	5	12,500,000	11,650,000	-	-
Other investments	6	464,200	162,470	-	-
Investments in subsidiaries	7	-	-	168,000,006	-
Land held for property development	8	1,057,730	1,057,730	-	-
		152,894,715	153,177,157	168,000,006	-
Current assets					
Inventories	9	34,650	121,627	-	-
Biological assets	10	427,149	602,529	-	-
Trade and other receivables	11	1,721,174	1,345,213	267,065	-
Cash and bank balances	12	32,853,677	14,357,401	13,542,737	20
		35,036,650	16,426,770	13,809,802	20
TOTAL ASSETS		187,931,365	169,603,927	181,809,808	20
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	181,000,026	60,000,022	181,000,026	20
Reserves	14	3,638,179	107,208,205	209,211	(23,081)
TOTAL EQUITY		184,638,205	167,208,227	181,209,237	(23,061)
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	15	1,486,000	1,443,000	-	-
Current liabilities					
Trade and other payables	16	941,226	490,032	600,571	23,081
Current tax liabilities		865,934	462,668	-	-
		1,807,160	952,700	600,571	23,081
TOTAL LIABILITIES		3,293,160	2,395,700	600,571	23,081
TOTAL EQUITY AND LIABILITIES		187,931,365	169,603,927	181,809,808	20

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 30 JUNE 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	17	9,671,701	7,168,904	-	-
Cost of sales		(3,188,883)	(2,613,978)	-	-
Gross profit		6,482,818	4,554,926	-	-
Other income		3,960,721	2,292,085	55,473	-
Administration expenses		(6,053,144)	(4,593,367)	(979,976)	(16,231)
Other expenses		(1,808,054)	(47,726)	(1,714,006)	-
Profit/(Loss) before tax	18	2,582,341	2,205,918	(2,638,509)	(16,231)
Tax expense	19	(1,324,894)	(611,838)	-	-
Profit/(Loss) for the financial year		1,257,447	1,594,080	(2,638,509)	(16,231)
Other comprehensive income, net of tax					
Fair value gain on available-for-sale financial assets	6	301,730	-	-	-
Total other comprehensive income, net of tax		301,730	-	-	-
Total comprehensive income/(loss)		1,559,177	1,594,080	(2,638,509)	(16,231)
Profit/(Loss) attributable to owners of the parent		1,257,447	1,594,080	(2,638,509)	(16,231)
Total comprehensive income/(loss) attributable to owners of the parent		1,559,177	1,594,080	(2,638,509)	(16,231)
Earnings per share attributable to ordinary equity holders of the Company (sen):					
- Basic	22	0.07	0.10		
- Diluted	22	0.07	0.10		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Group	Note	← Non-distributable →			Distributable		Total equity RM
		Share capital RM	Share premium RM	Available-for-sale reserve RM	Merger reserve RM	Retained earnings RM	
Balance as at 1 July 2015		60,000,022	-	37,895	-	107,976,230	168,014,147
Profit for the financial year		-	-	-	-	1,594,080	1,594,080
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	1,594,080	1,594,080
Transaction with owners							
Dividend paid by MHB	23	-	-	-	-	(2,400,000)	(2,400,000)
Balance as at 30 June 2016		60,000,022	-	37,895	-	107,170,310	167,208,227
Balance as at 1 July 2016		60,000,022	-	37,895	-	107,170,310	167,208,227
Profit for the financial year		-	-	-	-	1,257,447	1,257,447
Other comprehensive income, net of tax		-	-	301,730	-	-	301,730
Total comprehensive income		-	-	301,730	-	1,257,447	1,559,177
Transactions with owners							
Issuance of new ordinary shares	13	181,000,006	3,900,000	-	-	-	184,900,006
Share issue expenses		-	(1,029,199)	-	-	-	(1,029,199)
Acquisition of a subsidiary	7	(60,000,002)	-	-	(108,000,004)	-	(168,000,006)
Total transactions with owners		121,000,004	2,870,801	-	(108,000,004)	-	15,870,801
Balance as at 30 June 2017		181,000,026	2,870,801	339,625	(108,000,004)	108,427,757	184,638,205

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

cont'd

Company	Note	← Non-distributable →		Accumulated losses	Total equity
		Share capital	Share premium		
		RM	RM	RM	RM
Balance as at 1 July 2015		20	-	(6,850)	(6,830)
Loss for the financial year		-	-	(16,231)	(16,231)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(16,231)	(16,231)
Balance as at 30 June 2016		20	-	(23,081)	(23,061)
Balance as at 1 July 2016		20	-	(23,081)	(23,061)
Loss for the financial year		-	-	(2,638,509)	(2,638,509)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(2,638,509)	(2,638,509)
Transactions with owners					
Issuance of new ordinary shares	13	181,000,006	3,900,000	-	184,900,006
Share issue expenses		-	(1,029,199)	-	(1,029,199)
Total transactions with owners		181,000,006	2,870,801	-	183,870,807
Balance as at 30 June 2017		181,000,026	2,870,801	(2,661,590)	181,209,237

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		2,582,341	2,205,918	(2,638,509)	(16,231)
Adjustments for:					
Depreciation of property, plant and equipment	4	2,071,980	2,064,249	-	-
Fair value adjustment of:					
- investment properties	5	(850,000)	-	-	-
- biological assets	10	175,380	29,477	-	-
Gain on disposal of property, plant and equipment		(791,542)	-	-	-
Dividend income from securities quoted in Malaysia		-	(10,550)	-	-
Interest income		(574,582)	(493,738)	(55,473)	-
Property, plant and equipment written off		626	-	-	-
Operating profit/(loss) before working capital changes		2,614,203	3,795,356	(2,693,982)	(16,231)
Changes in working capital:					
Inventories		86,977	(78,518)	-	-
Trade and other receivables		(278,917)	(691,826)	(267,065)	-
Trade and other payables		451,194	(315,204)	215,593	(3,670)
Cash generated from/(used in) operations		2,873,457	2,709,808	(2,745,454)	(19,901)
Tax paid		(979,812)	(540,181)	-	-
Tax refunded		101,184	-	-	-
Net cash from/(used in) operating activities		1,994,829	2,169,627	(2,745,454)	(19,901)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

cont'd

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to land held for property development		-	(15,624)	-	-
Advances from a related party		-	-	-	19,901
Advances from a subsidiary		-	-	361,897	-
Dividend income received from securities quoted in Malaysia		-	10,550	-	-
Withdrawal of deposits placed with licensed banks with original maturity more than three (3) months		5,184	12,827,968	-	-
Interest received		477,538	493,738	55,473	-
Purchase of property, plant and equipment	4	(919,466)	(333,704)	-	-
Proceeds from disposal of property, plant and equipment		1,072,574	-	-	-
Net cash from investing activities		635,830	12,982,928	417,370	19,901
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	23	-	(2,400,000)	-	-
Proceeds from issuance of ordinary shares		15,870,801	-	15,870,801	-
Net cash from/(used in) financing activities		15,870,801	(2,400,000)	15,870,801	-
Net increase in cash and cash equivalents		18,501,460	12,752,555	13,542,717	-
Cash and cash equivalents at beginning of financial year		14,328,217	1,575,662	20	20
Cash and cash equivalents at end of financial year	12	32,829,677	14,328,217	13,542,737	20

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. On 17 January 2017, the ordinary shares of the Company were quoted and listed on the Ace Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Unit 39.02, Level 39, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.

The Company and its subsidiaries are referred to collectively as "the Group". The consolidated financial statements of the Group are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 13 October 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 13 to 43 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 2016 in Malaysia. However, Note 32 to the financial statements set out on page 44 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 31.1 to the financial statements.

The Company entered into a scheme agreement with MHB on 6 May 2016 ("Scheme Agreement"). Pursuant to the Scheme Agreement, MHB undertook a members' scheme of arrangement under Section 176 of the Companies Act, 1965 to enable the entire issued and paid-up share capital of MHB of RM60,000,002 comprising 120,000,004 MHB ordinary shares of RM0.50 each ("MHB shares") to be transferred to the Company and in exchange for 1,680,000,056 new ordinary shares of RM0.10 each in Matang ("Matang Shares" or "Shares") at the issue price of RM0.10 each on the basis of 14 new Matang Shares for every one (1) MHB share held. The Exchange of Shares was completed on 14 November 2016 and resulted in MHB becoming a wholly-owned subsidiary of the Company.

The acquisition exercise, i.e. the acquisition of MHB undertaken by the Company, is a business combination under common control. Accordingly, the Group is regarded as a continuing entity and the merger method is used.

The consolidated financial statements of Matang Berhad have been prepared using the principles of merger accounting whereby it is assumed that the transaction constituting the Group as detailed above had occurred from the earliest date presented in these financial statements and that the Group has operated as a single entity throughout the financial periods presented in these financial statements.

The difference between the cost of investment recorded by the Company and the nominal value of the shares acquired in MHB is accounted for as merger reserve in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

4. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2016	Additions	Disposal	Written off	Balance as at 30.6.2017
2017	RM	RM	RM	RM	RM
Cost					
Freehold estate land	108,000,000	-	(212,783)	-	107,787,217
Bearer plants	39,932,647	234,187	(83,274)	-	40,083,560
Plant and equipment	2,153,941	119,650	(2,500)	(3,460)	2,267,631
Motor vehicles	992,259	565,629	-	-	1,557,888
	151,078,847	919,466	(298,557)	(3,460)	151,696,296

	Balance as at 1.7.2016	Depreciation charges for the financial year	Disposal	Written off	Balance as at 30.6.2017
	RM	RM	RM	RM	RM
Accumulated depreciation					
Bearer plants	8,241,675	1,933,398	(15,775)	-	10,159,298
Plant and equipment	1,563,062	95,238	(1,750)	(2,834)	1,653,716
Motor vehicles	967,153	43,344	-	-	1,010,497
	10,771,890	2,071,980	(17,525)	(2,834)	12,823,511

Group	Balance as at 1.7.2015	Additions	Balance as at 30.6.2016
2016	RM	RM	RM
Cost			
Freehold estate land	108,000,000	-	108,000,000
Bearer plants	39,607,784	324,863	39,932,647
Plant and equipment	2,145,100	8,841	2,153,941
Motor vehicles	992,259	-	992,259
	150,745,143	333,704	151,078,847

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.7.2015 RM	Depreciation charges for the financial year RM	Balance as at 30.6.2016 RM
Accumulated depreciation			
Bearer plants	6,366,822	1,874,853	8,241,675
Plant and equipment	1,462,567	100,495	1,563,062
Motor vehicles	878,252	88,901	967,153
	8,707,641	2,064,249	10,771,890

Carrying amount	Group	
	2017 RM	2016 RM
Freehold estate land	107,787,217	108,000,000
Bearer plants	29,924,262	31,690,972
Plant and equipment	613,915	590,879
Motor vehicles	547,391	25,106
	138,872,785	140,306,957

- (a) Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Freehold estate land has unlimited useful life and is not depreciated.
- (c) Bearer plants include mature and immature plantations that are established or acquired by the Group. Bearer plants are depreciated when the plantation starts to be harvested (during the fifth year of replanting). They are depreciated over their useful life from year five (5) to year twenty five (25). No depreciation is provided on the immature bearer plants from year one (1) to year four (4).
- (d) Depreciation of other property, plant and equipment is calculated to write off the cost of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:
- | | |
|---------------------|---------|
| Plant and equipment | 10%-15% |
| Motor vehicles | 20% |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

5. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2016 RM	Fair value adjustment RM	Balance as at 30.6.2017 RM
2017			
Leasehold land and buildings	11,650,000	850,000	12,500,000

Group	Balance as at 1.7.2015 RM	Fair value adjustment RM	Balance as at 30.6.2016 RM
2016			
Leasehold land and buildings	11,650,000	-	11,650,000

- (a) Investment properties principally comprise properties held for rental yields or capital appreciation or both and are not occupied by the Group.
- (b) Investment properties are initially measured at cost, the fair value of consideration paid, including related transactions costs and subsequently carried at fair value.
- (c) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2017 RM	2016 RM
Quit rent and assessment	43,993	43,997

- (d) The fair value of investment properties of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2017				
Leasehold land and buildings	-	12,500,000	-	12,500,000
2016				
Leasehold land and buildings	-	11,650,000	-	11,650,000

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2017 and 30 June 2016.
- (ii) Investment properties at Level 2 fair value were determined by external and independent property valuers having appropriate recognised professional qualification as at the end of reporting period based on comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square foot basis. In relying on the valuation report, the management has exercised its judgement and is satisfied that the valuation method and estimates reflect the current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

6. OTHER INVESTMENTS

	Group	
	2017	2016
	RM	RM
Fair value		
Available-for-sale financial assets, quoted shares in Malaysia		
At beginning of financial year	162,470	162,470
Fair value change	301,730	-
At end of financial year	464,200	162,470

- (a) Financial assets classified as available-for-sale are measured at fair value and subsequently carried at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss.
- (b) At the end of the year, if the market price had been five percent (5%) higher or lower, higher or lower fair value gains on financial assets will be recognised directly in other comprehensive income and the fair value of equity instruments classified as available-for-sale will be higher or lower with all other variables held constant. The following table demonstrates the sensitivity of the available-for-sale reserve of the Group:

	Group	
	2017	2016
	RM	RM
Available-for-sale reserve		
- increase by 5% (2016: 5%)	23,210	3,693
- decrease by 5% (2016: 5%)	(23,210)	(3,693)

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	RM	RM
At cost		
Unquoted shares	168,000,006	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

7. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows:-

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiary		
		2017	2016	2017	2016	
		%	%	%	%	
*Matang Holdings Berhad ("MHB")	Malaysia	100	-	-	-	Engaged in investment holding, management of plantation estate and sales of fresh fruit bunch.
Subsidiary of Matang Holdings Berhad						
*Matang Realty Sdn Bhd	Malaysia	-	-	100	100	Engaged in property investment holding.

* Both audited by BDO Malaysia.

(b) On 14 November 2016, the Company entered into a Scheme Agreement under Section 176 of the Companies Act, 1965 which enable the entire issued and paid-up share capital of MHB of RM60,000,002 comprising 120,000,004 shares to be transferred to the Company and in exchange for 1,680,000,056 new shares on the basis of 14 new shares for every one (1) MHB share held.

8. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2017	2016
	RM	RM
Freehold land, at cost		
At beginning of financial year	1,057,730	1,042,106
Additions	-	15,624
At end of financial year	1,057,730	1,057,730

(a) Land held for property development is stated at cost less impairment losses, if any.

(b) Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

9. INVENTORIES

	Group	
	2017	2016
	RM	RM
At cost		
Estate consumables	34,650	121,627

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost is determined using the first-in, first out formula. The cost of estate consumables comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of estate consumables includes the cost of raw materials, direct labour and a proportion of production overheads.
- (c) During the financial year, inventories of the Group are recognised as cost of sales amounted to RM1,571,081 (2016: RM1,334,771).

10. BIOLOGICAL ASSETS

	Group	
	2017	2016
	RM	RM
At fair value		
Balance as at 1 July 2016/2015	602,529	632,006
Fair value loss	(175,380)	(29,477)
Balance as at 30 June 2017/2016	427,149	602,529

- (a) The biological assets of the Group comprise of fresh fruit bunches ("FFB") prior to harvest. The valuation model for agriculture produce adopted by the Group considers the cash flows expected to be generated from the sales of such FFB prior to harvest. To arrive at the fair value, the management has considered the oil content of the unripe FFB and assumes that the cash flows to be generated from FFB to be harvested beyond 15 days is negligible, therefore only the expected sales from the quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose.
- (b) The fair values of biological assets are categorised as follows:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2017				
Biological assets	-	-	427,149	427,149
2016				
Biological assets	-	-	602,529	602,529

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2017 and 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables				
Third parties	482,665	454,575	-	-
Other receivables and deposits				
Other receivables	613,158	70,949	-	-
Deposits	164,391	122,622	8,000	-
	777,549	193,571	8,000	-
Loans and receivables	1,260,214	648,146	8,000	-
Prepayments				
Prepayments	460,960	697,067	259,065	-
	1,721,174	1,345,213	267,065	-

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group was 14 to 30 days (2016: 14 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) All trade and other receivables are denominated in Ringgit Malaysia ('RM').
- (c) The ageing analysis of trade receivables of the Group is as follows:

	Group	
	2017 RM	2016 RM
Neither past due nor impaired	482,665	454,575

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

12. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	17,792,619	1,626,745	13,542,737	20
Deposits with licensed banks	15,061,058	12,730,656	-	-
	32,853,677	14,357,401	13,542,737	20

- (a) Deposits with licensed banks of the Group have maturity period ranging from 1 month to 3 months (2016: 3 months) and with weighted average effective interest rate of 3.30% (2016: 3.80%) per annum.
- (b) All cash and bank balances are denominated in Ringgit Malaysia ('RM').
- (c) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2017 RM	2016 RM
Profit after tax		
- if interest rate increases by 1% (2016: 1%)	114,464	96,753
- if interest rate decreases by 1% (2016: 1%)	(114,464)	(96,753)

- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	32,853,677	14,357,401	13,542,737	20
Deposits with licensed bank (more than three months)	(24,000)	(29,184)	-	-
	32,829,677	14,328,217	13,542,737	20

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

13. SHARE CAPITAL

	Group		Company	
	Number of shares	RM	Number of shares	RM
2017				
Issued and fully paid up share capital				
As at 1 July	120,000,204	60,000,022	200	20
Adjustment on acquisition of a subsidiary - elimination of MHB's share capital	(120,000,004)	(60,000,002)	-	-
Issuance of new ordinary shares				
- for acquisition of MHB	1,680,000,056	168,000,006	1,680,000,056	168,000,006
- for Initial Public Offering ("IPO")	130,000,000	13,000,000	130,000,000	13,000,000
As at 30 June	1,810,000,256	181,000,026	1,810,000,256	181,000,026

2016

Issued and fully paid up share capital

As at 30 June	120,000,204	60,000,022	200	20
---------------	-------------	------------	-----	----

- (a) On 14 November 2016, the issued and paid-up capital of the Company was increased from RM20 to RM168,000,026 by way of issuance of 1,680,000,056 new ordinary shares of RM0.10 each pursuant to exchange of shares for the acquisition of the entire equity interest in MHB on the basis of 14 new shares for every one (1) MHB share held.
- (b) On 13 January 2017, the issued and paid-up capital of the Company was increased from RM168,000,026 to RM181,000,026 by way of issuance of 130,000,000 new ordinary shares of RM0.10 each at issue price of RM0.13 per ordinary share for cash pursuant to Initial Public Offering ("IPO").
- (c) The owners of the parent of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meeting of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (d) The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

14. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable:				
Share premium	2,870,801	-	2,870,801	-
Available-for-sale reserve	339,625	37,895	-	-
Merger reserve	(108,000,004)	-	-	-
	(104,789,578)	37,895	2,870,801	-
Distributable:				
Retained earnings/(Accumulated losses)	108,427,757	107,170,310	(2,661,590)	(23,081)
	3,638,179	107,208,205	209,211	(23,081)

(a) Share premium

Share premium is arrived at after accounting for the premium received less expenses over the nominal value of shares issued to the shareholders during the financial year.

Companies Act, 2016 ("CA2016") has come into effect on 31 January 2017. Following the adoption of CA2016, the share premium account will now be merged with the Company's share capital. Notwithstanding that, Section 618 of CA2016 provides a transitional period of twenty four (24) months to utilise the amount in the share premium account. Therefore, the Company has not consolidated the share premium into share capital until the expiry of the transitional period.

(b) Available-for-sale reserve

Available-for-sale reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed or impaired.

(c) Merger reserve

The merger reserve arose from the pooling of interest method of accounting used on consolidation of MHB Group as disclosed in Note 3 to the financial statements. The merger reserve represents the difference between the amount recorded as the cost of investment, which comprised the share capital issued by the Company and the nominal value of share capital of the subsidiary, MHB.

	RM
Cost of investment	168,000,006
Less: Nominal value of shares in Matang Holdings Berhad	(60,000,002)
Merger reserve	108,000,004

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

15. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group	
	2017 RM	2016 RM
Balance as at 1 July	1,443,000	1,728,567
Recognised in profit or loss		
- current year	68,000	17,000
- prior years	(25,000)	(302,567)
	43,000	(285,567)
Balance as at 30 June	1,486,000	1,443,000

(b) The components and movements of deferred tax liabilities during the financial year are as follows:

	Group		
	Property, plant and equipment RM	Others RM	Total RM
Deferred tax liabilities			
At 1 July 2015	1,813,311	(84,744)	1,728,567
Recognised in profit or loss	(370,311)	84,744	(285,567)
At 30 June 2016	1,443,000	-	1,443,000
Recognised in profit or loss	43,000	-	43,000
At 30 June 2017	1,486,000	-	1,486,000

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables				
Third parties	63,190	-	-	-
Other payables				
Other payables and accruals	625,754	259,240	238,674	23,081
Deposits received	252,282	230,792	-	-
Amount owing to a subsidiary	-	-	361,897	-
	878,036	490,032	600,571	23,081
	941,226	490,032	600,571	23,081

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranges from 30 to 90 days (2016: 30 to 90 days).
- (b) Amount owing to a subsidiary is unsecured, interest-free and payable on demand in cash and cash equivalents.
- (c) All trade and other payables are denominated in Ringgit Malaysia ('RM').

17. REVENUE

	Group	
	2017 RM	2016 RM
Sale of palm products	9,671,701	7,168,904

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates for the sale of goods or rendering of services in the ordinary course of the Group's activities.

Revenue is recognised to the extent that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured. In addition to the revenue recognition criteria disclosed elsewhere in the financial statements, the other and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of palm products

Revenue from sale of palm products is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

17. REVENUE (continued)

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

18. PROFIT/(LOSS) BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the profit/(loss) before tax is arrived at after charging/(crediting):

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax is arrived at after charging:				
Auditors' remuneration	57,000	31,000	25,000	2,000
Listing expenses	1,714,006	-	1,714,006	-
Rental of premises	41,400	40,800	-	-
And crediting:				
Gain on disposal of property, plant and equipment	791,542	-	-	-
Dividend income from securities quoted in Malaysia	-	10,550	-	-
Interest income	574,582	493,738	55,473	-
Rental income	979,752	868,998	-	-

(a) Directors' remuneration

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fees	115,000	-	115,000	-
Remuneration	157,000	208,000	47,000	-
	272,000	208,000	162,000	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

19. TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax				
- current year	1,276,000	936,000	-	-
- under/(over) provision in prior years	5,894	(38,595)	-	-
	1,281,894	897,405	-	-
Deferred tax				
- current year	68,000	17,000	-	-
- over provision in prior years	(25,000)	(302,567)	-	-
	43,000	(285,567)	-	-
	1,324,894	611,838	-	-

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2016: 24%) of the estimated taxable profits for the fiscal years.
- (b) The numerical reconciliation between tax expense and the product of accounting profit/(loss) multiplied by applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax	2,582,341	2,205,918	(2,638,509)	(16,231)
Tax expense at applicable tax of 24% (2016: 24%)	619,762	529,420	(633,242)	(3,895)
Tax incentive	(72,871)	-	-	-
Non-allowable expenses	1,075,008	512,077	646,556	3,895
Allowable expenses which capitalised in bearer plants	(56,205)	(77,967)	-	-
Non-taxable income	(221,694)	(10,530)	(13,314)	-
	1,344,000	953,000	-	-
Under/(Over) provision in prior years				
- income tax	5,894	(38,595)	-	-
- deferred tax	(25,000)	(302,567)	-	-
	1,324,894	611,838	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

20. COMMITMENTS

(a) The Group as lessee

The Group has entered into non-cancellable lease arrangements for operation, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	Group	
	2017 RM	2016 RM
Not later than one (1) year	117,600	13,600
Later than one (1) year and not later than five (5) years	234,298	-
	351,898	13,600

(b) The Group as lessor

The Group has entered into non-cancellable lease arrangements on certain investment properties for a term of one (1) to three (3) years. The leases include a clause to enable upward revision of the rental charge on an annual basis depending on prevailing market conditions.

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2017 RM	2016 RM
Not later than one (1) year	547,640	907,232
Later than one (1) year and not later than five (5) years	6,800	450,760
	554,440	1,357,992

21. EMPLOYEE BENEFITS

The total employee benefits recognised in profit or loss are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, allowances and overtime	978,173	733,079	16,000	-
Contributions to defined contribution plan	130,537	115,807	-	-
Other employee benefits	123,682	78,199	-	-
	1,232,392	927,085	16,000	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

22. EARNINGS PER SHARE ("EPS")

- (a) Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	Group	
	2017	2016
Profit attributable to owners of the parent (RM)	1,257,447	1,594,080
Weighted average number of ordinary shares in issue (unit)	1,761,205,535	1,680,000,256*
Basic EPS (sen)	0.07	0.10

* In the calculation of earnings per share for the financial year ended 30 June 2016, it is assumed that 1,680,000,256 ordinary shares were in issue, based on the number of ordinary shares in issue after completion of the acquisition of MHB.

- (b) Diluted EPS of the Group for the financial years ended 30 June 2017 and 30 June 2016 is equivalent to the basic EPS as there are no potential ordinary shares outstanding as at the end of each reporting period.

23. DIVIDEND

	Group 2016	
	Dividend per share sen	Amount of dividend RM
In respect of the financial year ended 30 June 2015		
Final single tier dividend paid by a subsidiary, MHB	2.00	2,400,000

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

24. CONTINGENT LIABILITIES

	Group	
	2017 RM	2016 RM
Bankers' guarantees in favour of third parties	30,000	25,000

25. SEGMENT REPORTING

The Group is predominantly involved in management of plantation estate and sale of fresh fruit bunch which is the only reportable segment. Other non-reportable segment is investment holding. This segment does not meet the quantitative threshold for reporting segments in 2017 and 2016. All the Group's operations are carried out in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

26. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

The Group also has related party relationships with the following party:

Related party	Relationship
Huaren Resources Sdn. Bhd. ("Huaren")	Related party

(b) Significant related party transactions and balances

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transaction with a related party during the financial year:-

	Group	
	2017 RM	2016 RM
Related party:		
Rental of office charged by Huaren	14,000	-
Service charge charged by Huaren	5,600	-
	19,600	-

The related party transactions described above were carried out in the ordinary course of business and established under negotiated and mutually agreed terms.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The total compensation of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fees	115,000	-	115,000	-
Remuneration	253,000	486,785	47,000	-
Defined contribution plan	13,650	29,820	-	-
Total key management compensation	381,650	516,605	162,000	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

27. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 30 June 2016.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2017 and 30 June 2016.

The Group is not subject to any externally imposed capital requirements.

(b) Financial risk management

The Group's financial risk management objective is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates. It is, and has been throughout the period under review, the Group's policy that no trading and speculation in derivative financial instruments shall be undertaken.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, market risk as well as price fluctuation risk.

Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group seeks to control credit risk by setting counterparty credit limits and ensuring that sales of products are made to customers with appropriate credit history. Trade receivables are monitored by management on an ongoing basis.

The Group's primary exposure to credit risk arises through its trade receivables.

The credit risk profile analysis of has been disclosed in Note 11 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations when due. The Group actively manages its debts maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and bank balances deemed adequate to finance the Group's activities. The Group also aims at maintaining flexibility in funding by keeping its credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

Information on the management of the related exposures is detailed below (continued):

(ii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	On demand or within one year	1 - 2 years	2 - 5 years	Over 5 years	Total
2017	RM	RM	RM	RM	RM
Financial liabilities					
Total undiscounted financial liabilities	941,226	-	-	-	941,226
Company					
Financial liabilities					
Total undiscounted financial liabilities	600,571	-	-	-	600,571
2016					
Financial liabilities					
Total undiscounted financial liabilities	490,032	-	-	-	490,032
Company					
Financial liabilities					
Total undiscounted financial liabilities	23,081	-	-	-	23,081

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposures to market risk of changes in interest rates relate primarily to the Group's interest-earning deposits. There is no formal hedging policy with respect to interest rate exposure.

The interest rate profile and sensitivity analysis for interest rate risk have been disclosed in Notes 12(a) and 12(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

Information on the management of the related exposures is detailed below (continued):

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted investments held by the Group. Quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad and are held for strategic rather than trading purposes. These instruments are classified as financial assets designated available-for-sale.

The Group diversifies its portfolio in accordance with the limits set by the Board of Directors to manage its price risk arising from investments in equity securities.

There has been no change to the exposure of the Group to market risks or the manner in which these risks are managed and measured.

The sensitivity analysis of market rate risk has been disclosed in Note 6(b) to the financial statements.

(v) Price fluctuation risk

Sensitivity analysis for price fluctuation risk

The Group's exposure to price volatility was mainly derived from palm products. If the price of palm products change by 10%, profit for the Group would have equally increased or decreased by approximately RM767,513 (2016: RM590,629).

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The Group had received the following notifications to the compulsory acquisition of part of the Matang Estate pursuant to the Land Acquisition Act, 1960 to upgrade the existing Muar – Tangkak – Segamat Road Package 3:
- (i) Notification dated 27 September 2016 from Pentadbir Tanah Segamat ("PTS") in relation to the land title Geran 37583 for Lot 6185 and Geran 37585 for Lot 6187 in Mukim Jementah, Daerah Segamat for which the land area to be acquired by the State Government of Johor is 0.7418 hectares and 1.2994 hectares respectively; and
 - (ii) Notification dated 12 October 2016 from Pejabat Tanah Tangkak ("PTT") in relation to the land title Geran 2752 for Lot 984 in Mukim Tangkak, Daerah Tangkak for which the land area to be acquired by the State Government of Johor is 0.1116 hectares.

Particulars of title	Age of Trees (Years)	Titular land area (Hectares)	Land area for compulsory acquisition (Hectares)
Lot 6185, Geran 37583	Over 18 years	1.968	0.7418
Lot 6187, Geran 37585	Over 18 years	3.404	1.2994
Lot 984, Geran 2752	Over 12 years	1.776	0.1116

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (a) The Group had received the following notifications to the compulsory acquisition of part of the Matang Estate pursuant to the Land Acquisition Act, 1960 to upgrade the existing Muar – Tangkak – Segamat Road Package 3 (continued):
- (iii) The Group had on 20 November 2016 attended the enquiry scheduled by PTT pursuant to notification dated 12 October 2016 for which a compensation value of RM41,000 had been proposed by the said land office. At this juncture, the Group intended to appeal the proposed compensation value in order to secure a higher compensation sum.
- (iv) The Group had on 14 November 2016 attended the first enquiry scheduled by PTS pursuant to notification dated 27 September 2016 for which a compensation value of RM632,772 had been proposed by the said land office. The Group had been called for a second enquiry with PTS on 29 November 2016 after which a revised compensation value was increased to RM1,240,676 and paid to the Group on 17 March 2017.
- (b) On 14 November 2016, the issued and paid-up capital of the Company was increased from RM20 to RM168,000,026 by way of issuance of 1,680,000,056 new ordinary shares of RM0.10 each pursuant to exchange of shares for the acquisition of the entire equity interest in MHB on the basis of 14 new shares for every one (1) MHB share held.
- (c) On 13 January 2017, the issued and paid-up capital of the Company was increased from RM168,000,026 to RM181,000,026 by way of issuance of 130,000,000 new ordinary shares of RM0.10 each at issue price of RM0.13 per ordinary share for cash pursuant to Initial Public Offering ("IPO").

29. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 18 July 2017, the Company announced to the Bursa Securities that the Company had entered into a letter of intent which sets out the intention for the Company's wholly owned subsidiary, MHB or its nominees to acquire the following assets from Raub Mining & Development Company Sdn Bhd ("RMDC") and Raub Oil Mill Sdn Bhd ("ROM") for a total indicative purchase consideration of RM180 million (inclusive of applicable Goods and Services Taxes) ("Letter of Intent").

- (a) two contiguous parcels of leasehold agricultural land identified as PT 23120 and PT 22468, Mukim Gali, Daerah Raub, Negeri Pahang, Malaysia held respectively under HS(D) 10803 and HSM 10940 measuring in total 4,219.79 acres or 1,707.69 hectares together with the oil palm plantation existing thereon ("Estate");
- (b) a 60-tonnes per hour palm oil mill ("Mill"); and
- (c) the buildings, quarters, plant and machinery, equipment, vehicles and stocks of the Estate and of the Mill ("Ancillary Structures and Items").

The Estate, the Mill and the Ancillary Structures and Items are herein collectively referred to as "Assets".

The Letter of Intent is not intended to be legally binding upon the parties until and unless a formal definitive agreement and other relevant documentation reflecting the sale and purchase of the Assets are entered into by the parties. Upon the acceptance of the Letter of Intent by RMDC and ROM, the parties shall commence the process of due diligence and negotiations in good faith to finalise and agree on the sale and purchase agreement and other related documentation for the purchase of the Assets.

On 28 September 2017, the Company had received a letter from RMDC informing that the disposal of the Assets by the Vendors shall be put on hold for the moment due to an injunction granted by the High Court of Malaya ("High Court").

RMDC had instructed its solicitors and counsel to prosecute an appeal against the decision of the High Court and it shall keep the Company informed of the progress of the matter.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

30. COMPANIES ACT 2016

Companies Act, 2016 ("CA2016") was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act, 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

Consequently, the Group and the Company effected the following changes as at 31 January 2017:

- (a) Authorised share capital has been removed; and
- (b) Par or nominal value of ordinary shares have been removed.

31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

31.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to MFRSs 2012-2014 Cycle</i>	1 January 2016

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

cont'd

31. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

31.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatment</i>	1 January 2019
MFRS 17 <i>Insurance Contract</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

NOTES TO THE **FINANCIAL STATEMENTS**

30 JUNE 2017

*cont'd***32. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES**

The retained earnings/(accumulated losses) as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
- Realised	111,044,777	109,040,233	(2,661,590)	(23,081)
- Unrealised	(2,160,620)	(1,413,523)	-	-
	108,884,157	107,626,710	(2,661,590)	(23,081)
Consolidation adjustments	(456,400)	(456,400)	-	-
Total retained earnings/(accumulated losses)	108,427,757	107,170,310	(2,661,590)	(23,081)

ANALYSIS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2017

SHARE CAPITAL

Total Number of Issued Shares	:	1,810,000,256
Issue Share Capital	:	RM181,000,026
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each ordinary share held on a poll
Number of shareholders	:	15,745

DISTRIBUTION OF SHAREHOLDINGS AT 25 SEPTEMBER 2017

(as per the Record of Depositors)

Size of holdings	No. of holders	% of holders	No. of shares held	% of issued shares
Less than 100	6	0.04	210	*
100 to 1,000	95	0.60	53,844	*
1,001 to 10,000	618	3.93	4,759,100	0.26
10,001 to 100,000	11,095	70.47	475,792,002	26.29
100,001 to less than 5% of issued shares	3,929	24.95	934,356,672	51.62
5% and above of issued shares	2	0.01	395,038,428	21.83
	15,745	100.00	1,810,000,256	100.00

Notes:

* Less than 0.01%

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 25 SEPTEMBER 2017

(as per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct interest		Indirect interest	
	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Huaren Holdings Sdn Bhd	194,858,000	10.77	-	-
Malaysian Chinese Association [^]	-	-	214,626,000	11.86

Notes:

[^] Deemed interest by virtue of its shareholdings in Huaren Holdings Sdn Bhd and Rohua Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

ANALYSIS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2017

cont'd

SHAREHOLDINGS OF DIRECTORS AS AT 25 SEPTEMBER 2017

Name of Directors	Direct interest		Indirect interest	
	No. of shares held	% of issued shares	No. of shares held	% of issued shares
Dato' Teh Kean Ming	-	-	-	-
Datuk Kiat Swee Sung	-	-	-	-
Eng Cheng Guan	140,000	0.01	-	-
Dato' Foong Chee Meng	-	-	-	-
Lew Weng Ho	-	-	-	-
Datuk Tan Teck Ph @ Tan Ah Too	168,000	0.01	-	-
Datuk Teoh Sew Hock	28,000	*	-	-
Lau Liang Fook	126,000	0.01	20,055,000#	1.11
Ng Keng Heng	889,000	0.05	-	-
Chong Pow On	-	-	-	-

Notes:

* Less than 0.01%

Deemed interest by virtue of his shareholdings in Lau Chek Min Sdn Bhd, his siblings (Lau Ai Choo and Lau Ai Fong)'s shareholding in the Company pursuant to Section 8 of the Companies Act, 2016

LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

(as per the Record of Depositors as at 25 September 2017)

Name	No. of shares	% of Shares
1 Malaysian Trustees Berhad	200,180,428	11.06
2 Huaren Holdings Sdn Bhd	194,858,000	10.77
3 Lau Chek Min Sdn Bhd	19,985,000	1.10
4 Rohua Sdn Bhd	19,768,000	1.09
5 Benua Dutamas Sdn Bhd	13,125,170	0.73
6 Tan Kim Lai	8,000,000	0.44
7 Tee Ah Leck	6,390,000	0.35
8 Kwang Yeow Heng Realty Development (Malaysia) Sdn Bhd	6,006,000	0.33
9 Yvonne Chew Siok Fong	5,176,190	0.29
10 Lim Kew Lin Realty Sdn Bhd	5,040,000	0.28
11 Chua Chin Hwee	4,550,000	0.25
12 Low Sin Kim	4,300,000	0.24
13 Lim Chin Fui	4,000,000	0.22
14 Toh Boon Heng	3,560,000	0.20
15 Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Sing Hua</i>	3,500,000	0.19
16 Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Sew Kim</i>	3,000,000	0.16
17 Yeo Ann Seck	3,000,000	0.16

ANALYSIS OF SHAREHOLDINGS

AS AT 25 SEPTEMBER 2017

cont'd

LIST OF TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS (continued)

(as per the Record of Depositors as at 25 September 2017)

	Name	No. of shares	% of Shares
18	TA Securities Holdings Berhad IVT (PO2)	2,819,500	0.16
19	Dennis Tow Jun Fye	2,422,000	0.13
20	Tan Ah Ba @ Tan Toon Yong	2,367,000	0.13
21	Adrian Quah	2,323,400	0.13
22	Ng Lee Kiang	2,212,000	0.12
23	Yoong How Heong	2,114,000	0.12
24	Ching Hwa Kheng	2,100,000	0.12
25	Lua Kim Shong	2,000,000	0.11
26	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Siow Chwee Yin</i>	2,000,000	0.11
27	RHB Nominnes (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Sui Hee</i>	2,000,000	0.11
28	UOBM Nominnes (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Bee Garden Holdings Sdn Bhd</i>	2,000,000	0.11
29	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chong Khim Wong</i>	1,970,700	0.11
30	Chew Lai Kim	1,924,000	0.11
	TOTAL	532,691,388	29.43

PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2017

Properties/location	Registered Proprietor	Description/ Existing Use	Tenure	Land Area	Year of Acquisition/ (Revaluation)	Net Book Value (RM'000)
<u>Mukim Tangkak, Daerah Ledang, State of Johor</u>	Matang Realty Sdn Bhd	Oil palm plantation	Freehold	Total: 1,094.15 hectares	Acquired:	139,690,972
Lot 984, Geran 2752					1983/	(out of which
Lot 1543, Geran 215103					Revalued:	RM31,690,972
Lot 4073, Geran 215598					2016	is net book
Lot 672, Geran 214838						value for
Lot 4615, Geran 215709						biological
Lot 6711, Geran 218156		assets)				
<u>Mukim Bukit Serampang, Daerah Ledang, State of Johor</u>						
Lot 95, GM 764						
Lot 96, GM 765						
Lot 97, GM 766						
Lot 104, GM 768						
Lot 105, GM 1604						
Lot 1540, GM 1606						
Lot 1541, GM 1607						
Lot 98, GM 1816						
Lot 1224, Geran 214295						
Lot 2788, Geran 214550						
Lot 2785, Geran 214548						
Lot 2796, Geran 214583						
Lot 2784, Geran 214545						
Lot 2795, Geran 437195						
<u>Mukim Jementah Daerah Segamat State Johor</u>						
Lot 2497, Geran 24447						
Lot 2498, Geran 24448						
Lot 2499, Geran 24449						
Lot 2500, Geran 24450						
Lot 2501, Geran 24451						
Lot 2502, Geran 24452						
Lot 2506, Geran 24456						
Lot 2507, Geran 24457						
Lot 2509, Geran 24458						
Lot 2508, Geran 24459						
Lot 2496, Geran 24460						
Lot 2495, Geran 24461						
Lot 2494, Geran 24462						
Lot 2493, Geran 24463						
Lot 2492, Geran 24464						
Lot 2491, Geran 24465						
Lot 2490, Geran 24466						
Lot 2489, Geran 24467						
Lot 2488, Geran 24468						
Lot 2487, Geran 24469						
Lot 6184, Geran 37582						
Lot 6185, Geran 37583						
Lot 6186, Geran 37584						
Lot 6187, Geran 37585						
Lot 6188, Geran 37586						

PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2017

cont'd

Properties/location	Registered Proprietor	Description/ Existing Use	Tenure	Land Area	Year of Acquisition/ (Revaluation)	Net Book Value (RM'000)
Lot PTD 10109 H.S.(D) 4636 Mukim Tangkak Daerah Ledang, State of Johor	Matang Realty Sdn Bhd	Vacant land	Freehold	0.5 hectares	Acquired: 2001	1,057,730
Lot TLO 703 H.S.(D) 8796 Bandar Johor Bahru Johor Bahru State of Johor	Matang Holdings Berhad	A 5-storeys factory building, a double storey factory building and a single storey factory building, all together with land	Leasehold of 60 years expiring on 24 September 2031	1.29 hectares	Acquired: 1988/ Revalued: 2017	12,500,000

NOTICE OF 3RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at San Choon Hall, Wisma MCA, 163, Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Friday, 24 November 2017 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 and the Reports of the Directors and the Auditors thereon.
(Please refer to Note No. 2)
2. To approve the payment of Directors' Fees of RM115,000 and other benefits of RM41,000 in respect of the financial year ended 30 June 2017. **Resolution 1**
(Please refer to Note No. 3)
3. To approve the payment of Directors' benefits of up to RM80,000 for the financial period from 1 July 2017 to 31 December 2018. **Resolution 2**
(Please refer to Note No. 4)
4. To re-elect the following Directors retiring in accordance with Article 95 of the Constitution of the Company:-
 - 4.1 Mr Lau Liang Fook **Resolution 3**
 - 4.2 Datuk Kiat Swee Sung **Resolution 4***(Please refer to Note No. 5)*
5. To re-appoint Messrs BDO as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business

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

6. **Re-Appointment of Director**

"**THAT** Datuk Tan Teck Poh @ Tan Ah Too be hereby re-appointed as Director of the Company."
(Please refer to Note No. 6(i)) **Resolution 6**
7. **Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016**

"**THAT** pursuant to Section 75 and 76 of the Companies Act 2016 and subject to approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and other relevant authorities, where approval is necessary, authority be and is hereby given to the Directors to allot and issue shares in the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares to be issued shall not exceed 10% of the total number of issued shares of the Company for the time being **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
(Please refer to Note No. 6(ii)) **Resolution 7**

NOTICE OF 3RD ANNUAL GENERAL MEETING

cont'd

8. To transact any other business of the Company of which due notice shall have been given.

By Order of the Board

LIM HOOI MOOI (MAICSA 0799764)

LAU YEN HOON (MAICSA 7061368)

Joint Company Secretaries

Kuala Lumpur

Dated: 31 October 2017

NOTES:

1. Appointment of Proxy

- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint one (1) proxy to attend and vote on his/her behalf.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- Where an exempt authorized nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to move any resolution or amendment thereto and to speak at the meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- The instrument of proxy must be deposited at the Share Registrar's Office situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 16 November 2017 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxy(ies) to attend and vote on his/her behalf.

2. Agenda Item No. 1

This item of the Agenda is meant for discussion only. The provisions of Section 340(1) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

3. Agenda Item No. 2

The approval for the proposed Resolution No. 1 in relation to the payment of Director's benefits is sought pursuant to Section 230(1) of the Companies Act, 2016, the laws and regulations of which have come into effect on 31 January 2017.

In that regards, the total Directors' benefits of RM41,000 is the total meeting allowances payable to the Directors who have attended the Company's Board of Directors meeting held between 31 January 2017 and 30 June 2017, both dates inclusive.

NOTICE OF 3RD ANNUAL GENERAL MEETING

cont'd

4. **Agenda Item No. 3**

The proposed Resolution No. 2 is to facilitate payment of Directors' benefits on current financial year basis until the conclusion of the Company's next Annual General Meeting in 2018. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size etc.), approval will be sought at the next Annual General Meeting for the additional amount to meet the shortfall.

Directors' benefits include allowances and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board, Board Committees, Board meetings of subsidiaries and covers the period from 1 July 2017 to 31 December 2018 (the due date for which the next Annual General Meeting should be held).

5. **Retirement of Director**

Mr Chong Pow On, a Director who is retiring in accordance with Article 95 of the Constitution of the Company, has expressed his intention not to seek re-election as Director of the Company. Hence, he shall hold office until the conclusion of this Annual General Meeting.

6. **Explanatory Notes on Special Businesses**

(i) **Re-appointment of Director**

The proposed Ordinary Resolution under Resolution No. 6 is to seek shareholders' approval on the re-appointment of Datuk Tan Teck Poh @ Tan Ah Too, who had been re-appointed in the previous Annual General Meeting held on 31 October 2016 as Director under Section 129(6) of the former Companies Act, 1965 which was then in force and whose term would expire at the conclusion of this meeting, as Director of the Company. If passed, the proposed Resolution will authorise the continuation of the Director in office from the date of this Annual General Meeting onwards without limitation in tenure.

(ii) **Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016**

The proposed Ordinary Resolution under Resolution No. 7 is to seek a new general mandate to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to placement of shares for the purposes of funding current and/ or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration. Should the mandate be exercised, the Directors will utilize the proceeds raised for working capital or such other applications they may in their absolute discretion deem fit.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. There is no person seeking election as Director of Matang Berhad at this Annual General Meeting.

2. **General mandate for issuance of securities**

Kindly refer to Note 6(ii) of the Explanatory Notes on Special Businesses - Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016 under the Notes to the Notice of the Third Annual General Meeting for details of this proposed resolution.

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MATANG BERHAD (1142377-X)
(Incorporated in Malaysia)

I/We, NRIC/Passport/Company No.
of
being a member of **MATANG BERHAD**, do hereby appoint
..... NRIC/ Passport No.
of
or failing him/her, NRIC/Passport No.
of

or failing *him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us on my/our behalf at the Third Annual General Meeting of the Company to be held at San Choon Hall, Wisma MCA, 163, Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Friday, 24 November 2017 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS	FOR	AGAINST
Resolution 1: To approve the payment of Directors' Fee of RM115,000 and Directors' benefits of RM41,000 for financial year ended 30 June 2017.		
Resolution 2: To approve the payment of Directors' benefits of up to RM80,000 for the financial period from 1 July 2017 to 31 December 2018.		
Resolution 3: To re-elect Mr Lau Liang Fook as a Director of the Company.		
Resolution 4: To re-elect Datuk Kiat Swee Sung as a Director of the Company.		
Resolution 5: To re-appoint Messrs BDO as the Auditors of the Company for financial year ending 30 June 2018 and to authorise the Directors to fix their remuneration.		
Resolution 6: To re-appoint Datuk Tan Teck Poh @ Tan Ah Too as a Director of the Company.		
Resolution 7: To approve the authority to allot and issue shares of the Company pursuant to Section 75 and 76 of the Companies Act, 2016.		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as *he/she thinks fit.

(* Strike out whichever is not desired)

Signed this day of 2017

Number of shares held	CDS Account No.

.....
Signature of Shareholder (if shareholder is a corporation,
this form should be executed under Common Seal of the corporation)

.....
Contact Number of Shareholder

Notes:

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint one (1) proxy to attend and vote on his/her behalf.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. Where an exempt authorized nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote shall have the same rights as the member to move any resolution or amendment thereto and to speak at the meeting.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
7. The instrument of proxy must be deposited at the Share Registrar's Office situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
8. For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 16 November 2017 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxy(ies) to attend and vote on his/her behalf.

Fold This Flap For Sealing

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AFFIX
STAMP

The Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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